

Investment Update & Net Tangible Assets Report

AS AT 31 JULY 2015



Performance

Performance at 31 July 2015	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	4.2%	11.9%	16.8%	19.8%	15.9%	14.1%	18.0%
S&P/ASX All Ordinaries Accumulation Index	4.2%	4.5%	5.4%	14.7%	9.4%	7.2%	8.5%
Outperformance	+0.0%	+7.4%	+11.4%	+5.1%	+6.5%	+6.9%	+9.5%

* Investment performance and Index returns are before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

NTA before tax	188.28c [*]
NTA after tax and before tax on unrealised gains	189.55c ^{**}
NTA after tax	183.67c ^{**}

^{*}This is after the provision of \$3.0m (0.7 cents a share) in tax relating to FY2015.

^{**}Includes 1.5 cents of tax assets resulting from the merger with Premium Investors.

Market overview

July was a positive month for the Australian equity market with the S&P/ASX All Ordinaries Accumulation Index up 4.2%. The Index was lifted higher by the healthcare and consumer staples sectors, despite significant drag from the resources sector. The Australian dollar reached its lowest level against the US dollar since May 2009, driven by falling commodity prices and further realisation that interest rates in the United States are moving higher short term. Unsurprisingly, many of the best performing stocks for the month were foreign earners.

Corporate earnings season gets underway in August where we expect the earnings outlook for companies to remain mixed. The retail and housing sectors are well positioned on the back of low interest rates and stable levels of consumer sentiment, while companies exposed to the resources sector are likely to remain weak with poor results and outlook statements.

Inflation data released during the month remained well within the Reserve Bank of Australia's (RBA) target 2-3% range and as a result in early August the RBA left interest rates on hold. According to their statement, there seems to be a low level of urgency short term to make further adjustments to monetary policy.

We are now almost six and a half years into this current bull market which is in its mature phase. We believe the Australian equity market will continue to benefit from low interest rates and improving domestic economic conditions over the medium term. In the short term, we believe opportunities will continue to present themselves, irrespective of macroeconomic conditions.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$866.8m
Market cap	\$890.8m
Share price	\$1.975
NTA before tax	\$1.88
Shares on issue	451,050,715
Fully franked annualised interim dividend (FY2015)	14.0c
Dividend yield	7.1%

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 Capital 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 Capital also provides exposure to 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

Senior Equity Analyst

Tobias Yao

Equity Analyst

James McNamara

Communications Manager

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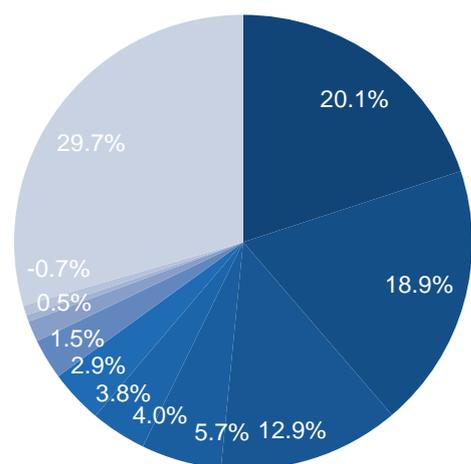
Diversified portfolio

Investment Type	June 2015		July 2015	
	\$m	%	\$m	%
Listed Equities	500.8	60.1	613.8	70.3
Fixed Interest & Cash	332.7	39.9	259.2	29.7
Long Portfolio	833.5	100.0%	873.0	100%
Short Portfolio	-	-	(6.2)	(0.7)
Gross Assets	\$833.5m		\$866.8m	
Total shares on issue	451,050,715		451,050,715	

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	30,592,558	3.5%
ECX	Eclipx Group Limited	25,433,779	2.9%
CYA	Century Australia Investments Limited	18,889,826	2.2%
ASB	Austal Limited	17,062,612	2.0%
IIN	iiNet Limited	16,984,898	2.0%
BAP	Burson Group Limited	14,392,549	1.7%
MYX	Mayne Pharma Group Limited	14,389,261	1.7%
PMV	Premier Investments Limited	14,025,769	1.6%
HVN	Harvey Norman Holdings Limited	13,861,653	1.6%
IPH	IPH Limited	13,339,720	1.5%
ENE	Energy Developments Limited	13,055,042	1.5%
QAN	Qantas Airways Limited	12,680,963	1.5%
MTR	Mantra Group Limited	12,383,477	1.4%
SIQ	Smartgroup Corporation Limited	12,126,442	1.4%
SGF	SG Fleet Group Limited	12,116,100	1.4%
ISU	iSelect Limited	11,742,787	1.4%
PRY	Primary Health Care Limited	11,603,666	1.3%
CCP	Credit Corp Group Limited	11,479,563	1.3%
CSV	CSG Limited	11,457,918	1.3%
MMS	McMillan Shakespeare Limited	11,446,484	1.3%

Sector allocation



- Financials: 20.1%
- Consumer Discretionary: 18.9%
- Industrials: 12.9%
- Health Care: 5.7%
- Information Technology: 4.0%
- Telecommunication Services: 3.8%
- Consumer Staples: 2.9%
- Utilities: 1.5%
- Materials: 0.5%
- Short stock: -0.7%
- Cash and Fixed Interest: 29.7%

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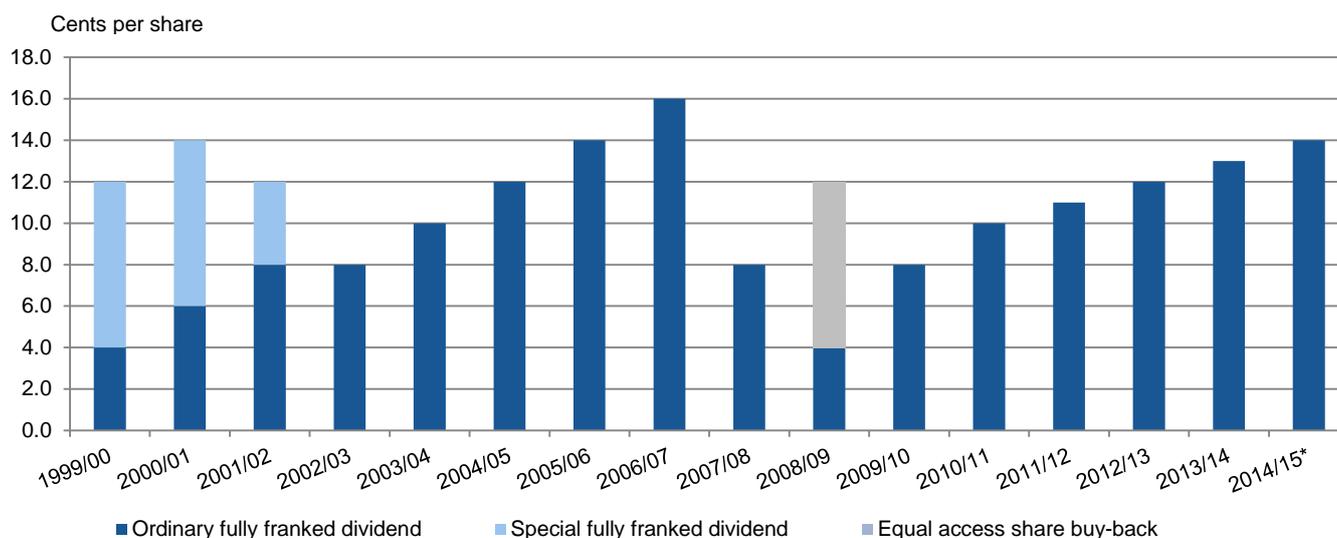
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Dividend growth

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are usually 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



*Annualised interim dividend

On 30 April 2015, the Company paid a fully franked interim dividend of 7.0 cents per share, an increase of 7.7% on the previous corresponding period. The Board currently intends to declare a fully franked final dividend of 7.0 cents per share consistent with the interim dividend, bringing the full year fully franked dividend for FY2015 to 14.0 cents per share. Shareholders should only rely on the official declaration of dividends for confirmation of the amount, dates and level of franking. Further details of the final dividend will be announced with the full year results due in August 2015.

Priority offer to WAM Capital shareholders in Future Generation Global Investment Company Limited

WAM Capital shareholders are entitled to share in the \$110 million priority allocation to the Future Generation Global Investment Company Limited (FGG) initial public offering (IPO). FGG will be Australia's first internationally focused listed investment company with the dual objectives of providing shareholders with diversified exposure to selected global equities and changing the lives of young Australians affected by mental illness. FGG will charge shareholders 0.0% management fees and 0.0% performance fees as the participating fund managers will manage the capital on a pro bono basis. This arrangement allows the company to donate 1.0% of its net tangible assets each year to selected Australian non-profits working to improve the mental health of young Australians.

Further information, including the prospectus and online application form, is available at www.futuregeninvest.com.au/global.