

# Investment Update & Net Tangible Assets Report

AS AT 30 APRIL 2016



## Performance

Performance at 30 April 2016	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	0.2%	5.0%	14.9%	14.4%	15.0%	14.1%	12.5%	17.8%
S&P/ASX All Ordinaries Accumulation Index	3.2%	2.8%	1.3%	-3.7%	5.4%	6.2%	4.6%	7.9%
<b>Outperformance</b>	<b>-3.0%</b>	<b>+2.2%</b>	<b>+13.6%</b>	<b>+18.1%</b>	<b>+9.6%</b>	<b>+7.9%</b>	<b>+7.9%</b>	<b>+9.9%</b>

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

## Net Tangible Assets (NTA) figures

The following NTA figures have been adjusted for the 7.25 cents per share fully franked interim dividend paid on 13 May 2016. The shares traded ex dividend on 27 April 2016.

NTA before tax	<b>183.51c<sup>*</sup></b>
NTA after tax and before tax on unrealised gains	<b>183.87c<sup>**</sup></b>
NTA after tax	<b>179.38c<sup>**</sup></b>

<sup>\*</sup>These figures are all after the payment of \$7.7m (1.64 cents per share) in tax during the month.  
<sup>\*\*</sup>Includes 0.9 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

Global equity markets continued to rally in April, led higher by resource stocks, which rebounded on the back of the strong recovery in commodity prices. The S&P/ASX All Ordinaries Accumulation Index rose 3.2% for the month with gains heavily weighted towards the mining sector. Towards the end of April, the share market was caught by surprise when the Australian Bureau of Statistics reported the weakest core inflation rate since 1983. In response, the Australian dollar fell sharply and in early May the Reserve Bank of Australia (RBA) reduced the cash rate by a further 0.25%.

Currently, Australia's economy is being influenced by a range of factors including uncertainty created by the imminent federal election and unseasonably warm weather along the eastern seaboard – a negative for apparel retailers. Other factors including fragile consumer confidence and a slow-down in the housing market, in part due to the banks tightening their lending criteria, are also weighing on the economy. However, we anticipate the RBA's recent decision to cut official interest rates by 25 basis points will have a stimulatory impact on the economy. While rates remain low by historical standards, the central bank has scope to reduce rates further to encourage fiscal growth.

We continue to hold above-average cash levels that ensure we are well placed to take advantage of opportunities as they arise in the market.

## WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets*	<b>\$882.6m</b>
Market cap*	<b>\$1,006.2m</b>
Share price*	<b>\$2.15</b>
NTA before tax*	<b>\$1.84</b>
Shares on issue	<b>468,006,885</b>
Fully franked annualised interim dividend (FY2016)	<b>14.5c</b>
Dividend yield	<b>6.7%</b>

\* Ex-Dividend - 7.25 cents per share paid on 13 May 2016.

## 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

### Matthew Haupt

Portfolio Manager

### Martin Hickson

Senior Equity Analyst/Dealer

### Tobias Yao

Senior Equity Analyst

### John Ayoub

Senior Equity Analyst

### James McNamara

Head of Corporate Affairs

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## Diversified portfolio

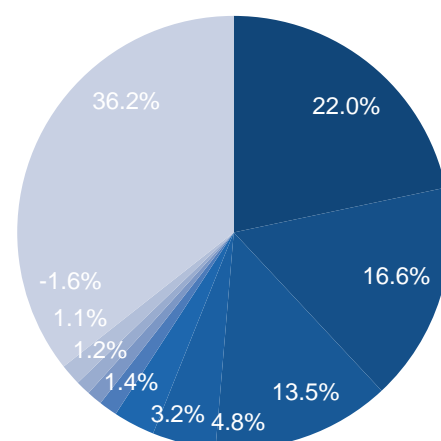
Investment Type	March 2016		April 2016	
	\$m	%	\$m	%
Listed Equities	635.2	68.2	572.0	63.8
Fixed Interest & Cash	296.1	31.8	324.6	36.2
Long Portfolio	931.3	100.0	896.6	100.0
Short Portfolio	(8.1)	(0.9)	(14.0)	(1.6)
Gross Assets	\$923.2m		\$882.6m*	
Total shares on issue	468,006,885		468,006,885	

\*This figure is after the payment of \$7.7m (1.64 cents per share) in tax during the month and has also been adjusted for the 7.25 cents per share fully franked interim dividend which traded ex dividend on the 27 April 2016.

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	31,968,877	3.6%
CYA	Century Australia Investments Limited	17,378,639	2.0%
SXL	Southern Cross Media Group Limited	16,088,757	1.8%
SIQ	Smartgroup Corporation Limited	14,591,678	1.7%
NCK	Nick Scali Limited	14,286,895	1.6%
PBG	Pacific Brands Limited	14,031,905	1.6%
MYX	Mayne Pharma Group Limited	13,341,670	1.5%
SGF	SG Fleet Group Limited	12,696,100	1.4%
MVP	Medical Developments International Limited	11,953,794	1.4%
GJT	Galileo Japan Trust	11,630,170	1.3%
RCG	RCG Corporation Limited	11,612,626	1.3%
AOG	Aveo Group	11,228,017	1.3%
VOC	Vocus Communications Limited	11,153,032	1.3%
MMS	McMillan Shakespeare Limited	11,107,481	1.3%
APN	APN News & Media Limited	11,074,000	1.3%
AGF	AMP Capital China Growth Fund	10,661,002	1.2%
AAD	Ardent Leisure Group	10,611,309	1.2%
TRS	The Reject Shop Limited	10,496,974	1.2%
VTG	Vita Group Limited	10,490,443	1.2%
ASB	Austal Limited	10,315,205	1.2%

## Sector allocation



- Financials 22.0%
- Consumer Discretionary 16.6%
- Industrials 13.5%
- Health Care 4.8%
- Information Technology 3.2%
- Telecommunication Services 1.4%
- Consumer Staples 1.2%
- Energy 1.1%
- Short stock: -1.6%
- Cash and Fixed Interest: 36.2%

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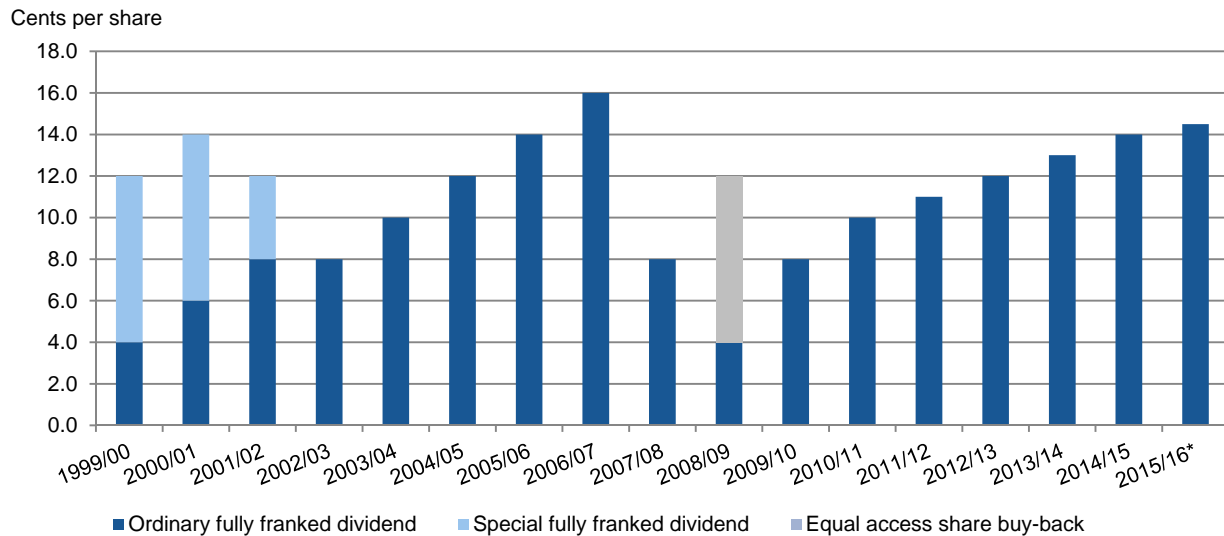
AS AT 30 APRIL 2016



## 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 13 May 2016, the Company paid a fully franked interim dividend of 7.25 cents per share, an increase of 3.6% on the previous corresponding period. The shares traded ex dividend on 27 April 2016.