



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – JULY 2010

WAM Capital Limited (WAM) is a dynamic investor in listed Australian equities. Its objectives are to preserve capital, deliver a rising stream of fully franked dividends and to provide capital growth. WAM concentrates mostly on small to medium industrial companies and delivers strong risk adjusted returns to the investor. WAM is managed by Wilson Asset Management (International) Pty Ltd.

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 572.7% compared to a 136.4% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In July WAM's gross portfolio (before all fees, costs and taxes) rose by 2.5%, while the S&P/ASX All Ordinaries Accumulation Index increased by 4.2%.
- WAM's gross portfolio has increased by 23.0% for the 12 months to 31 July 2010, while the S&P/ASX All Ordinaries Accumulation Index has increased by 10.2%.

NTA before tax	158.83c
NTA after tax and before tax on unrealised gains	161.19c*
NTA after tax	155.28c**

* Includes tax assets of 2.4 cents per share.

** This includes the net effect of 2.4 cents of tax assets and 5.9 cents of deferred tax liabilities.

MARKET OUTLOOK

The new financial year was ushered in with a stirring rally during July, with the benchmark S&P/ASX All Ordinaries Accumulation Index jumping 4.2 per cent for the month. The lift in share prices was inspired by a better than expected profit reporting season in the United States and ongoing strong growth in China. The Chinese growth story continues to be a powerful driver of the resources market, which managed to outperform the broader market during July.

The robust profit reports from the United States was a pleasant surprise for investors who are fretting about the world's biggest economy dipping back into a second recession in three years. Currently the US growth has slowed with employment growth virtually stalling. This easing in growth is concerning for investors because they believe it will, in the medium term, make it increasingly difficult for companies to post decent profit growth in the months ahead.

MARKET OUTLOOK (continued)

Australian investors are now concentrating on the domestic profit reporting season that will unfold through the month of August. In recent months expectations of strong profit growth has been wound back due to a slowing domestic economy. We do not see the reporting season as a catalyst for the market and believe share prices will continue to struggle to move higher in the coming months.

DIVIDENDS

On 20 July 2010 the board announced a fully franked final dividend of 4.0 cents per share to be paid on 17 September 2010. The shares will trade ex dividend on 6 September 2010. This brings the full year dividend to 8.0 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. Newly introduced government legislation now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit as it was previously. Rather it will be 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.

The dividend re-investment plan will operate at the volume weighted average market price of shares sold on the record date and the three trading days prior to the record date. To participate in the dividend re-investment plan, please send your election to our share registrar no later than 10 September 2010. The current share price (\$1.29 being closing price 13 August 2010) is at a 18.8% discount to the 31 July 2010 pre-tax NTA.

PERFORMANCE

Set out below is the performance of WAM since listing to 31 July 2010:

Annualised performance	Gross Portfolio*	S&P/ASX All Ords. Accumulation Index	Outperformance
1 year	+23.0%	+10.2%	+12.9%
3 years	-0.3%	-6.1%	+5.8%
5 years	+12.3%	+5.0%	+7.2%
7 years	+14.3%	+9.9%	+4.4%
Since inception	+18.9%	+8.1%	+10.8%

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

PERFORMANCE (continued)

	Gross Portfolio*	S&P/ASX 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%
2009/2010	+29.8%	+13.8%	+16.0%
YTD 2010/2011	+2.5%	+4.2%	-1.7%

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

PORTFOLIO STRUCTURE

As at 31 July 2010, listed securities made up 47.2% of the portfolio, while fixed interest and cash made up the remaining 52.8%. 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 during the last year.

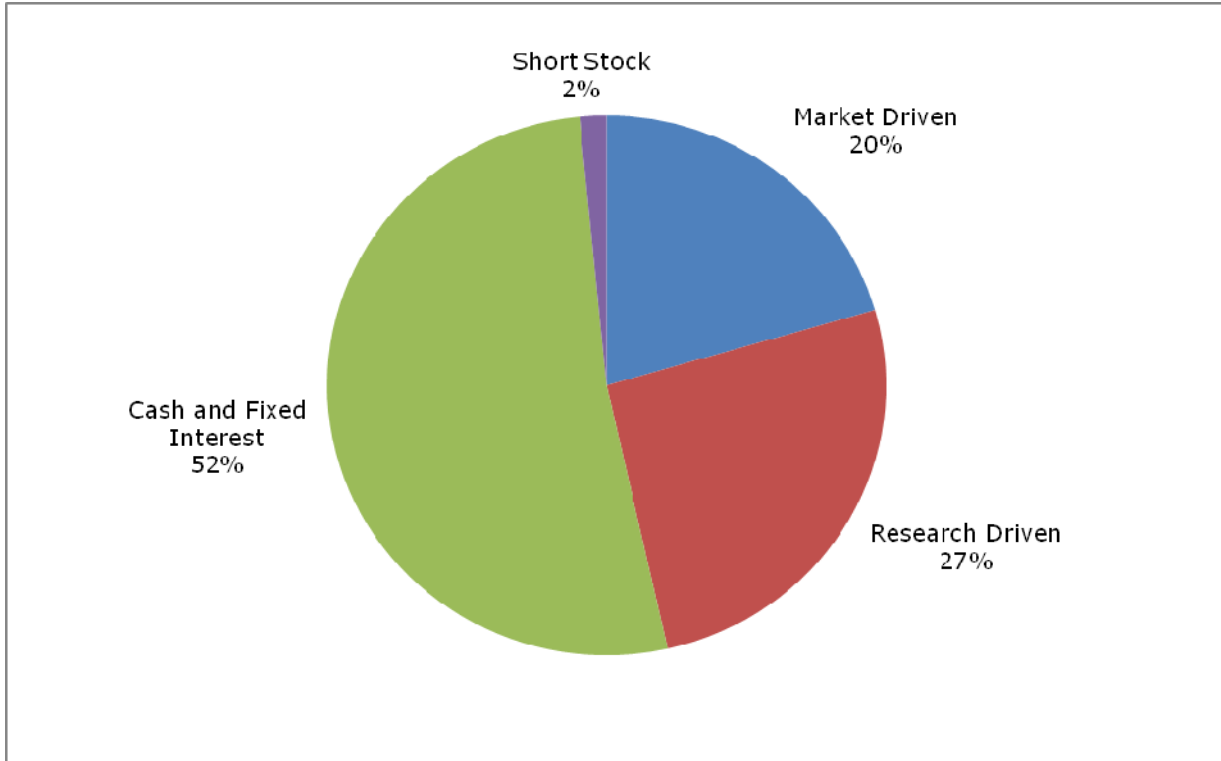
Investment Type	As at 30 June 2010		As at 31 July 2010	
	\$m	%	\$m	%
Listed Equities	75.08	44.7%	81.54	47.2%
Fixed Interest and Cash	93.06	55.3%	91.11	52.8%
Long Portfolio	168.14	100.0%	172.65	100.0%
Short Portfolio	(2.86)		(2.72)	
	No.		No.	
Total ordinary shares on issue	103,931,192		103,931,192	

PORTFOLIO STRUCTURE (Continued)

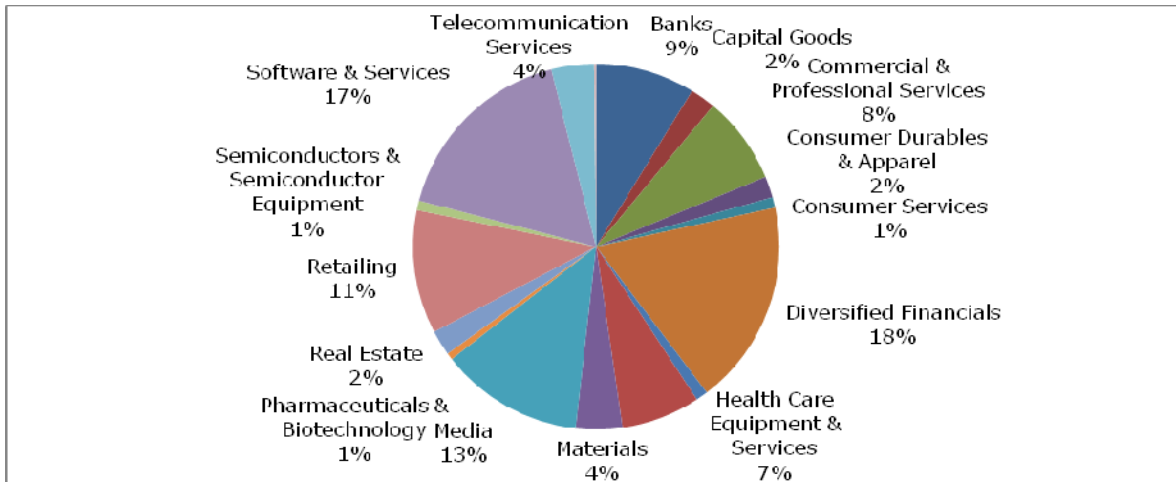
At 31 July 2010 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$	MARKET VALUE AS % OF GROSS ASSETS
RKN	Reckon Limited	8,469,629	5.0%
MMS	McMillan Shakespeare Limited	5,487,970	3.2%
HSP	Healthscope Limited	4,380,000	2.6%
RHG	RHG Limited	3,501,186	2.1%
MCU	Mitchell Communications Group Limited	3,417,377	2.0%
WYL	Wattyl Limited	2,771,054	1.6%
ORL	OrotonGroup Limited	2,768,743	1.6%
SIG	Signature Capital Investments Limited	2,742,231	1.6%
REA	REA Group Limited	2,628,091	1.5%
MYS	Mystate Limited	2,546,505	1.5%
SGN	STW Communications Group Limited	2,459,060	1.4%
VTP	Van Eyk Three Pillars Limited	2,274,267	1.3%
IRE	IRESS Market Technology Limited	2,178,008	1.3%
TGA	Thorn Group Limited	2,061,320	1.2%
AHE	Automotive Holdings Group Limited	1,800,687	1.1%
CIW	Clime Investment Management Limited	1,653,929	1.0%
MCP	McPherson's Limited	1,525,515	0.9%
SKT	Sky Network Television Limited	1,452,425	0.9%
MAQ	Macquarie Telecom Group Limited	1,443,850	0.8%
TRS	The Reject Shop Limited	1,391,280	0.8%
ITX	ITX Group Limited	1,373,122	0.8%
PXUPA	PaperlinX SPS Trust	1,337,846	0.8%
BKL	Blackmores Limited	1,298,308	0.8%
MLB	Melbourne IT Limited	1,287,610	0.8%
TSM	Thinksmart Limited	1,185,324	0.7%
PRV	Premium Investors Limited	1,139,031	0.7%
HOM	Homeloans Limited	1,106,882	0.7%
CAF	Centrepoint Alliance Limited	935,874	0.6%
AMM	Amcom Telecommunications Limited	935,647	0.6%
RCG	RCG Corporation Limited	881,008	0.5%
WIC	Westoz Investment Company Limited	872,176	0.5%
LDW	Ludowici Limited	796,104	0.5%

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.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+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	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Gross Portfolio *	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%	-0.5%	+3.7%
All Ordinaries Accum.	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%	+1.8%	+5.8%
	Apr 10	May 10	Jun 10	Jul 10				Since inception
Gross Portfolio *	+0.8%	-2.4%	+0.7%	+2.5%				+572.7%
All Ordinaries Accum.	-1.2%	-7.6%	-2.6%	+4.2%				+136.4%

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

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

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