



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – JULY 2011

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 predominately on small to medium industrial companies.

Since inception in August 1999 WAM has outperformed the overall share market. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 674.6% compared to a 145.7% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 31 July 2011	1 Mth %	6 Mths %	1 Year %	3 Yrs % pa	5 Yrs % pa	10 Yrs % pa	Since Inception % pa (Aug-99)
WAM Capital Limited*	+0.2%	-0.3%	+15.1%	+14.7%	+10.4%	+16.5%	+18.6%
S&P/ASX All Ordinaries Accumulation Index	-3.4%	-5.4%	+4.0%	+0.4%	+2.2%	+7.5%	+7.8%
Outperformance	+3.6%	+5.1%	+11.1%	+14.3%	+8.2%	+9.0%	+10.8%

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

The following NTA figures are before the payment of a fully franked final dividend of 5.0 cent per share to be paid on the 15 September 2011.

NTA before tax	167.40c*
NTA after tax and before tax on unrealised gains	167.29c
NTA after tax	162.75c

*After the payment of 0.73 cents per share of tax during the month.

Market Outlook

Macroeconomic data and overseas events drove the Australian market once again in July. Volatility was rife with the S&P/ASX All Ordinaries Accumulation Index falling away sharply late in the month to finish on its lows down 3.4%. The European debt crisis and political posturing in the US over lifting of its debt ceiling dominated the direction of the equity market rather than individual company fundamentals. Results season in the US was generally more positive than analyst expectations.

Market Outlook (continued)

In Australia, investors continue to grapple with large sentiment shifts regarding the future direction of interest rates and softening economic data. Expectations at the time of writing are for interest rate cuts by the end of 2011, which is strongly against the Reserve Bank's views. We have not seen this type of disparity between the bond market and the Reserve Bank for many years.

At the time of writing the Australian market is down 6.5% for August month to date after being down a whopping 15% intra month. The US did manage to lift their debt ceiling which was a short term aberration with investors focusing on the chance of a double dip global recession. The US and Europe remain in a precarious state and we expect it could take years for both economies to fully recover. If interest rate cuts do eventuate domestically, we see this as a positive for the equity market and would assist us in changing our defensive stance. As such we remain cautious and will continue to research for stock opportunities.

Dividends

On 20 July 2011 the Board announced a fully franked final dividend of 5.0 cents per share. This is a 25% increase on the final dividend last year and brings the full year dividend to 10.0 cent per share fully franked. The final dividend dates are as follows:

Ex Date:	2 September 2011
Record Date:	8 September 2011
Payment Date:	15 September 2011

The dividend re-investment plan will be operating at a 2.5% discount. The current share price (\$1.45 being closing price 11 August 2011) is a 13.4% discount to the 31 July 2011 pre-tax NTA. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 8 September 2011.

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. 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.

Portfolio Structure

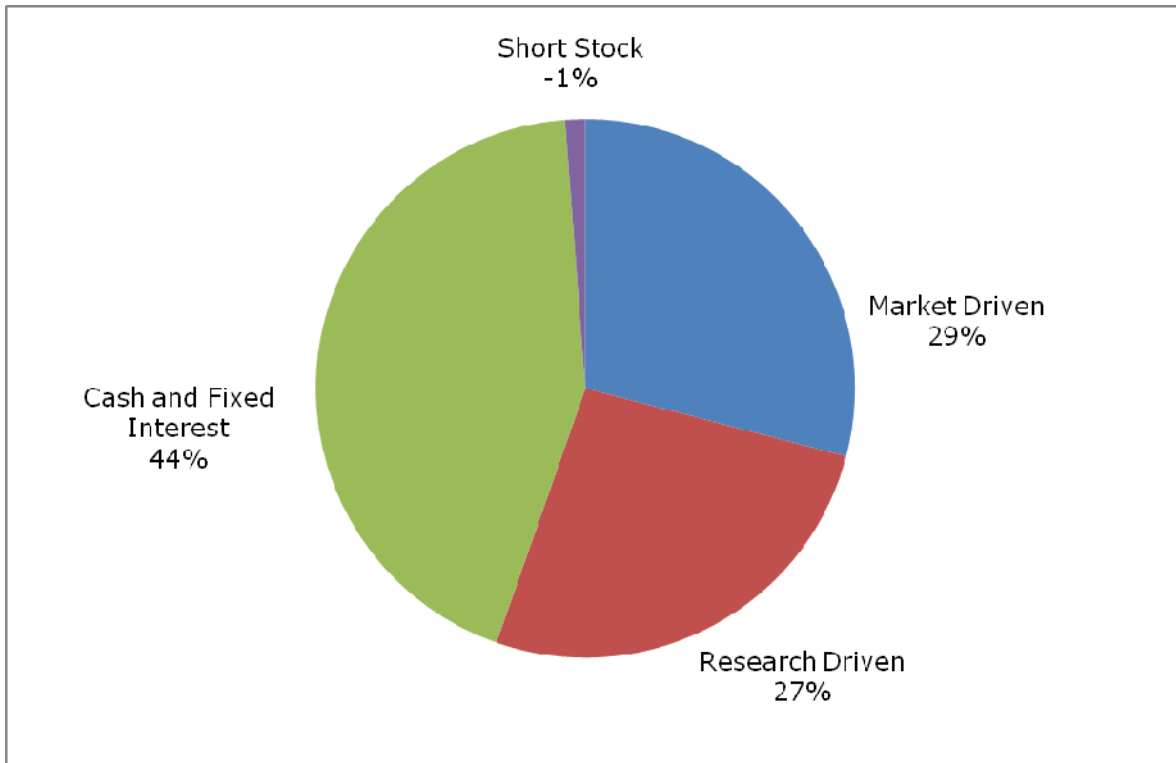
As at 31 July 2011, listed securities made up 56.1% of the portfolio, while fixed interest and cash made up the remaining 43.9%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to heavily research companies that meet this profile, with over 700 company visits a year.

Investment Type	As at 30 June 2011			As at 31 July 2011	
	\$m	%		\$m	%
Listed Equities	94.2	52.5%		100.2	56.1%
Fixed Interest and Cash	85.2	47.5%		78.5	43.9%
Long Portfolio	179.4	100.0 %		178.7	100.0 %
Short Portfolio	(0.8)			(2.2)	
Total Fund Size	\$178.6m			\$176.5m	
	No.			No.	
Total ordinary shares on issue	105,063,158			105,063,158	

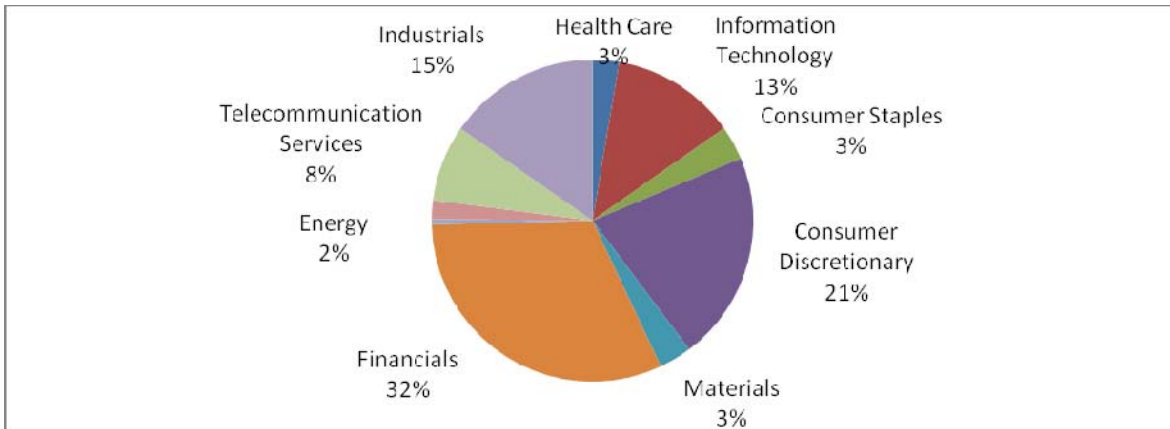
At 31 July 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	7,574,512	4.3%
SGI	Signature Capital Investments Limited	5,407,758	3.1%
ELI	Emerging Leaders Investments Limited	4,894,035	2.8%
MMS	McMillan Shakespeare Limited	4,229,249	2.4%
MYS	Mystate Limited	2,947,162	1.7%
TLS	Telstra Corporation Limited	2,699,372	1.5%
BRG	Breville Group Limited	2,348,979	1.3%
MAQ	Macquarie Telecom Group Limited	2,185,550	1.2%
SGN	STW Communications Group Limited	2,168,746	1.2%
CCQ	Contango Capital Partners Limited	2,125,998	1.2%
ARP	ARB Corporation Limited	1,836,118	1.0%
CGF	Challenger Limited	1,809,300	1.0%
DKN	DKN Financial Group Limited	1,798,200	1.0%
TAH	Tabcorp Holdings Limited	1,763,272	1.0%
TEN	Ten Network Holdings Limited	1,758,240	1.0%
TWE	Treasury Wine Estates Limited	1,731,008	1.0%
WPL	Woodside Petroleum Limited	1,702,740	1.0%
MSF	Maryborough Sugar Factory Limited (The)	1,686,333	1.0%
SKE	Skilled Group Limited	1,667,484	0.9%
NVT	Navitas Limited	1,649,096	0.9%

Portfolio Structure – Gross Asset Allocation



Long Portfolio Structure – Sector Allocation



Performance

Set out below is the performance of WAM since listing to 31 July 2011 on a financial year basis. The performance data 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%	+ 22.0 %
2000/2001	+30.2%	+8.9%	+ 21.3 %
2001/2002	+32.7%	-4.5%	+ 37.2 %
2002/2003	+12.3%	-1.1%	+ 13.4 %
2003/2004	+27.3%	+22.4%	+ 4.9 %
2004/2005	+13.9%	+24.8%	-10.9 %
2005/2006	+27.4%	+24.2%	+ 3.2 %
2006/2007	+44.1%	+30.3%	+ 13.8 %
2007/2008	-23.0%	-12.1%	-10.9 %
2008/2009	-3.0%	-22.2%	+ 19.2 %
2009/2010	+29.8%	+13.8%	+ 16.0 %
2010/2011	+17.9%	+12.2%	+ 5.7 %
2011/2012	+0.2%	-3.4%	+ 3.6 %

Monthly Performance Table

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

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

Monthly Performance Table (continued)

	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Since inception
Gross Portfolio *								+674.6%
All Ordinaries Accum.								+145.7%

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