

Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2014



Performance

Performance at 31 October 2014	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*	0.6%	6.0%	5.1%	7.6%	16.9%	14.0%	13.3%	17.9%
S&P/ASX All Ordinaries Accumulation Index	4.0%	2.8%	3.7%	5.9%	12.9%	7.9%	8.3%	8.5%
Outperformance	-3.4%	+3.2%	+1.4%	+1.7%	+4.0%	+6.1%	+5.0%	+9.4%

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

Net Tangible Assets (NTA) figures

The following NTA figures are after the payment of the 6.5 cents per share fully franked final dividend on 17 October 2014.

NTA before tax	176.53c*
NTA after tax and before tax on unrealised gains	178.41c**
NTA after tax	174.42c**

*This figure is after the payment of 1.12 cents in tax during the month.

**Includes 2.3 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The Australian sharemarket bounced back from an eight-month low during October with the S&P/ASX All Ordinaries Accumulation Index ending the month up 4.0%. The rally was led by financials following their heavy sell-off in September due to regulatory uncertainty and good results coming out of the US quarterly earnings season. Despite ending the month in positive territory, global equity markets saw increased volatility as measured by the VIX Index – a volatility index based on the S&P 500 Index in the US and widely used as a global indicator of market volatility – reaching its highest level since June 2012.

In the US, the S&P 500 Index rallied to close up 2.3%, with news of faster than anticipated economic growth leading to new highs in the sharemarket. Third quarter GDP figures came in at 3.5%, well ahead of market expectations of 3.0%. At the same time, the Fed's third round of quantitative easing (QE) came to an end. Meanwhile the Bank of Japan surprised markets by announcing an expansion to its asset-buying program – its own form of QE, while equity markets in Europe were weaker across the board in October due to concerns about the prospects of European growth.

We continue to be cautious in our short term view of Australia's equity market. AGM season, which has commenced, is providing mixed news flow. Industries directly exposed to consumers, such as retail, are continuing to experience tough operating conditions. Our investment portfolio is conservatively positioned, exhibiting higher than average cash levels and as volatility returns to equity markets, we are well positioned to ride through the fluctuations in the market as we have done in past cycles.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$621.0m
Market cap	\$673.5m
Share price	\$1.95*
NTA before tax	\$1.77*
Shares on issue	345,405,201
Fully franked dividends (FY2014)	13.0c
Dividend yield	6.7%

*After the payment of the 6.5c fully franked final dividend.

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

Tobias Yao

Equity Analyst

Melanie Shaw

Corporate Affairs

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Diversified portfolio

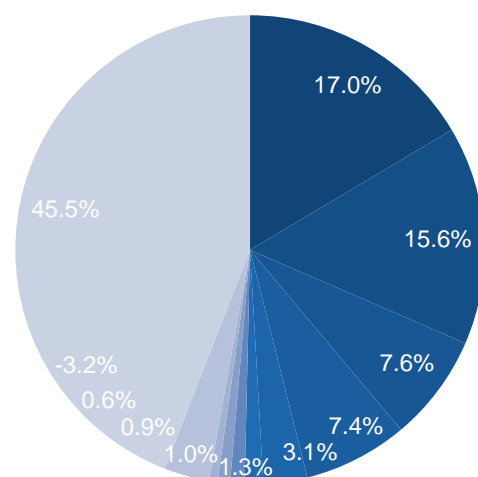
Investment Type	September 2014		October 2014	
	\$m	%	\$m	%
Listed Equities	351.9	54.3	349.1	54.5
Fixed Interest & Cash	296.7	45.7	291.9	45.5
Long Portfolio	648.6	100.0%	641.0	100.0%
Short Portfolio	(13.6)	(2.1)	(20.0)	(3.2)
Gross Assets	\$635.0m		\$621.0m*	
Total shares on issue	340,603,969		345,405,201	

* This is after payment of the FY2014 6.5 cent fully franked final dividend and 1.12 cents in tax paid during the month.

Top holdings

Code	Company	Market Value as % Gross Assets
CYA	Century Australia Investments Limited	2.3%
HHV	Hunter Hall Global Value Limited	2.0%
SGH	Slater & Gordon Limited	1.9%
CSV	CSG Limited	1.7%
HVN	Harvey Norman Holdings Limited	1.6%
AHE	Automotive Group Holdings Limited	1.5%
GXL	Greencross Limited	1.4%
APO	APN Outdoor Group Limited	1.4%
RFG	Retail Food Group Limited	1.2%
IFM	Infomedia Limited	1.2%
GMA	Genworth Mortgage Insurance Australia Limited	1.2%
IPE	IPE Limited	1.2%
MTR	Mantra Group Limited	1.1%
CTD	Corporate Travel Management Limited	1.1%
SRX	Sirtex Medical Limited	1.1%
AAD	Ardent Leisure Group	1.1%
WIC	Westoz Investment Company Limited	1.1%
ENE	Energy Developments Limited	1.1%
AHD	Amalgamated Holdings Limited	1.1%
VED	Veda Group Limited	1.0%

Sector allocation



- Consumer Discretionary: 17.0%
- Financials: 15.6%
- Industrials: 7.6%
- Information Technology: 7.4%
- Health Care: 3.1%
- Telecommunication Services: 1.3%
- Utilities: 1.0%
- Materials: 0.9%
- Consumer Staples: 0.6%
- Short Stock: -3.2%
- Cash and Fixed Interest: 45.5%

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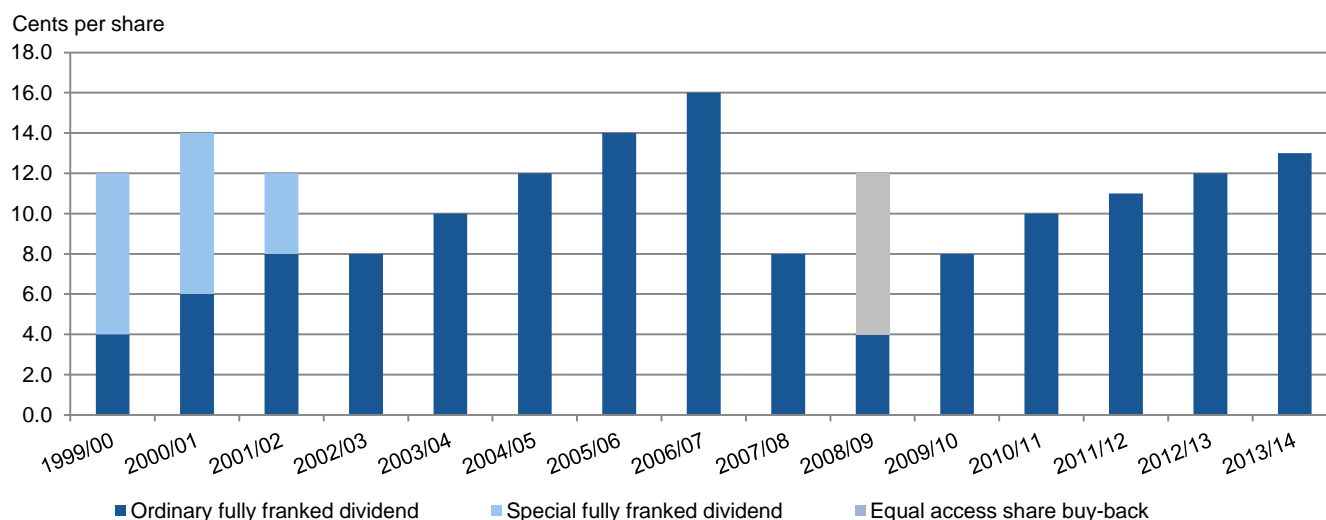
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Dividend growth

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 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



On 17 October 2014, the Company paid a fully franked final dividend of 6.5 cents per share. This brings the full year fully franked dividend to 13.0 cents per share, an increase of 8.3% on the previous corresponding period.

The Dividend Reinvestment Plan (DRP) for the FY2014 final dividend was partially underwritten by Taylor Collison Limited. The DRP price was \$1.8903 per share.

Upcoming investor presentations

Date	City	Location	Time
Wednesday 19 November 2014	Perth	Rydges Perth Cnr King & Hay St	10:00am – 12:00pm
Friday 28 November 2014	Sydney	Wesley Conference Centre Wesley Theatre 220 Pitt Street	WAM AGM 10:30am – 11:00am Presentation 11:30am – 12:30pm
Monday 1 December 2014	Adelaide	National Wine Centre of Australia Cnr Botanic & Hackney Rd	10:00am – 12:00pm
Tuesday 2 December 2014	Melbourne	Rydges Hotel 180 Exhibition St	10:00am – 12:00pm
Wednesday 3 December 2014	Brisbane	Brisbane Convention & Exhibition Centre Cnr Merivale & Glenelg Street South Bank	10:00am – 12:00pm
Thursday 4 December 2014	Canberra	Belconnen Premier Inn 110 Benjamin Way Belconnen	10:00am – 12:00pm

If you wish to attend one of our investor presentations, please RSVP by email to info@wamfunds.com.au or call our office on (02) 9247 6755.