



WAM CAPITAL LIMITED (WAM) **INVESTMENT UPDATE & NTA – SEPTEMBER 2008**

WAM Capital Limited (WAM) is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM is managed by Wilson Asset Management (International) Pty Limited.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 394.5% compared to a 125.6% increase in the All Ordinaries Accumulation Index.

In September WAM's gross portfolio (before all fees, costs and taxes) decreased by 5.32%, while the All Ordinaries Accumulation Index decreased by 10.62%.

NTA before tax payable and after tax assets	137.33c*
NTA after tax and before tax on unrealised gains	137.33c
NTA after tax	136.08c

*This includes 6.9 cents per share in tax assets.

MARKET OUTLOOK

Share markets around the world collapsed in panic during September, a trend that has accelerated into October. The trigger for the latest wave of selling has been the well documented collapse of the US banking system and the subsequent global contagion. Banks have effectively stopped lending to each other and to companies in general. The US economy has stalled and there are genuine fears that the world is on the verge of a recession. The Australian Reserve Bank took its first meaningful step to support the local banking system and economy by cutting official interest rates by a larger than expected 1 per cent. This failed to stem the selling of shares.

Since the Australian market peaked on November 1, 2007 it has fallen 42 per cent (at the time of writing this). The pain has spread from the banking system to the industrial market and more recently, the mining sector. The size of the fall is now in the same league as the two previous major post World War II bear markets in 1974 and 1987. The US, UK and Japanese markets have experienced similar falls. Investors are now in panic mode, unsure about whether the banking system, the petrol that drives economies, can recover back to normal. It is our belief that investors are in capitulation mode. We believe that a turnaround can take place even though it is very difficult to what the catalyst for a recovery is at this stage. At this stage we are retaining a high cash level (approximately 55 per cent) until opportunities arise. This could take the form of companies requiring capital at steep discounts to their share price or for takeovers of distressed competitors. We believe the next 6 to 12 months will be a once in a decade opportunity to buy assets at a significant discounts to their true value.

Share Buy-Back

The Board announced an equal access buy-back on 28 August 2008. Eligible shareholders may tender up to 5.8% of their shareholding at the record date at a price of \$1.38 per share. The record date for participation was 8 October 2008. Shares traded on an "ex" basis 1 October 2008.

No shareholder will be obliged to participate in the buy-back. Shareholders who wish to participate will need to accept by 30 October 2008. Payment for shares bought back will be made 7 November 2008.

Further details have been provided in the buy-back booklet that has been sent to shareholders.

PERFORMANCE

Set out below is the performance of WAM Capital Limited since listing to **30 June 2008**:

	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1999/2000	+33.3%	+11.3%	+22.0%
2000/2001	+30.2%	+8.9%	+21.3%
2001/2002	+32.7%	-4.5%	+37.2%
2002/2003	+12.3%	-1.1%	+13.4%
2003/2004	+27.3%	+22.4%	+4.9%
2004/2005	+13.9%	+24.8%	-10.9%
2005/2006	+27.4%	+24.2%	+3.2%
2006/2007	+44.1%	+30.3%	+13.8%
2007/2008	-23.0%	-12.1%	-10.9%

Set out below is the performance of WAM Capital Limited since listing to **30 September 2008**:

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	-25.3%	-26.6%	+1.3%
3 years	+7.1%	+4.4%	+2.6%
5 years	+11.5%	+12.3%	-0.8%
7 years	+16.4%	+10.8%	+5.6%
Since inception	+19.1%	+9.3%	+9.8%

*The change in the portfolio before all expenses, fees and taxes.

PORTFOLIO STRUCTURE & STRATEGY

As at 30 September 2008, listed securities made up approximately 44.5% of the portfolio, while fixed interest and cash made up the remaining 55.5%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

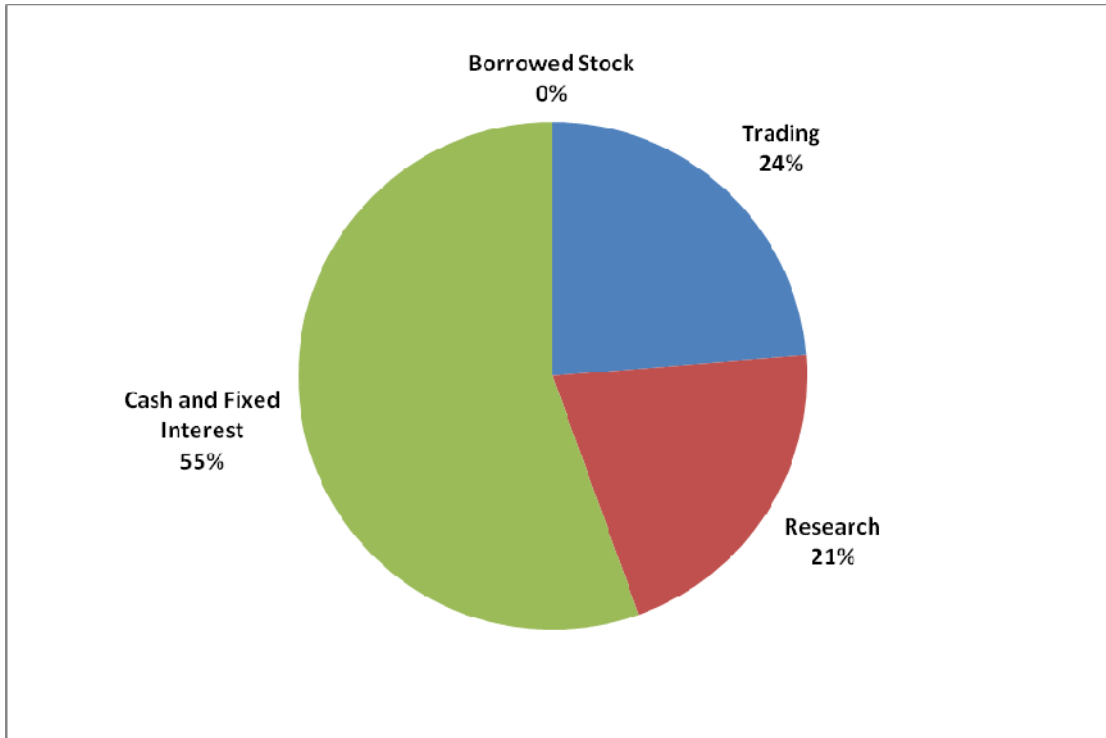
Investment Type	As at 31 August 2008		As at 30 September 2008	
	\$m	%	\$m	%
Listed Equities	82.38	55.9%	61.81	44.5%
Fixed Interest and Cash	64.81	44.1%	77.11	55.5%
Long Portfolio	147.19	100.0%	138.92	100.0%
Short Portfolio	(0.44)	100.0%	-	-
	No.		No.	
Total no. of ord shares on issue	106,158,940		106,158,940	

PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

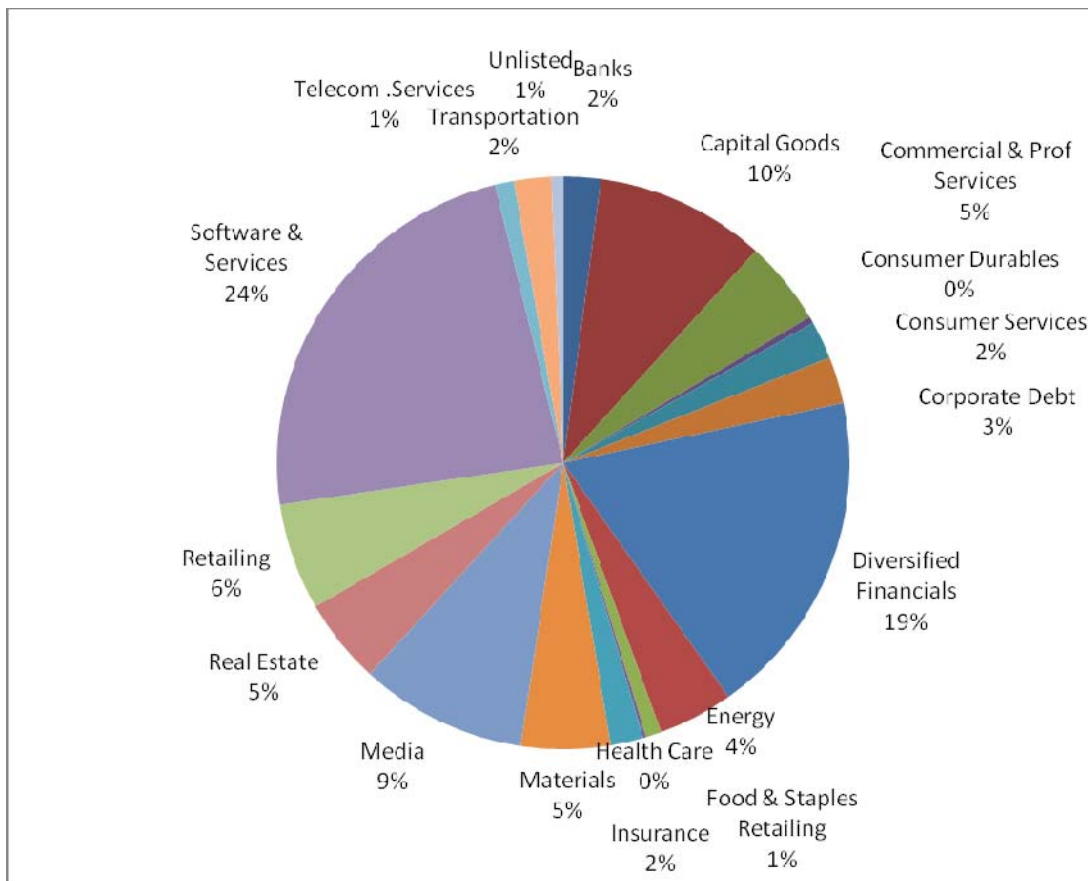
At 30 September 2008 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$
ALZ	Australand Property Group	1,260,960
ASX	ASX Limited	1,218,060
ASZ	ASG Group Limited	1,046,018
AWC	Alumina Limited	1,089,850
BOQPB	Bank of Queensland Reset Prefs	1,625,820
CEY	Centennial Coal Company Limited	1,244,208
CIW	Clime Investment Limited	939,294
CLO	Clough Limited	1,382,940
ESV	Eservglobal Limited	1,407,805
HAP	HFA Accelerator Plus Limited	1,452,529
HFA	HFA Holdings Limited	1,660,516
HGI	Henderson Group PLC	1,107,371
IDM	Industrial Minerals Limited	867,416
ITX	ITX Group Limited	1,173,217
MCU	Mitchell Communications Group Limited	1,644,395
MLB	Melbourne IT Limited	3,697,312
MLE	Macquarie Leisure Trust Group	904,037
MMS	McMillan Shakespeare Limited	2,004,832
NOD	Nomad Building Solutions Limited	2,044,156
PGA	Photon Group Limited	2,240,285
RCT	Reef Casino Trust	801,060
RKN	Reckon Limited	6,271,761
RRA	RR Australia Limited	1,624,535
RTN	Rattoon Holdings Limited	1,171,794
SGL	Sydney Gas Limited	1,010,248
SKT	Sky Network Television Limited	966,966
SSM	Service Stream Limited	1,103,128
TOL	Toll Holdings Limited	817,185
TRS	The Reject Shop Limited	969,150

PORTFOLIO STRUCTURE - ASSET ALLOCATION



PORTFOLIO STRUCTURE - SECTOR ALLOCATION



PERFORMANCE TABLE

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%
All Ordinaries Accum.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%	+1.6%	+0.5%
	Apr 00	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00
Gross Portfolio *	-5.7%	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%
All Ordinaries Accum.	-1.5%	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%
	Dec 00	Jan 01	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01
Gross Portfolio *	+0.1%	+1.7%	-0.2%	- 3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-2.0%	+4.4%	-0.2%	- 4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%
	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02
Gross Portfolio *	-0.4%	+0.7%	-2.2%	-3.0%	+3.9%	-1.1%	+1.1%	+1.6%
All Ordinaries Accum.	-1.8%	+0.9%	-4.4%	-4.1%	+1.8%	-4.1%	+2.6%	+1.5%
	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03
Gross Portfolio *	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%	+2.7%	+0.1%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%	+3.1%	+2.0%
	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04
Gross Portfolio *	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%	+3.3%
All Ordinaries Accum.	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%	+4.6%
	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Gross Portfolio *	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%
	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06
Gross Portfolio *	+2.1%	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%
All Ordinaries Accum.	+2.4%	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%
	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07
Gross Portfolio *	+6.1%	+3.8%	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%
All Ordinaries Accum.	+3.6%	+2.0%	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%
	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
Gross Portfolio *	-4.2%	+1.7%	+3.1%	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%
All Ordinaries Accum.	+1.7%	+5.8%	+3.1%	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%
	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08		Since Inception
Gross Portfolio *	+1.7%	+2.3%	-7.9%	-1.7%	+1.7%	-5.3%		+394.5%
All Ordinaries Accum.	+4.6%	+2.4%	-7.3%	-5.2%	+4.0%	-10.6%		+125.6%

*The change in the portfolio before all expenses, fees and taxes.

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