



**WAM CAPITAL LTD (WAM)**  
**ABN 34 086 587 395**  
**INVESTMENT UPDATE & NTA – MARCH 2012**

WAM Capital Limited (WAM) is an investor in listed Australian equities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates on identifying undervalued growth companies; these are generally found in the small to medium industrial sector.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's investment portfolio (before all fees, costs, taxes and dividends) has increased by 719.8% compared to a 150.6% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 31 March 2012	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio	+2.3%	+8.6%	+6.0%	+3.2%	+22.5%	+6.1%	+13.5%	+18.1%
S&P/ASX All Ordinaries Accumulation Index	+1.2%	+11.0%	-1.5%	-6.2%	+12.3%	-1.8%	+7.1%	+7.5%
<b>Outperformance</b>	<b>+1.1%</b>	<b>-2.4%</b>	<b>+7.5%</b>	<b>+9.4%</b>	<b>+10.2%</b>	<b>+7.9%</b>	<b>+6.4%</b>	<b>+10.6%</b>

The following NTA figures are after the payment of a fully franked interim dividend of 5.5 cents per share paid on the 23 March 2012.

<b>NTA before tax</b>	<b>162.61c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>162.82c*</b>
<b>NTA after tax</b>	<b>157.75c**</b>

\* Includes tax assets of 0.21 cents per share

\*\* Includes the net effect of 0.21 cents of tax assets and 5.07 cents of deferred tax liabilities

## Market Outlook

The Australian equity market continued its strong start to 2012 finishing higher by 1.2% for the month. Investor sentiment benefitted from continued positive macroeconomic data prints in the US along with the Federal Reserve confirming its current policy settings would remain in place. The euro region stayed crisis-free for another month while investors' views around China's near-term growth profile remained volatile. Bonds declined as investor's switched into equities. Notably the S&P500 has risen almost 30% off its lows in early October 2011, while the Australian market continues to lag up just over 10%.

Domestic macroeconomic news flow continued to surprise on the downside with the non-mining side of the economy continuing to weaken. This outlook was reflected in the Reserve Bank statement this week which indicated a high probability that the cash rate will reduce at the next meeting in May. A series of successive rate cuts is needed to stimulate the non-mining economy out of recession. Earnings downgrades from retailers in March were confirmation of this. Interestingly, fashion retailer Orotan cited the current malaise in retail sector as a structural shift to online, rather than cyclical.

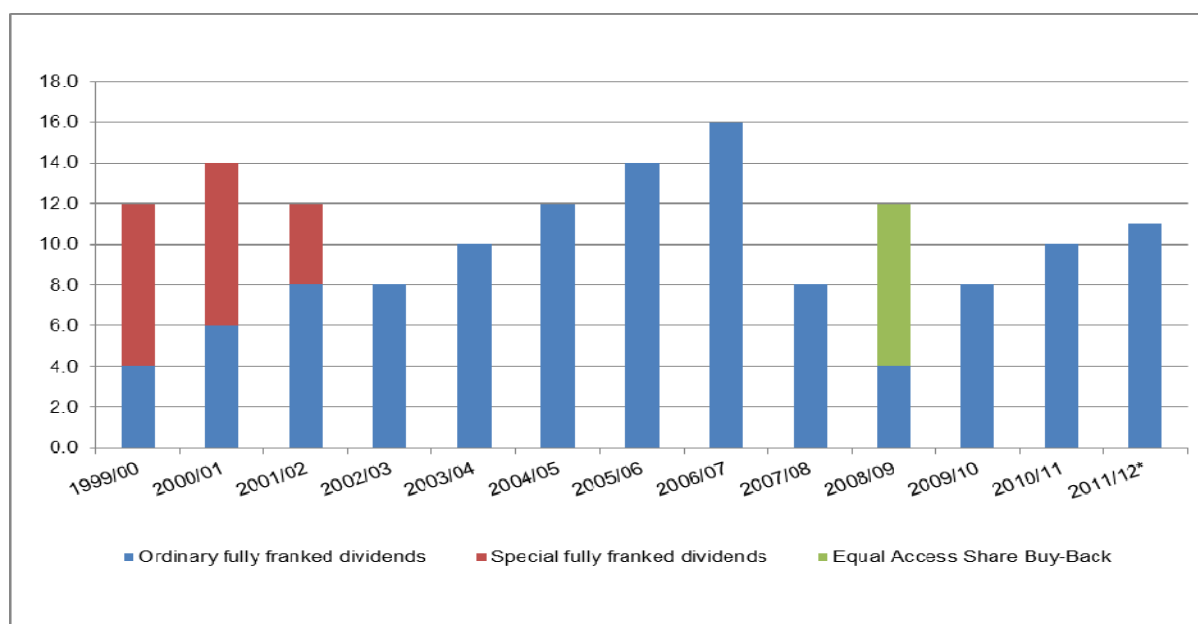
After a strong start to 2012, we remain cautiously optimistic on the outlook for equity markets. We continue to research heavily for new investment opportunities.

## Dividends

On 23 March 2012, the Company paid a fully franked interim dividend of 5.5 cents per share. This is a 10% increase on the prior year's interim dividend.

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. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made 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.



## Option Issue

On 1 April 2012, the Board announced a 1 for 1 bonus issue of options to acquire ordinary shares in the capital of the Company. The options will have an exercise price of \$1.60 per share and they will expire 31 July 2013. The options are being issued to shareholders at no cost. The options will trade on the ASX under the code WAMO.

The indicative ex date for the bonus option issue is 23 April 2012. The indicative record date for participation is 30 April 2012.

Further details of the bonus option issue will be provided in the Prospectus to be sent to shareholders of the Company in early May.

The Board of WAM Capital is focused on creating shareholder value and believes this bonus option issue will promote this endeavour.

## Portfolio Structure

As at 31 March 2012, listed securities made up 63.6% of the portfolio, while fixed interest and cash made up the remaining 36.4%. 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 research heavily in an attempt to identify companies that meet this profile, with over 750 company visits a year.

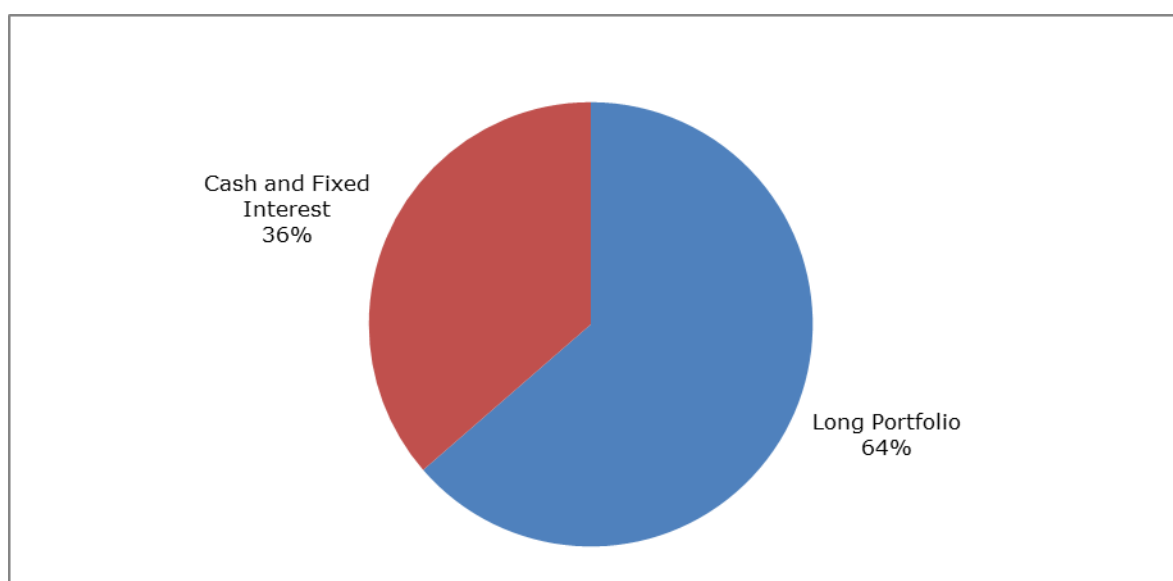
Investment Type	As at 29 February 2012		As at 31 March 2012	
	\$m	%	\$m	%
Listed Equities	117.3	66.1%	112.6	63.6%
Fixed Interest and Cash	60.2	33.9%	64.3	36.4%
<b>Long Portfolio</b>	<b>177.5</b>	<b>100.0%</b>	<b>176.9</b>	<b>100.0%</b>
<b>Short Portfolio</b>	<b>(0.4)</b>		<b>(0.0)</b>	
<b>Total Fund Size</b>	<b>\$177.1m</b>		<b>\$176.9m</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	105,899,497		106,819,954	

## Portfolio Structure (continued)

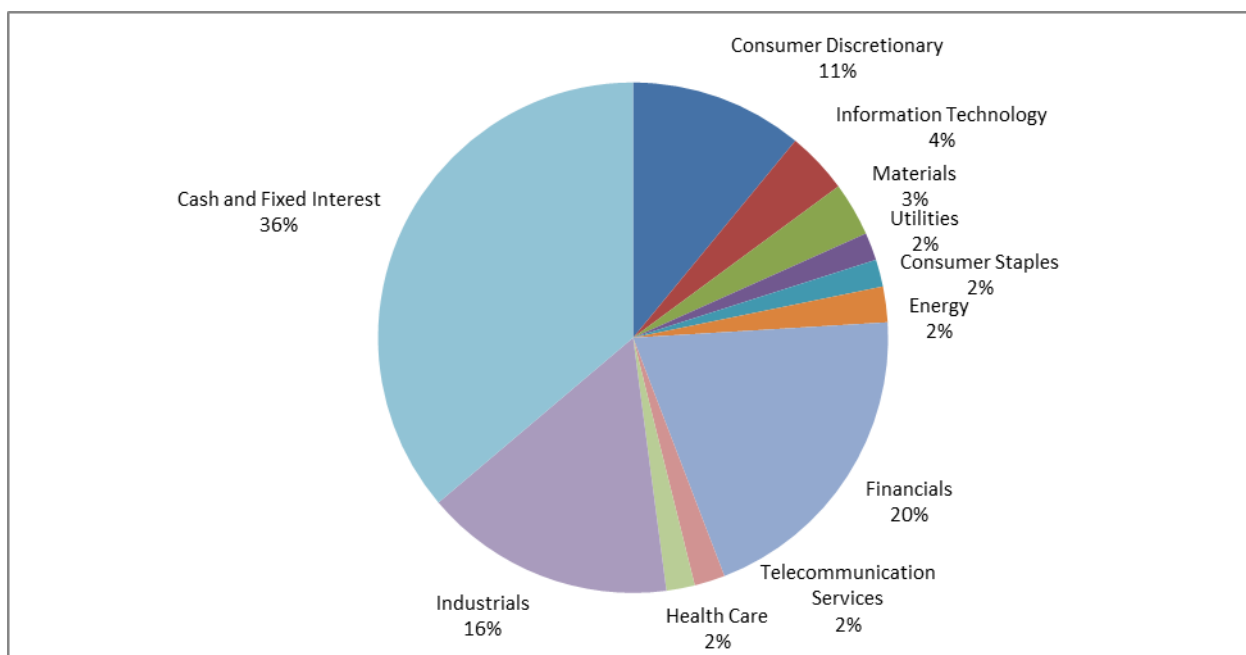
At 31 March 2012 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	4,655,984	2.6%
ELI	Emerging Leaders Investments Limited	4,213,179	2.4%
BRG	Breville Group Limited	3,626,785	2.1%
MMS	McMillan Shakespeare Limited	3,063,582	1.7%
IBC	Ironbark Capital Limited	2,884,419	1.6%
CCQ	Contango Capital Partners Limited	2,741,954	1.6%
COF	Coffey International Limited	2,514,848	1.4%
CBAPB	CBA Perpetual Exc Resale Listed Sec - PERLS IV	2,503,116	1.4%
SKE	Skilled Group Limited	2,329,531	1.3%
CTN	Contango Microcap Limited	2,123,922	1.2%
AMM	Amcom Telecommunications Limited	2,120,075	1.2%
ILF	ING Real Estate Community Living Group	2,103,546	1.2%
RHG	RHG Limited	2,073,836	1.2%
EPX	Ethane Pipeline Income Fund	1,972,734	1.1%
AIX	Australian Infrastructure Fund	1,906,536	1.1%
SDG	Sunland Group Limited	1,894,413	1.1%
WEB	Webjet Limited	1,882,371	1.1%
EGP	Echo Entertainment Group Limited	1,835,459	1.0%
GFF	Goodman Fielder Limited	1,824,219	1.0%
BSL	Bluescope Steel Limited	1,797,645	1.0%

## Portfolio Structure – Gross Asset Allocation



## Portfolio Structure – Sector Allocation



## Performance

Set out below is the performance of WAM since listing to 31 March 2012 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1999/2000	+33.3%	+11.3%	<b>+22.0%</b>
2000/2001	+30.2%	+8.9%	<b>+21.3%</b>
2001/2002	+32.7%	-4.5%	<b>+37.2%</b>
2002/2003	+12.3%	-1.1%	<b>+13.4%</b>
2003/2004	+27.3%	+22.4%	<b>+4.9%</b>
2004/2005	+13.9%	+24.8%	<b>-10.9%</b>
2005/2006	+27.4%	+24.2%	<b>+3.2%</b>
2006/2007	+44.1%	+30.3%	<b>+13.8%</b>
2007/2008	-23.0%	-12.1%	<b>-10.9%</b>
2008/2009	-3.2%	-22.2%	<b>+19.0%</b>
2009/2010	+29.8%	+13.8%	<b>+16.0%</b>
2010/2011	+17.9%	+12.2%	<b>+5.7%</b>
YTD 2011/2012	+6.0%	-1.5%	<b>+7.5%</b>

## Monthly Performance Table

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>	<b>Feb 00</b>	<b>Mar 00</b>	<b>Apr 00</b>
WAM Capital*	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%	-5.7%
All Ordinaries Accum.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%	-1.5%
	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>	<b>Dec 00</b>	<b>Jan 01</b>
WAM Capital*	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>
WAM Capital*	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%	+4.6%	-2.9%	+8.6%
All Ordinaries Accum.	-0.2%	-4.8%	+5.7%	+1.6%	+3.8%	-4.5%	-1.3%	-6.7%	+6.8%
	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>	<b>Feb 02</b>	<b>Mar 02</b>	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>
WAM Capital*	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>	<b>Dec 02</b>	<b>Jan 03</b>	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>
WAM Capital*	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%
	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>
WAM Capital*	+1.5%	+3.5%	+3.6%	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+0.5%	+1.3%	+3.6%	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	<b>Feb 04</b>	<b>Mar 04</b>	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>
WAM Capital*	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%
	<b>Nov 04</b>	<b>Dec 04</b>	<b>Jan 05</b>	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
WAM Capital*	+3.3%	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+4.6%	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>	<b>Feb 06</b>	<b>Mar 06</b>	<b>Apr 06</b>
WAM Capital*	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%	+2.1%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%	+2.4%
	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>	<b>Dec 06</b>	<b>Jan 07</b>
WAM Capital*	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Jul 07</b>	<b>Aug 07</b>	<b>Sep 07</b>	<b>Oct 07</b>
WAM Capital*	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%	-4.2%	+1.7%	+3.1%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%	+1.7%	+5.8%	+3.1%
	<b>Nov 07</b>	<b>Dec 07</b>	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>	<b>Apr 08</b>	<b>May 08</b>	<b>Jun 08</b>	<b>Jul 08</b>
WAM Capital*	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%	+1.7%	+2.3%	-7.9%	-1.6%
All Ordinaries Accum.	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-7.3%	-5.2%
	<b>Aug 08</b>	<b>Sep 08</b>	<b>Oct 08</b>	<b>Nov 08</b>	<b>Dec 08</b>	<b>Jan 09</b>	<b>Feb 09</b>	<b>Mar 09</b>	<b>Apr 09</b>
WAM Capital*	+1.7%	-5.3%	-9.2%	-5.6%	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%
All Ordinaries Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%
	<b>May 09</b>	<b>Jun 09</b>	<b>Jul 09</b>	<b>Aug 09</b>	<b>Sep 09</b>	<b>Oct 09</b>	<b>Nov 09</b>	<b>Dec 09</b>	<b>Jan 10</b>
WAM Capital*	+3.6%	+3.9%	+8.2%	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%
All Ordinaries Accum.	+2.2%	+3.9%	+7.7%	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%
	<b>Feb 10</b>	<b>Mar 10</b>	<b>Apr 10</b>	<b>May 10</b>	<b>Jun 10</b>	<b>Jul 10</b>	<b>Aug 10</b>	<b>Sept 10</b>	<b>Oct 10</b>
WAM Capital*	-0.5%	+3.7%	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%
All Ordinaries Accum.	+1.8%	+5.8%	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%
	<b>Nov 10</b>	<b>Dec 10</b>	<b>Jan 11</b>	<b>Feb 11</b>	<b>Mar 11</b>	<b>Apr 11</b>	<b>May 11</b>	<b>Jun 11</b>	<b>Jul 11</b>
WAM Capital*	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
All Ordinaries Accum.	-0.7%	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%	-3.4%
	<b>Aug 11</b>	<b>Sept 11</b>	<b>Oct 11</b>	<b>Nov 11</b>	<b>Dec 11</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Mar 12</b>	<b>Since inception</b>
WAM Capital*	-1.8%	-0.8%	+2.6%	-1.3%	-1.2%	+1.6%	+4.4%	+2.3%	+719.8%
All Ordinaries Accum.	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%	+2.4%	+1.2%	+150.6%

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

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