

# Investment Update & Net Tangible Assets Report

AS AT 30 SEPTEMBER 2013



## Outperformance against sharemarket

Performance at 30 September 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	4.5%	9.5%	12.7%	30.2%	16.1%	17.6%	14.5%	18.5%
S&P/ASX All Ordinaries Accumulation Index	2.4%	7.1%	10.8%	23.5%	8.6%	7.0%	9.6%	8.5%
<b>Outperformance</b>	<b>+2.1%</b>	<b>+2.4%</b>	<b>+1.9%</b>	<b>+6.7%</b>	<b>+7.5%</b>	<b>+10.6%</b>	<b>+4.9%</b>	<b>+10.0%</b>

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

## Net Tangible Assets (NTA) figures

The following NTA figures are before the payment of the 6.0 cent per share fully franked final dividend which is due to be paid on 18 October 2013. The shares traded ex-dividend on 4 October 2013.

NTA before tax	<b>183.00c</b>
NTA after tax and before tax on unrealised gains	<b>186.25c<sup>*</sup></b>
NTA after tax	<b>179.66c<sup>*</sup></b>

\*Includes 3.7 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

In September, the S&P/ASX All Ordinaries Accumulation Index ('Index') rose 2.39%, continuing the market's upward trajectory in recent months. The Index ended the September Quarter up 10.8%, the strongest quarterly performance since the 2009 September Quarter, with five out of the last six quarters closing in positive territory.

Although Republicans and Democrats remain firmly deadlocked, prolonging the shutdown of the United States government, we expect Congress will resolve its fiscal issues in time restoring confidence to markets globally. The announcement by the White House that Dr Janet Yellen will be nominated by President Obama as the next Chair of the US Federal Reserve is another positive for markets. Dr Yellen is an advocate for using monetary policy to stimulate employment which increases the probability that the US government will continue to stimulate the economy through its current program of Quantitative Easing ('QE').

Corporate activity has continued to gather momentum in recent weeks with a number of companies readying to list their businesses including: Nine Entertainment (\$3 billion); Meridian Energy (NZ \$3 billion); Veda (\$1.5 billion); Dick Smith (\$600 million); and OzForex (\$439 million). We anticipate that between now and Christmas the level of capital raisings will continue to increase due to various strong factors driving underlying institutional demand.

### WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets	<b>\$594.0m</b>
Market cap	<b>\$614.7m</b>
Share price	<b>\$1.925</b>
NTA before tax	<b>\$1.83</b>
Shares on issue	<b>319,320,612</b>
Fully franked dividends (FY2013)	<b>12.0c</b>
Dividend yield	<b>6.2%</b>

### 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 exposure to 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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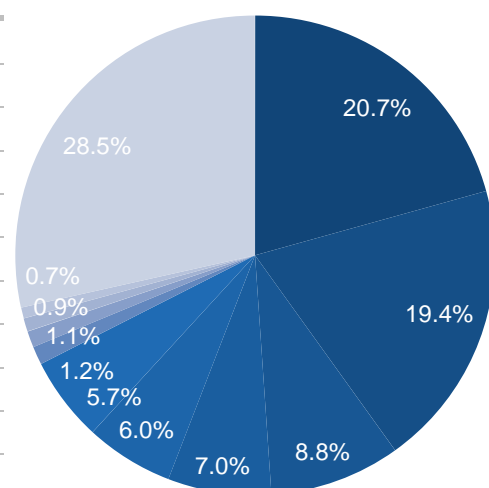
## Portfolio structure

Investment Type	August 2013		September 2013	
	\$m	%	\$m	%
Listed Equities	394.1	69.3	424.5	71.5
Fixed Interest & Cash	174.2	30.7	169.5	28.5
Long Portfolio	568.3	100.0%	594.0	100.0%
Short Portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Gross Assets	\$568.3m		\$594.0m	
Total shares on issue	319,320,612		319,320,612	

## Top holdings

Code	Company	Market Value as % Gross Assets
GNC	Graincorp Limited	5.0%
CLO	Clough Limited	4.2%
HIL	Hills Holdings Limited	2.1%
CYA	Century Australia Investments Limited	1.9%
SGH	Slater & Gordon Limited	1.7%
RCR	RCR Tomlinson Limited	1.6%
WIC	Westoz Investment Company Limited	1.5%
MFG	Magellan Financial Group Limited	1.5%
AHE	Automotive Holdings Group Limited	1.4%
MTU	M2 Telecommunications Group Limited	1.4%
IPE	ING Private Equity Access Limited	1.4%
NXT	NEXTDC Limited	1.4%
TPM	TPG Telecom Limited	1.3%
ELI	Emerging Leaders Investments Limited	1.3%
CSV	CSG Limited	1.3%
SFW	SFG Australia Limited	1.3%
MQA	Macquarie Atlas Roads Group	1.2%
FKP	FKP Property Group	1.2%
VOC	Vocus Communications Limited	1.1%
NEA	Nearmap Ltd	1.1%

## Sector allocation



- Financials 20.7%
- Industrials 19.4%
- Consumer Discretionary 8.8%
- Consumer Staples 7.0%
- Information Technology 6.0%
- Telecommunication Services 5.7%
- Materials 1.2%
- Energy 1.1%
- Utilities 0.9%
- Health Care 0.7%
- Cash and Fixed Interest 28.5%

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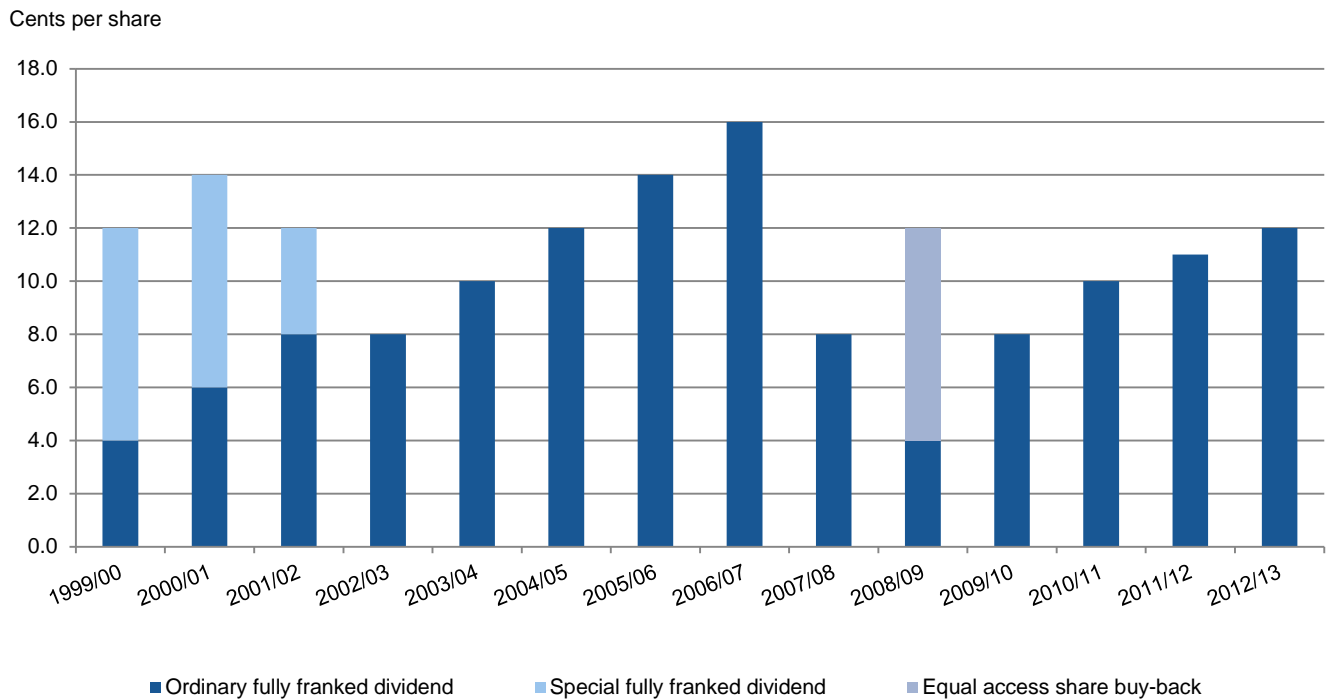
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## Dividends

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 will pay shareholders 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 6.6%, based on the last closing price.

### Key dividend dates

Ex date: 4 October 2013  
Record date: 11 October 2013  
Payment date: 18 October 2013