

# Investment Update & Net Tangible Assets Report

AS AT 30 JUNE 2015



## Performance

Performance at 30 June 2015	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio <sup>*</sup>	-1.6%	7.7%	14.6%	18.8%	15.5%	13.8%	17.8%
S&P/ASX All Ordinaries Accumulation Index	-5.4%	3.3%	5.7%	14.5%	9.4%	7.0%	8.3%
<b>Outperformance</b>	<b>+3.8%</b>	<b>+4.4%</b>	<b>+8.9%</b>	<b>+4.3%</b>	<b>+6.1%</b>	<b>+6.8%</b>	<b>+9.5%</b>

<sup>\*</sup> Investment performance and Index returns are before expenses, fees and taxes.

## Net Tangible Assets (NTA) figures

NTA before tax	<b>181.18c</b>
NTA after tax and before tax on unrealised gains	<b>182.13c<sup>*</sup></b>
NTA after tax	<b>178.24c<sup>*</sup></b>

<sup>\*</sup> Includes 1.5 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 5.4% in June leading to a below average return for the financial year of 6%. The index suffered from a fall in oil and iron ore prices, earnings downgrades and international uncertainty arising from the ongoing Greek debt crisis. Having fallen 8% since the late April highs, the Australian market is approaching a technical correction.

International equity markets were highly volatile over the month as the Eurozone instability forced a global sell off in equities. Greece and its European Union and International Monetary Fund (IMF) creditors failed to break their deadlock in the lead up to a 30 June 2015 payment deadline. Greece then became the first developed nation to default on an IMF loan when it missed the deadline. European markets fared worst as a result with the FTSE100 losing 6.7% and the German DAX down 4.1% for the month. In the US the S&P500 fell 2.1% while the Dow Jones dropped 2.2% despite the release of positive economic data and the potential further delay of monetary tightening from the US Federal Reserve.

Notwithstanding the market's recent weakness, we believe valuations remain full. With our above average cash levels, we remain well positioned to seize on opportunities as they arise.

## Future Generation Global priority offer to WAM Capital shareholders

Future Generation Global Investment Company Limited was launched recently with the prospectus to invest in the company now available at [www.futuregeninvest.com.au/global](http://www.futuregeninvest.com.au/global). See further details below.

### WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets	<b>\$833.5m</b>
Market cap	<b>\$866.0m</b>
Share price	<b>\$1.92</b>
NTA before tax	<b>\$1.81</b>
Shares on issue	<b>451,050,715</b>
Fully franked annualised interim dividend (FY2015)	<b>14.0c</b>
Dividend yield	<b>7.3%</b>

### 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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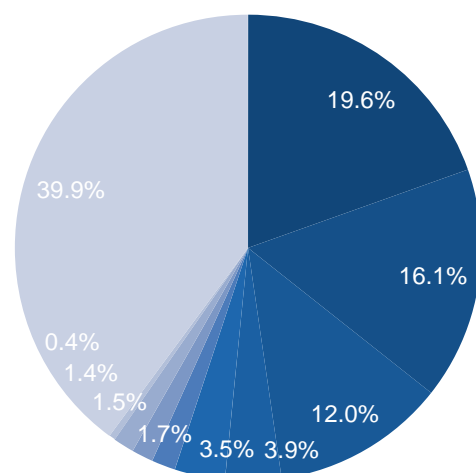
## Diversified portfolio

Investment Type	May 2015		June 2015	
	\$m	%	\$m	%
Listed Equities	489.2	57.3	500.8	60.1
Fixed Interest & Cash	364.1	42.7	332.7	39.9
Long Portfolio	853.3	100.0%	833.5	100%
Short Portfolio	(7.2)	(0.9)	-	-
Gross Assets	\$846.1m		\$833.5m	
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	30,164,066	3.6%
ECX	Eclipx Group Limited	23,309,832	2.8%
CYA	Century Australia Investments Limited	18,566,000	2.2%
ASB	Austal Limited	16,318,060	2.0%
BAP	Burson Group Limited	15,571,973	1.9%
HVN	Harvey Norman Holdings Limited	14,017,053	1.7%
IPH	IPH Limited	12,806,156	1.5%
QAN	Qantas Airways Limited	12,648,393	1.5%
MYX	Mayne Pharma Group Limited	12,114,036	1.5%
ENE	Energy Developments Limited	12,063,520	1.4%
MTR	Mantra Group Limited	11,413,296	1.4%
SIQ	Smartgroup Corporation Limited	11,296,611	1.4%
RFG	Retail Food Group Limited	11,104,095	1.3%
ISU	iSelect Limited	10,910,677	1.3%
SGF	SG Fleet Group Limited	10,797,543	1.3%
CSV	CSG Limited	10,546,041	1.3%
CCP	Credit Corp Group Limited	10,348,613	1.2%
AHD	Amalgamated Holdings Limited	9,945,850	1.2%
MMS	McMillan Shakespeare Limited	9,711,438	1.2%
GTY	Gateway Lifestyle Group	9,308,865	1.1%

## Sector allocation



- Financials: 19.6%
- Consumer Discretionary: 16.1%
- Industrials: 12.0%
- Health Care: 3.9%
- Information Technology: 3.5%
- Telecommunication Services: 1.7%
- Consumer Staples: 1.5%
- Utilities: 1.4%
- Materials: 0.4%
- Cash and Fixed Interest: 39.9%

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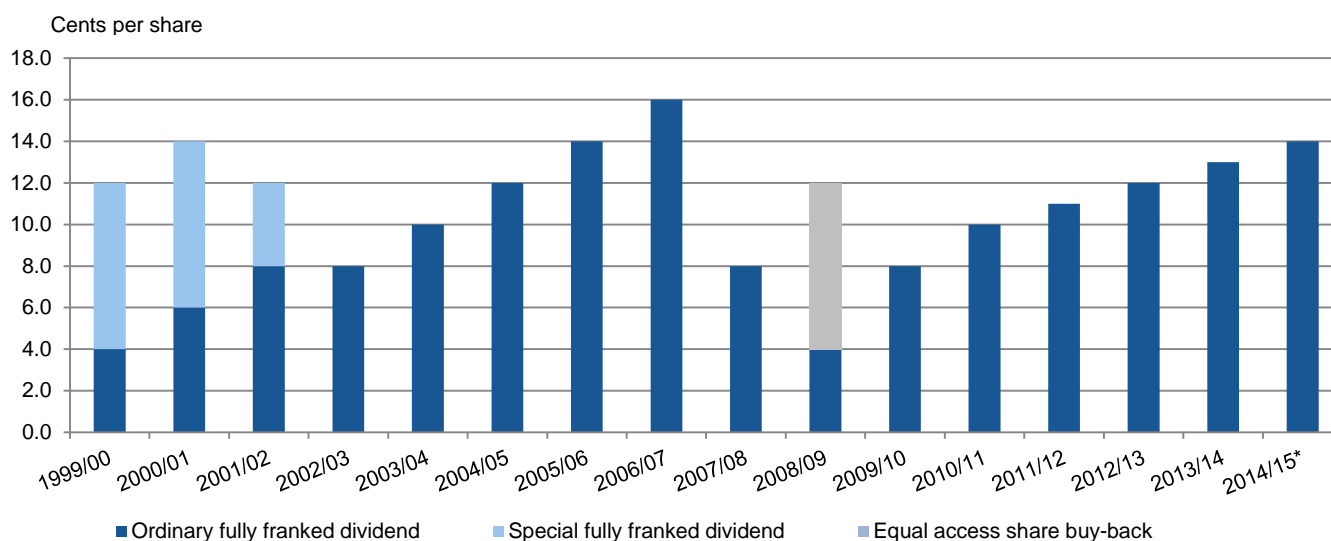
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## Dividend growth

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](http://www.futuregeninvest.com.au/global).

WAM Capital shareholders are invited to attend the final FGG presentations this week in Brisbane and Canberra.

**Brisbane:** Wednesday 15 July 2015, 10am – 11am, Mercure Hotel, 85-87 North Quay, Brisbane

**Canberra:** Friday 17 July 2015, 10am – 11am, Belconnen Premier Hotel, 110 Benjamin Way, Belconnen

To RSVP, call (02) 9247 9202 or email [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au).