

# Investment Update & Net Tangible Assets Report

AS AT 30 SEPTEMBER 2014



## Performance

Performance at 30 September 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*	-0.9%	4.4%	4.4%	10.4%	17.7%	14.4%	13.6%	18.0%
S&P/ASX All Ordinaries Accumulation Index	-5.3%	0.2%	-0.3%	5.9%	14.0%	6.7%	8.2%	8.3%
<b>Outperformance</b>	<b>+4.4%</b>	<b>+4.2%</b>	<b>+4.7%</b>	<b>+4.5%</b>	<b>+3.7%</b>	<b>+7.7%</b>	<b>+5.4%</b>	<b>+9.7%</b>

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

## Professional Planner / Zenith Fund Awards 2014

We are pleased to share with you that Wilson Asset Management took home the award for the Listed Investment Company Category at the Professional Planner/Zenith Fund Awards 2014 on Friday. We are delighted to be recognised for our work and would like to thank our shareholders for their ongoing support.

## Net Tangible Assets (NTA) figures

The following NTA figures are before the 6.5 cents per share fully franked final dividend due to be paid on 17 October 2014. The shares traded ex-dividend on 7 October 2014.

NTA before tax	<b>181.75c</b>
NTA after tax and before tax on unrealised gains	<b>183.02c</b> *
NTA after tax	<b>179.10c</b> *

\* Includes 2.4 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

The Australian sharemarket stumbled in September with the S&P/ASX All Ordinaries closing down 5.3% for the month, wiping out all of the gains since the start of the financial year. The market was weighed down by the heavy underperformance of its two biggest sectors – banks, as concerns around additional capital requirements intensified, and mining due to falling commodity prices, in particular iron ore.

Global equities also struggled during the month with the S&P 500 Index in the US falling 1.6%. Uncertainty around the timing of interest rate hikes in the US and the UK put further pressure on the AUD, which fell 6.3% over the month and caused the Australian sharemarket to significantly underperform global markets in USD terms. We believe offshore investors have continued to repatriate funds after chasing yield in Australia over the last five years.

Looking to the near term, we are cautious about the upcoming AGM season. In our view, the Australian economy continues to be lethargic, as evidenced by second quarter GDP growth slowing to 3.1% from 3.4% in the first quarter of the year. With our current cash levels, we are well placed to take advantage of opportunities as they arise. Over the short term, equity market returns are likely to remain below longer term averages, however we believe that the medium to longer term view of the market is more positive.

### WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets	<b>\$635.0m</b>
Market cap	<b>\$681.2m</b>
Share price	<b>\$2.00</b>
NTA before tax	<b>\$1.82</b>
Shares on issue	<b>340,603,969</b>
Fully franked dividends (FY2014)	<b>13.0c</b>
Dividend yield	<b>6.5%</b>

\*Before the payment of the final dividend of 6.5c fully franked.

### 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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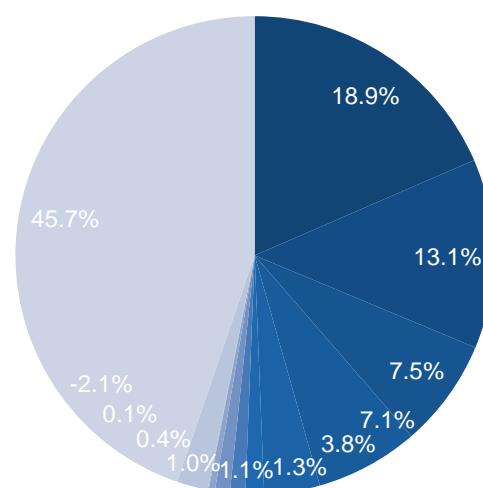
## Diversified portfolio

Investment Type	August 2014		September 2014	
	\$m	%	\$m	%
Listed Equities	444.5	69.3	351.9	54.3
Fixed Interest & Cash	196.8	30.7	296.7	45.7
Long Portfolio	641.3	100.0%	648.6	100.0%
Short Portfolio	(0.0)	(0.0)	(13.6)	(2.1)
Gross Assets	\$641.3m		\$635.0m	
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	3.1%
CYA	Century Australia Investments Limited	2.1%
SGH	Slater & Gordon Limited	2.0%
HHV	Hunter Hall Global Value Limited	1.9%
CSV	CSG Limited	1.7%
HVN	Harvey Norman Holdings Limited	1.5%
GXL	Greencross Limited	1.5%
AHE	Automotive Holdings Group Limited	1.4%
IFM	Infomedia Limited	1.2%
SRX	Sirtex Medical Limited	1.1%
MTR	Mantra Group Limited	1.1%
HIL	Hills Limited	1.1%
IPE	IPE Limited	1.1%
CTD	Corporate Travel Management Limited	1.1%
3PL	3P Learning Limited	1.1%
ENE	Energy Developments Limited	1.1%
WIC	Westoz Investment Company Limited	1.0%
ISU	iSelect Limited	1.0%
CCP	Credit Corp Group Limited	1.0%
GMA	Genworth Mortgage Insurance Australia Limited	1.0%

## Sector allocation



- Financials: 18.9%
- Consumer Discretionary: 13.1%
- Industrials: 7.5%
- Information Technology: 7.1%
- Health Care: 3.8%
- Telecommunication Services: 1.3%
- Consumer Staples: 1.1%
- Utilities: 1.0%
- Materials: 0.4%
- Energy: 0.1%
- Short Stock: -2.1%
- Cash and Fixed Interest: 45.7%

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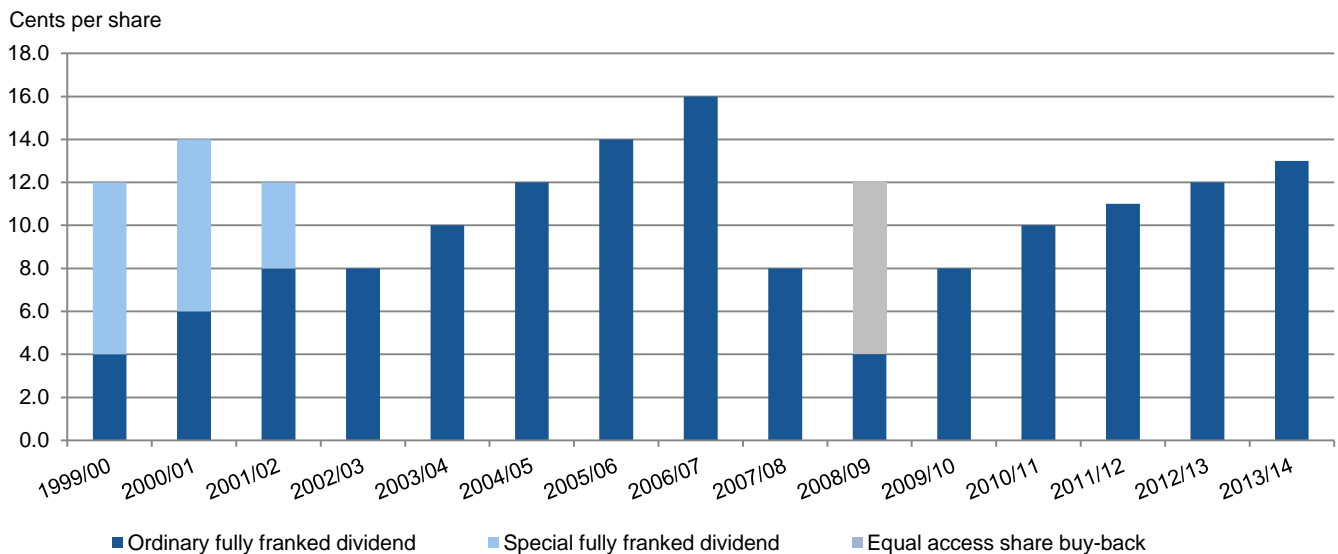
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## Dividend growth

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 28 July 2014, the Company announced 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.

## Key dividend dates

Ex date:	7 October 2014
Record date:	9 October 2014
Last election date for DRP:	10 October 2014
Payment date:	17 October 2014