

Investment Update & Net Tangible Assets Report

AS AT 30 JUNE 2014



Performance

Performance at 30 June 2014	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio [*]	0.1%	4.4%	19.2%	15.1%	18.5%	13.8%	18.0%
S&P/ASX All Ordinaries Accumulation Index	-1.4%	2.7%	17.6%	9.7%	11.0%	8.8%	8.5%
Outperformance	+1.5%	+1.7%	+1.6%	+5.4%	+7.5%	+5.0%	+9.5%

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

Net Tangible Assets (NTA) figures

NTA before tax	178.90c
NTA after tax and before tax on unrealised gains	178.84c[*]
NTA after tax	174.71c[*]

^{*} Includes 2.7 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The S&P/ASX All Ordinaries Accumulation Index ('Index') fell 1.4% in June to finish the 2014 financial year up 17.6%. The Index is now up a remarkable 42% since its last low in June 2012 driven higher by investors seeking yield as interest rates remain at historical lows. During the month, the Reserve Bank of Australia kept the cash rate at 2.5% with Governor Stevens' language indicating rates would stay at these levels for a prolonged period. Ahead of the reporting season, numerous retailers downgraded their profit forecasts reflecting tougher trading conditions due to weaker consumer confidence following the May Federal Budget.

Economic data continues to provide evidence of a sustainable recovery in the United States prompting the Federal Reserve to announce last week that its stimulatory bond buying program would be completed by October this year. Although a survey of the members of the central bank have indicated they expect US interest rates will start to rise early in the new calendar year, we expect this will occur sooner.

We maintain our cautious stance towards Australia's equity market in the near term as reflected by the investment portfolio's higher than average cash weighting. We are confident that despite prevailing market conditions, opportunities will continue to present themselves and our current cash levels position us well to capitalise on these as they arise.

Priority offer to WAM Capital Shareholders in Future Generation Investment Fund

Future Generation Investment Fund Limited was launched recently with the prospectus to invest in the company now available. See further details below.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$613.2m
Market cap	\$660.8m
Share price	\$1.94
NTA before tax	\$1.79
Shares on issue	340,603,969
Fully franked annualised interim dividend (FY2014)	13.0c
Dividend yield	6.7%

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 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 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

Mark Tobin

Equity Analyst

Meredith Hemsley

Corporate Affairs

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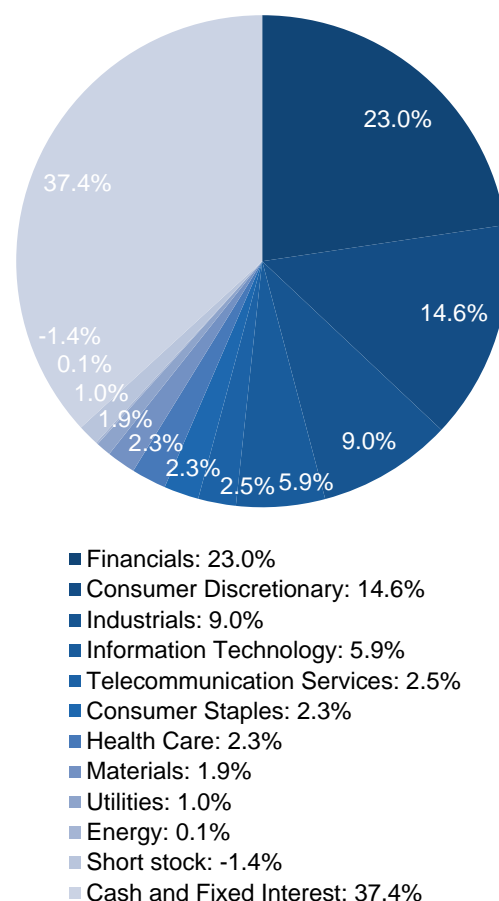
Diversified portfolio

Investment Type	May 2014		June 2014	
	\$m	%	\$m	%
Listed Equities	379.0	58.9	389.3	62.6
Fixed Interest & Cash	264.4	41.1	232.5	37.4
Long Portfolio	643.4	100.0%	621.8	100.0%
Short Portfolio	(30.5)	(5.0)	(8.6)	(1.4)
Gross Assets	\$612.9m		\$613.2m	
Total shares on issue	340,603,969		340,603,969	

Top holdings

Code	Company	Market Value as % Gross Assets
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.8%
CYA	Century Australia Investments Limited	2.3%
MQA	Macquarie Atlas Roads Group	1.9%
SGH	Slater & Gordon Limited	1.9%
WIC	Westoz Investment Company Limited	1.7%
WBCPB	WBC Stapled Preferred Security II	1.7%
IPE	IPE Limited	1.6%
HIL	Hills Limited	1.6%
CGF	Challenger Limited	1.6%
FXJ	Fairfax Media Limited	1.5%
DLX	DuluxGroup Limited	1.5%
AHE	Automotive Holdings Group Limited	1.5%
CSV	CSG Limited	1.3%
MTR	Mantra Group Limited	1.3%
TNE	Technology One Limited	1.2%
CYG	Coventry Group Limited	1.1%
CCP	Credit Corp Group Limited	1.1%
IIN	iiNet Limited	1.1%
MYR	Myer Holdings Limited	1.1%
GMA	Genworth Mortgage Insurance Australia Limited	1.0%

Sector allocation



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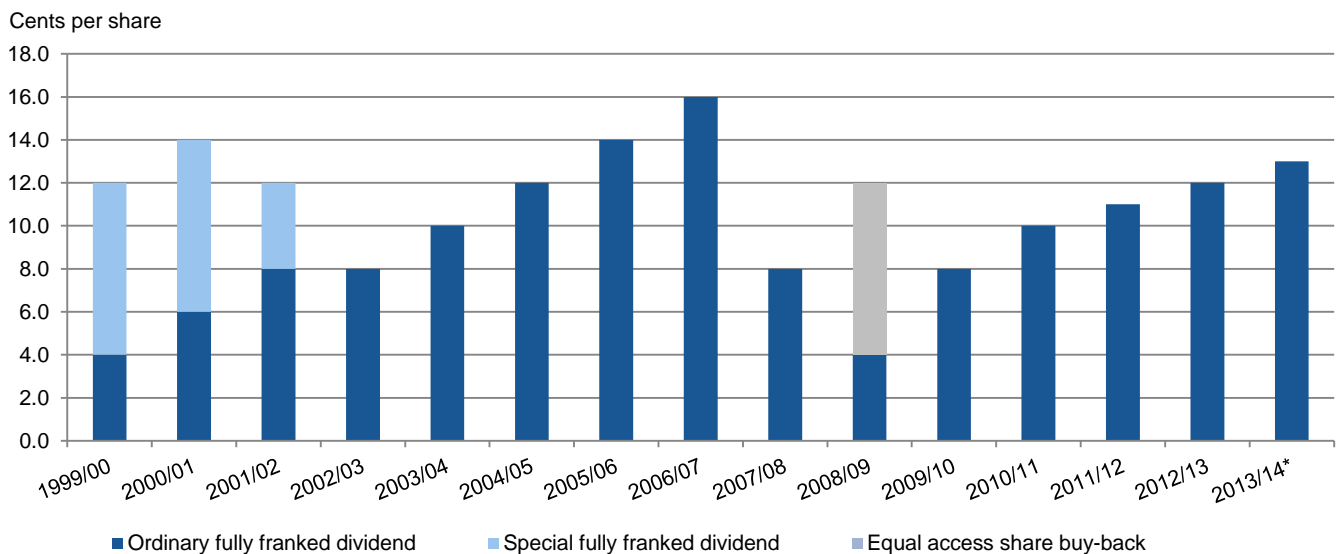


Dividend growth

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 paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

On 31 March 2014, the Company paid a fully franked interim dividend of 6.5 cents per share. This was an increase of 8.3% on the previous corresponding period.

WAM Capital dividends since inception



*Annualised interim dividend

Priority offer to WAM Capital Shareholders in Future Generation Investment Fund

Future Generation Investment Fund Limited was launched recently with the prospectus to invest in the company now available. In a first for the Australian market, investors can now gain unprecedented access to Australia's best fund managers for 0.0% performance fees and 0.0% management fees. As fund managers, and many service providers, will be providing their services on a pro bono basis, this will allow the company to donate 1.0% of assets each year to children's charities to invest in Australia's future generation. Where the balance of the forgone fees is greater than the amount paid to charities, the balance will be for the benefit of shareholders. Investors are invited to attend the final presentations about this investment opportunity this week in Brisbane, Sydney and Melbourne. Details below:

Brisbane: Tuesday 15 July 2014, 10am – 11am, Brisbane Convention and Exhibition Centre

Sydney: Wednesday 16 July 2014, 10am – 11am, Wesley Conference Centre

Melbourne: Friday 18 July 2014, 10am – 11am, Morgans at 401

To RSVP, call 02 9247 6755 or email info@wamfunds.com.au.

For further information including the prospectus and online application form visit www.futuregeninvest.com.au.