

Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2013



Outperformance against sharemarket

Performance at 31 October 2013	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	3.3%	12.7%	16.4%	31.2%	16.8%	20.7%	14.3%	18.7%
S&P/ASX All Ordinaries Accumulation Index	3.9%	7.2%	15.1%	24.7%	9.3%	11.1%	9.7%	8.7%
Outperformance	-0.6%	+5.5%	+1.3%	+6.5%	+7.5%	+9.6%	+4.6%	+10.0%

* The investment performance is before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

The following NTA figures are after the payment of the 6.0 cents per share fully franked final dividend on 18 October 2013.

NTA before tax	182.99c
NTA after tax and before tax on unrealised gains	184.72c[†]
NTA after tax	178.13c[†]

[†]Includes 3.2 cents of tax assets resulting from the merger with Premium Investors.

Market overview

In October, the S&P/ASX All Ordinaries Accumulation Index ('Index') increased 3.9% with markets globally driven higher by a consensus view that the US Federal Reserve would not taper its program of Quantitative Easing ('QE') until well into calendar year 2014. Early in the month the market was weighed down by concerns arising from the US Congress' impasse over the country's debt ceiling. The market's gains in October add to strong performance in recent months with the Index now up more than 20% for the calendar year to date.

In Australia and overseas, the Initial Public Offering ('IPO') market is extremely buoyant with the much-anticipated float of social media giant Twitter last week far exceeding initial market expectations - its share price surging 72% on its first day of trade. Locally, the IPO market is also strong with applications for shares in several companies readying to list being oversubscribed well ahead of their scheduled IPO dates. We anticipate a rush of IPOs between now and the Christmas/New Year break including the ASX market debut of the online contracting site Freelancer Limited (FLN) which is expected later this month. Like Twitter, FLN will test the market's appetite for the pure online business model. We have participated in many recent IPOs.

The market's appetite for IPOs and its recent strong performance is not however reflected in company earnings with numerous companies reporting earnings downgrades in recent weeks including Ausdrill Limited (ASL) and Echo Entertainment (EGP). The Annual General Meeting season will peak over the next fortnight and we expect other companies will use their shareholder meetings as an opportunity to revise their profit forecasts downwards. The Company does not hold any shares in ASL or EGP.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$622.2m
Market cap	\$631.3m
Share price	\$1.88
NTA before tax	\$1.83
Shares on issue	335,818,987
Fully franked dividends (FY2013)	12.0c
Dividend yield	6.4%

Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

Company overview

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management. Listed in August 1999, WAM provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM also provides relative value arbitrages and market mispricing opportunities.

Investment & Management Team

Geoff Wilson

Chairman/Portfolio Manager

Kate Thorley

Chief Executive Officer/
Company Secretary

Chris Stott

Chief Investment Officer/
Portfolio Manager

Martin Hickson

Senior Equity Analyst/Dealer

Matthew Haupt

Equity Analyst

Mark Tobin

Equity Analyst

Meredith Hemsley

Corporate Affairs

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Diversified portfolio

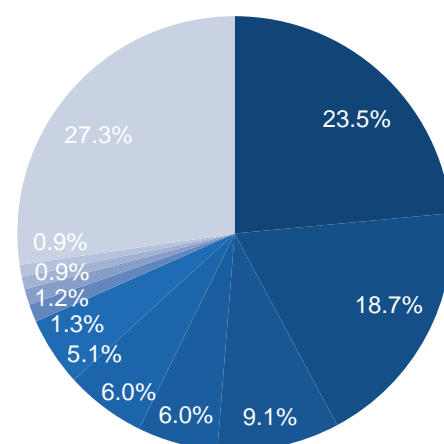
Investment Type	September 2013		October 2013	
	\$m	%	\$m	%
Listed Equities	424.5	71.5	452.3	72.7
Fixed Interest & Cash	169.5	28.5	169.9	27.3
Long Portfolio	594.0	100.0%	622.2	100.0%
Short Portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Gross Assets	\$594.0m		\$622.2m*	
Total shares on issue	319,320,612		335,818,987	

*This is after the payment of the fully franked final dividend during the month.

Top holdings

Code	Company	Market Value as % Gross Assets
CLO	Clough Limited	5.3%
GNC	Graincorp Limited	5.1%
FKP	FKP Property Group	3.0%
CYA	Century Australia Investments Limited	2.0%
SGH	Slater & Gordon Limited	1.8%
HIL	Hills Holdings Limited	1.5%
NEA	Nearmap Limited	1.5%
WIC	Westoz Investment Company Limited	1.5%
AHE	Automotive Holdings Group Limited	1.4%
IPE	ING Private Equity Access Limited	1.3%
ELI	Emerging Leaders Investments Limited	1.3%
NXT	NEXTDC Limited	1.3%
MTU	M2 Telecommunications Group Limited	1.3%
BKW	Brickworks Limited	1.2%
SFW	SFG Australia Limited	1.2%
RCR	RCR Tomlinson Limited	1.2%
CSV	CSG Limited	1.2%
RHG	RHG Limited	1.1%
GWA	GWA Group Limited	1.1%
TSE	Transfield Services Limited	1.1%

Sector allocation



- Financials 23.5%
- Industrials 18.7%
- Consumer Discretionary 9.1%
- Information Technology 6.0%
- Consumer Staples 6.0%
- Telecommunication Services 5.1%
- Materials 1.3%
- Energy 1.2%
- Utilities 0.9%
- Health Care 0.9%
- Cash and Fixed Interest 27.3%

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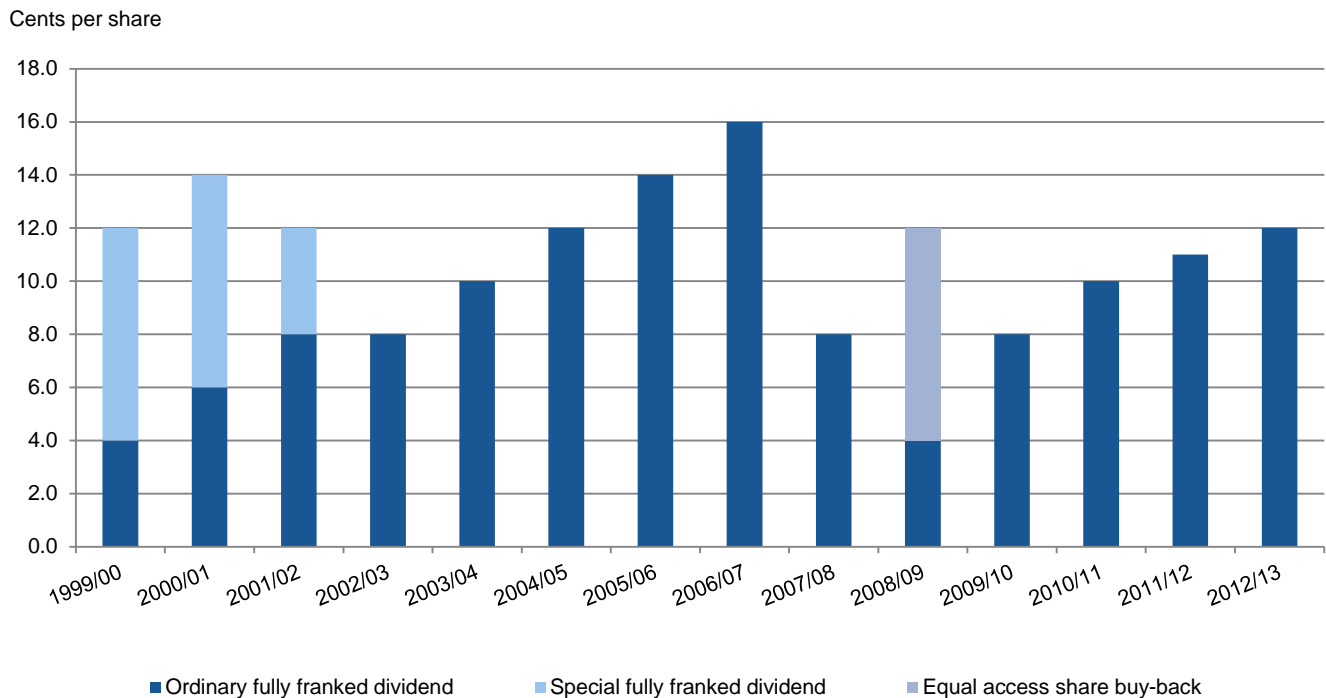
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Dividend growth

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

WAM Capital dividends since inception



On 18 October 2013, the Company paid a fully franked final dividend of 6.0 cents per share, an increase of 9.1% on the previous corresponding period. The final dividend brings the total dividend for FY2013 to 12.0 cents per share and represents a fully franked annual dividend yield of 6.4%, based on the last closing price.

DRP Shortfall Placement

On 15 October 2013, the Company announced that it successfully raised \$24.7 million through the DRP Shortfall Placement. In a world first, the Company used the ASX BookBuild platform to facilitate the Placement.

WAM Capital's larger capital base provides shareholders with the benefits of a reduction in the fixed administration costs, as a percentage of assets, and increased liquidity. In addition, it increases the relevance of WAM Capital in the market.