



**WAM CAPITAL LTD (WAM)  
ABN 34 086 587 395  
INVESTMENT UPDATE & NTA – SEPTEMBER 2011**

WAM Capital Limited (WAM) is an investor in listed Australian equities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates predominately on small to medium industrial companies.

Since inception in August 1999 WAM has outperformed the overall share market. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 654.7% compared to a 125.7% increase in the S&P/ASX All Ordinaries Accumulation Index.

<b>Performance as at 30 September 2011</b>	<b>1 Mth %</b>	<b>6 Mths %</b>	<b>Fin Ytd %</b>	<b>1 Year %</b>	<b>3 Yrs %pa</b>	<b>5 Yrs %pa</b>	<b>10 Yrs %pa</b>	<b>Since Inception %pa (Aug-99)</b>
WAM Capital Limited*	-0.8%	-5.0%	-2.4%	+5.9%	+15.1%	+8.6%	+16.0%	+18.1%
S&P/ASX All Ordinaries Accumulation Index	-6.3%	-15.5%	-11.3%	-8.4%	+0.0%	-0.4%	+7.5%	+6.9%
<b>Outperformance</b>	<b>+5.5%</b>	<b>+10.5%</b>	<b>+8.9%</b>	<b>+14.3%</b>	<b>+15.1%</b>	<b>+9.0%</b>	<b>+8.5%</b>	<b>+11.2%</b>

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

The following NTA figures are after the payment of a fully franked final dividend of 5.0 cents per share paid on the 15 September 2011.

<b>NTA before tax</b>	<b>157.68c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>160.15c*</b>
<b>NTA after tax</b>	<b>156.18c**</b>

\*Includes tax assets of 2.47 cents per share

\*\*Includes the net effect of 2.47 cents of tax assets and 3.97 cents of deferred tax liabilities

### **Market Outlook**

The Australian market continued its downward trajectory with September producing the sixth straight month of negative returns. The S&P/ASX All Ordinaries Accumulation Index closed the month down 6.3% with investors continuing to grapple with slowing economic growth globally. Focus was once again centred on Europe and the potential solutions being proposed to resolve the financial crisis, in particular stopping Greece defaulting. We continue to expect a prolonged period of deleveraging globally over the next few years.

Locally, the Reserve Bank minutes in October have indicated a high probability of a cut in interest rates on Melbourne Cup day. If this scenario plays out, we believe this

could be positive for industrial earnings growth over the next 1-2 years. In the meantime, we expect the equity markets will continue to be led by offshore events in Europe and the US. As such, we remain cautious with higher than average cash levels.

## Dividends

On 15 September 2011, the company paid a fully franked dividend of 5.0 cents per share. This brought the FY2011 dividend to 10.0 cents per share fully franked.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Capital will always be in a position to pay dividends providing it is solvent.

## Portfolio Structure

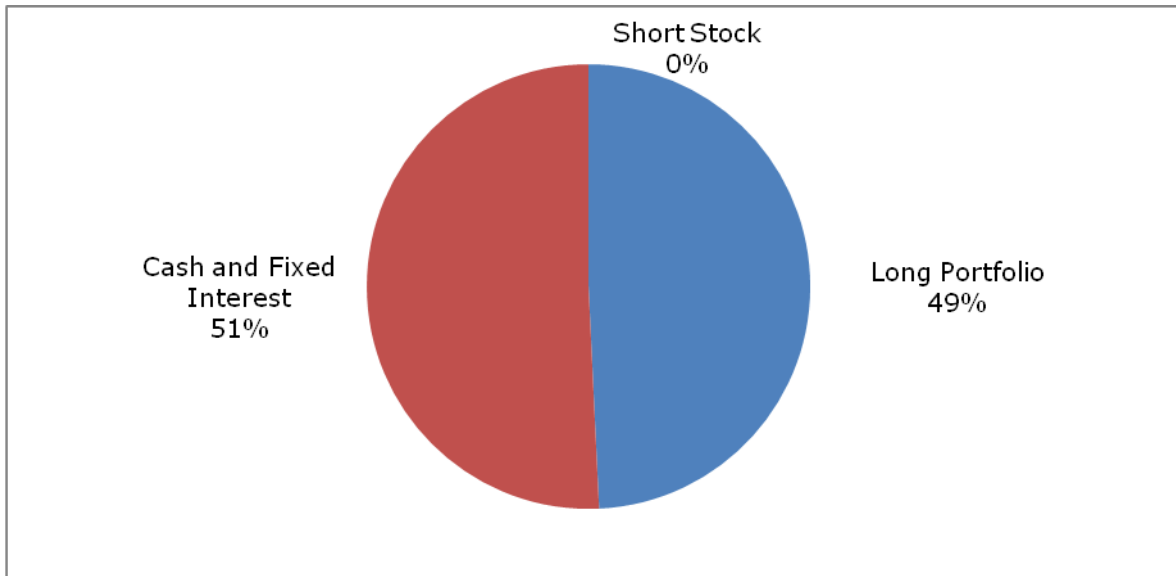
As at 30 September 2011, listed securities made up 49.0% of the portfolio, while fixed interest and cash made up the remaining 51.0%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to heavily research companies that meet this profile, with over 700 company visits a year.

Investment Type	As at 31 August 2011		As at 30 September 2011	
	\$m	%	\$m	%
Listed Equities	84.9	48.5%	82.6	49.0%
Fixed Interest and Cash	90.0	51.5%	85.2	51.0%
<b>Long Portfolio</b>	<b>174.9</b>	<b>100.0%</b>	<b>167.8</b>	<b>100.0%</b>
<b>Short Portfolio</b>	<b>(1.6)</b>		<b>(0.0)</b>	
<b>Total Fund Size</b>	<b>\$173.3m</b>		<b>\$167.8m</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	105,063,158		105,899,497	

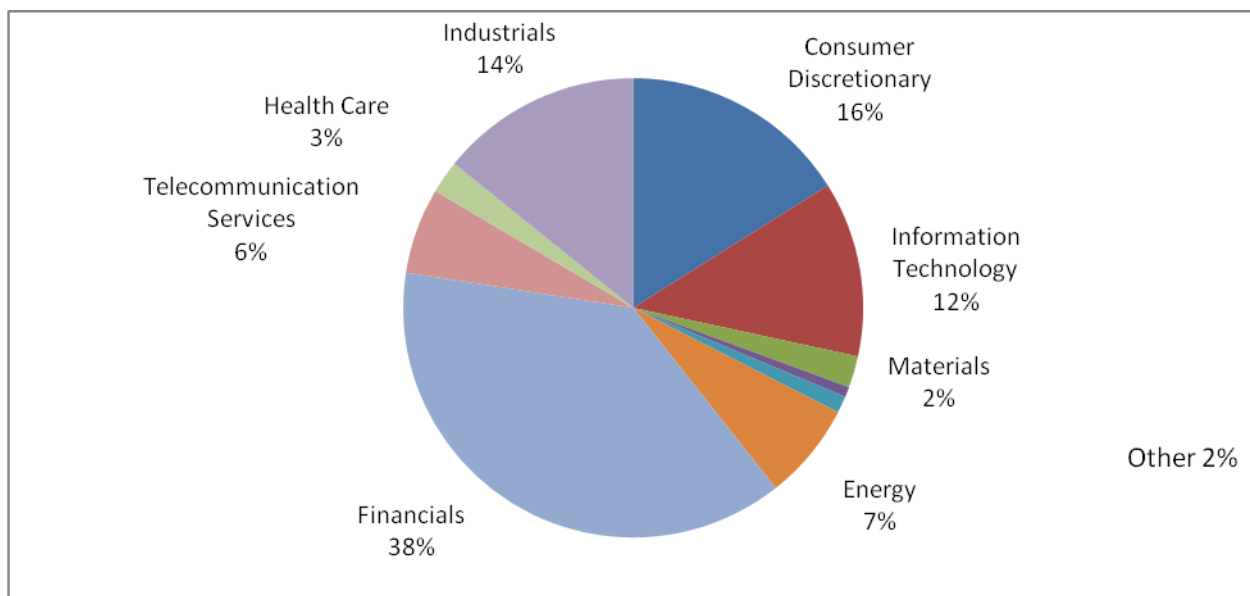
At 30 September 2011 the major securities held in the portfolio were:

<b>Code</b>	<b>Company</b>	<b>Market Value \$</b>	<b>Market Value as % Gross Assets</b>
RKN	Reckon Limited	7,205,388	4.3%
SGI	Signature Capital Investments Limited	5,631,444	3.4%
CNA	Coal & Allied Industries Limited	5,529,803	3.3%
ELI	Emerging Leaders Investments Limited	4,321,209	2.6%
MMS	McMillan Shakespeare Limited	3,780,827	2.3%
MYS	Mystate Limited	2,777,712	1.7%
DKN	DKN Financial Group Limited	2,765,009	1.6%
CCQ	Contango Capital Partners Limited	2,516,204	1.5%
BRG	Breville Group Limited	2,293,418	1.4%
MAQ	Macquarie Telecom Group Limited	1,701,692	1.0%
SGN	STW Communications Group Limited	1,603,764	1.0%
SAI	SAI Global Limited	1,578,875	0.9%
BKL	Blackmores Limited	1,512,955	0.9%
RCR	RCR Tomlinson Limited	1,510,982	0.9%
AAD	Ardent Leisure Group	1,419,116	0.8%
IMFG	IMF (Australia) Ltd 10.25% Conv Note	1,401,098	0.8%
IPP	Iproperty Group Limited	1,387,596	0.8%
CIW	Clime Investment Management Limited	1,384,685	0.8%
TLS	Telstra Corporation Limited	1,372,680	0.8%
SOE	Souls Private Equity Limited	1,357,904	0.8%

## Portfolio Structure – Gross Asset Allocation



## Long Portfolio Structure – Sector Allocation



## Performance

Set out below is the performance of WAM since listing to 30 September 2011 on a financial year basis. The performance data before all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

<b>Financial Year</b>	<b>Gross Portfolio</b>	<b>S&amp;P/ASX All Ordinaries Accumulation Index</b>	<b>Outperformance</b>
1999/2000	+33.3%	+11.3%	<b>+22.0%</b>
2000/2001	+30.2%	+8.9%	<b>+21.3%</b>
2001/2002	+32.7%	-4.5%	<b>+37.2%</b>
2002/2003	+12.3%	-1.1%	<b>+13.4%</b>
2003/2004	+27.3%	+22.4%	<b>+4.9%</b>
2004/2005	+13.9%	+24.8%	<b>-10.9%</b>
2005/2006	+27.4%	+24.2%	<b>+3.2%</b>
2006/2007	+44.1%	+30.3%	<b>+13.8%</b>
2007/2008	-23.0%	-12.1%	<b>-10.9%</b>
2008/2009	-3.0%	-22.2%	<b>+19.2%</b>
2009/2010	+29.8%	+13.8%	<b>+16.0%</b>
2010/2011	+17.9%	+12.2%	<b>+5.7%</b>
YTD 2011/2012	-2.4%	-11.3%	<b>+8.9%</b>

## Monthly Performance Table

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>	<b>Feb 00</b>	<b>Mar 00</b>	<b>Apr 00</b>
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%	-5.7%
All Ordinaries Accum.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%	-1.5%
	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>	<b>Dec 00</b>	<b>Jan 01</b>
Gross Portfolio *	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>
Gross Portfolio *	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%	+4.6%	-2.9%	+8.6%
All Ordinaries Accum.	-0.2%	-4.8%	+5.7%	+1.6%	+3.8%	-4.5%	-1.3%	-6.7%	+6.8%
	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>	<b>Feb 02</b>	<b>Mar 02</b>	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>
Gross Portfolio *	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>	<b>Dec 02</b>	<b>Jan 03</b>	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>
Gross Portfolio *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%
	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>
Gross Portfolio *	+1.5%	+3.5%	+3.6%	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+0.5%	+1.3%	+3.6%	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	<b>Feb 04</b>	<b>Mar 04</b>	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>
Gross Portfolio *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%
	<b>Nov 04</b>	<b>Dec 04</b>	<b>Jan 05</b>	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
Gross Portfolio *	+3.3%	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+4.6%	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>	<b>Feb 06</b>	<b>Mar 06</b>	<b>Apr 06</b>
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%	+2.1%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%	+2.4%
	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>	<b>Dec 06</b>	<b>Jan 07</b>
Gross Portfolio *	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Jul 07</b>	<b>Aug 07</b>	<b>Sep 07</b>	<b>Oct 07</b>
Gross Portfolio *	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%	-4.2%	+1.7%	+3.1%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%	+1.7%	+5.8%	+3.1%
	<b>Nov 07</b>	<b>Dec 07</b>	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>	<b>Apr 08</b>	<b>May 08</b>	<b>Jun 08</b>	<b>Jul 08</b>
Gross Portfolio *	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%	+1.7%	+2.3%	-7.9%	-1.6%
All Ordinaries Accum.	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-7.3%	-5.2%
	<b>Aug 08</b>	<b>Sep 08</b>	<b>Oct 08</b>	<b>Nov 08</b>	<b>Dec 08</b>	<b>Jan 09</b>	<b>Feb 09</b>	<b>Mar 09</b>	<b>Apr 09</b>
Gross Portfolio *	+1.7%	-5.3%	-9.2%	-5.6%	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%
All Ordinaries Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%
	<b>May 09</b>	<b>Jun 09</b>	<b>Jul 09</b>	<b>Aug 09</b>	<b>Sep 09</b>	<b>Oct 09</b>	<b>Nov 09</b>	<b>Dec 09</b>	<b>Jan 10</b>
Gross Portfolio *	+3.6%	+4.1%	+8.2%	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%
All Ordinaries Accum.	+2.2%	+3.9%	+7.7%	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%
	<b>Feb 10</b>	<b>Mar 10</b>	<b>Apr 10</b>	<b>May 10</b>	<b>Jun 10</b>	<b>Jul 10</b>	<b>Aug 10</b>	<b>Sept 10</b>	<b>Oct 10</b>
Gross Portfolio *	-0.5%	+3.7%	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%
All Ordinaries Accum.	+1.8%	+5.8%	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%
	<b>Nov 10</b>	<b>Dec 10</b>	<b>Jan 11</b>	<b>Feb 11</b>	<b>Mar 11</b>	<b>Apr 11</b>	<b>May 11</b>	<b>Jun 11</b>	<b>Jul 11</b>
Gross Portfolio *	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
All Ordinaries Accum.	-0.7%	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%	-3.4%
	<b>Aug 11</b>	<b>Sept 11</b>	<b>Oct 11</b>	<b>Nov 11</b>	<b>Dec 11</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Mar 12</b>	<b>Since inception</b>
Gross Portfolio *	-1.8%	-0.8%							+654.7%
All Ordinaries Accum.	-2.0%	-6.3%							+125.7%

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

For further information please contact Geoff Wilson or Chris Stott.  
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