



WAM CAPITAL LIMITED (WAM) **INVESTMENT UPDATE & NTA – SEPTEMBER 2009**

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 528.9% compared to a 142.3% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In September WAM's gross portfolio (before all fees, costs and taxes) increased by 6.93%, while the S&P/ASX All Ordinaries Accumulation Index increased by 6.05%.
- The gross portfolio has increased by 27.08% for the 12 months to 30 September 2009, while the S&P/ASX All Ordinaries Accumulation Index has increased by 7.40%.

NTA before tax	157.16c
NTA after tax and before tax on unrealised gains	162.37c*
NTA after tax	154.38c**

* Includes tax assets of 5.2 cents per share.

** This includes the net effect of 5.2 cents of tax assets and 7.98 cents of deferred tax liabilities.

MARKET OUTLOOK

The bulls tightened their grip on the Australian share market in September with the market rising for the seventh consecutive month. The S&P/ASX All Ordinaries Accumulation index has now risen a remarkable 52 per cent since it hit the bottom of the bear market on March 6, 2009. All sectors of the market are participating in the rally as investors scramble to buy shares in the hope of not missing out on the rally completely. The rise in shares coincides with increasing confidence about the outlook in the medium to long term for the local economy.

In the August "Market Outlook" we mentioned that we were becoming increasingly cautious about the share market. This caution stemmed from an evaporation of companies trading at low valuations and the pending upward move in official interest rates. At the time we believed the Reserve Bank of Australia would start tightening rates in November this year or even February next year. However, the decision to move earlier has clearly revealed the RBA is intent on normalising interest rates as

soon as practicably possible. Normal rates are somewhere between 5 and 6 per cent. This means official rates will increase by around 2 per cent over the next 12 to 18 months. Historically equities do not perform well in rising interest rate markets and we believe this time will be no different. We do not believe the Australian share market will experience a collapse such as the one experienced in 2008, however, a gradual decline may occur in 2010 as countries in the northern hemisphere also begin to lift official interest rates.

DIVIDENDS

On 17 August 2009 WAM Capital Limited paid a fully franked dividend of 4.0 cents per ordinary share. The DRP price was \$1.2259.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders over time. Dividends can only be paid if the Company has sufficient profits and franking credits.

PERFORMANCE

Set out below is the performance of WAM Capital Limited since listing to 30 September 2009:

	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%
2008/2009	-3.0%	-22.2%	+19.2%
YTD 2009/2010	+24.4%	+21.6%	+2.8%

Set out below is the performance of WAM Capital Limited since listing to 30 September 2009:

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	+27.1%	+7.4%	+19.7%
3 years	+8.0%	+1.7%	+6.3%
5 years	+12.8%	+9.7%	+3.1%
7 years	+15.8%	+11.7%	+4.1%
Since inception	+19.8%	+9.1%	+10.7%

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

PORTFOLIO STRUCTURE & STRATEGY

As at 30 September 2009, listed securities made up approximately 73.1% of the portfolio, while fixed interest and cash made up the remaining 26.9%. 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 2009		As at 30 September 2009	
	\$m	%	\$m	%
Listed Equities	108.98	70.9%	119.79	73.1%
Fixed Interest and Cash	44.78	29.1%	44.03	26.9%
Long Portfolio	153.76	100.0%	163.82	100.0%
Short Portfolio	(0.27)	100.0%	-	-
	No.		No.	
Total no. of ord shares on issue	103,367,063		103,367,063	

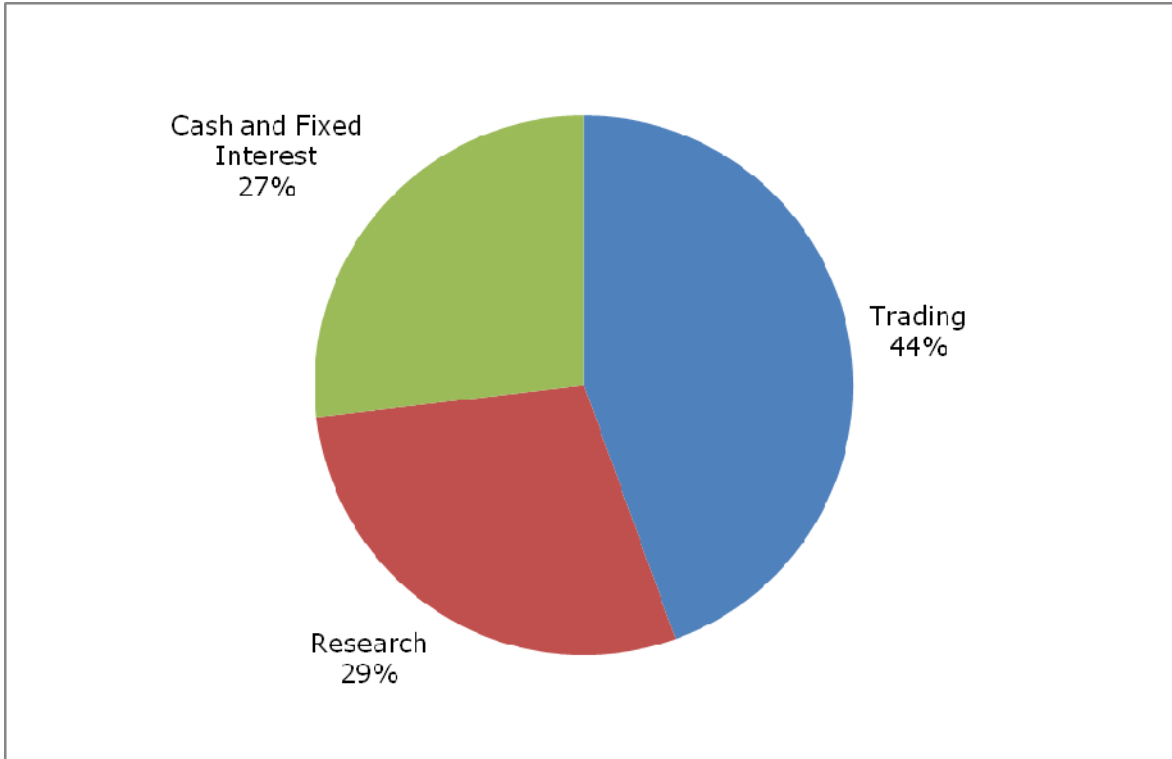
PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

At 30 September 2009 the major securities held in the portfolio were:

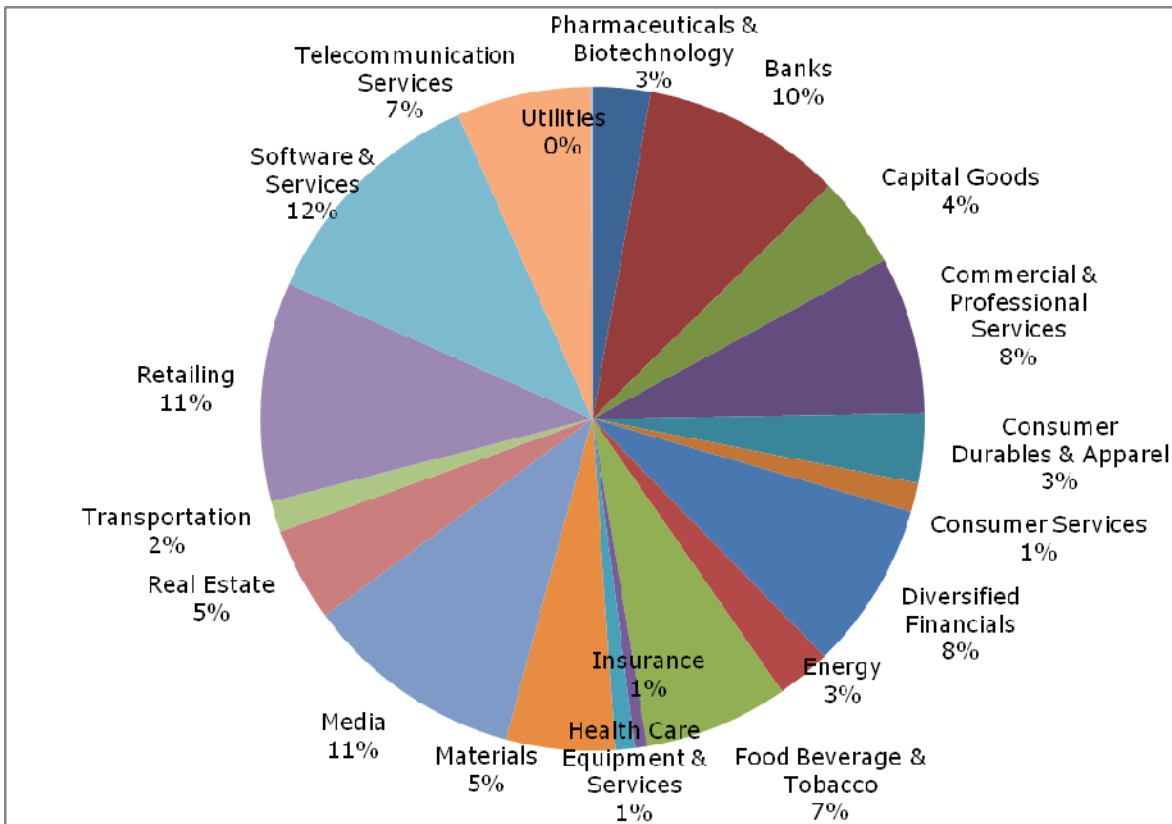
CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
LNN	Lion Nathan Limited	8,168,087	6.9%	5.0%
RKN	Reckon Ltd	6,800,592	5.7%	4.2%
TLS*	Telstra Corporation Limited	5,662,381	4.7%	3.5%
MCP	McPherson's Limited	3,958,053	3.3%	2.4%
MMS	McMillan Shakespeare Ltd	3,108,748	2.6%	1.9%
ORL	OrotonGroup Limited	2,912,506	2.4%	1.8%
NAB	National Australia Bank Ltd	2,615,092	2.2%	1.6%
RHG	RHG Limited	2,504,410	2.1%	1.5%
WBC	Westpac Banking Corporation	2,482,935	2.1%	1.5%
MCU	Mitchell Communications Group Ltd	2,442,816	2.0%	1.5%
TGA	Thorn Group Limited	2,322,170	1.9%	1.4%
PBP	Probiotec Limited	2,230,913	1.9%	1.4%
FXL	Flexigroup Limited	2,187,805	1.8%	1.3%
AHE	Automotive Holdings Group Limited	1,944,394	1.6%	1.2%
FBU	Fletcher Building Limited	1,939,824	1.6%	1.2%
PGA	Photon Group Ltd	1,902,953	1.6%	1.2%
REA	REA Group Ltd	1,882,457	1.6%	1.1%
VBA	Virgin Blue Holdings Limited	1,793,901	1.5%	1.1%
MYS	Mystate Limited	1,770,066	1.5%	1.1%
CUS	Customers Limited	1,702,727	1.4%	1.0%
NHC	New Hope Corporation Limited	1,678,994	1.4%	1.0%
CCQ	Contango Capital Partners Limited	1,605,118	1.3%	1.0%
CLO	Clough Limited	1,604,562	1.3%	1.0%
TEN	Ten Network Holdings Limited	1,534,825	1.3%	0.9%
ANZ*	Australia & New Zealand Banking Group Ltd	1,523,424	1.3%	0.9%
RCG	RCG Corporation Limited	1,514,467	1.3%	0.9%
FXJ	Fairfax Media Limited	1,502,340	1.3%	0.9%
CIW	Clime Investment Ltd	1,500,075	1.3%	0.9%
SKT	Sky Network Television Limited	1,475,002	1.2%	0.9%
JBH	JB Hi-Fi Limited	1,449,780	1.2%	0.9%
SKE	Skilled Group Limited	1,423,498	1.2%	0.9%
NWSLV	News Corporation	1,419,705	1.2%	0.9%
PBA	Peoplebank Australia Limited	1,415,682	1.2%	0.9%

* Indicates that options were outstanding against part of the holding

PORTFOLIO STRUCTURE – GROSS ASSET ALLOCATION



LONG 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	Oct 08	Nov 08
Gross Portfolio *	+1.7%	+2.3%	-7.9%	-1.6%	+1.7%	-5.3%	-9.2%	-5.6%
All Ordinaries Accum.	+4.6%	+2.4%	-7.3%	-5.2%	+4.0%	-10.6%	-13.9%	-7.2%
	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09
Gross Portfolio *	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%	+3.6%	+4.1%	+8.2%
All Ordinaries Accum.	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%
	Aug 09	Sep 09						Since Inception
Gross Portfolio *	+7.6%	+6.9%						+528.9%
All Ordinaries Accum.	+6.5%	+6.1%						+142.3%

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

For further information please contact Mr Geoff Wilson or Mr Matthew Kidman on (02) 9247 6755