

Investment Update & Net Tangible Assets Report

AS AT 31 MARCH 2014



Performance

Performance at 31 March 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*	1.2%	5.7%	19.1%	15.7%	14.0%	21.4%	13.6%	18.3%
S&P/ASX All Ordinaries Accumulation Index	0.3%	5.7%	17.1%	13.2%	7.7%	13.5%	9.2%	8.6%
Outperformance	+0.9%	+0.0%	+2.0%	+2.5%	+6.3%	+7.9%	+4.4%	+9.7%

* 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 interim dividend on 31 March 2014.

NTA before tax	179.67c
NTA after tax and before tax on unrealised gains	180.48c*
NTA after tax	174.67c*

* Includes 3.0 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The Australian equity market had a lacklustre performance in March with the S&P/ASX All Ordinaries Accumulation Index ('Index') rising 0.3%. After a strong start to the month, markets globally faltered following comments by new US Federal Reserve Chair Janet Yellen that the central bank would continue to slow its bond-buying program and that interest rates could go up by mid-2015. After falling 2.8% in January and then rising 4.8% in February, the Index ended the March quarter up 2.2%.

The All Ordinaries Accumulation Index is now up 17.1% for the financial year to date and up a remarkable 45.2% from its previous low in June 2012. We continue to be concerned that companies' Price to Earnings (P/E) ratios across a range of sectors are significantly exceeding their historical averages. The average P/E of the top 100 small cap companies is now above pre-GFC levels and technology firms in particular are trading on very high P/E ratios, however the current volatility of US tech stocks indicates the sector is losing its shine.

Our short term outlook for the market remains subdued as some companies appear to be overpriced with limited potential for earnings growth in the immediate term. In line with the Index's performance for the calendar year to date, we expect the market will end 2014 relatively flat. The market continues to present opportunities and, with a strong cash weighting, the investment portfolio is well positioned to capitalise on such opportunities. Over the medium to longer term, we maintain a bullish view of the equity market contingent on increased economic activity supported by historically low interest rates.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$613.8m
Market cap	\$668.9m
Share price	\$1.975
NTA before tax	\$1.80
Shares on issue	338,667,164
Fully franked annualised interim dividend (FY2014)	13.0c
Dividend yield	6.6%

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

Equity Analyst

Mark Tobin

Equity Analyst

Meredith Hemsley

Corporate Affairs

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Diversified portfolio

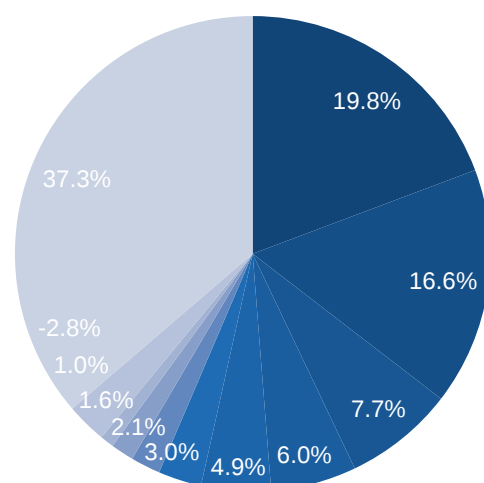
Investment Type	February 2014		March 2014	
	\$m	%	\$m	%
Listed Equities	417.3	66.0	395.8	62.7
Fixed Interest & Cash	214.9	34.0	235.3	37.3
Long Portfolio	632.2	100.0%	631.1	100.0%
Short Portfolio	(9.7)	(1.6)	(17.3)	(2.8)
Gross Assets	\$622.5m		\$613.8m*	
Total shares on issue	335,818,987		338,667,164	

*This is after the payment of the interim fully franked dividend during the month.

Top holdings

Code	Company	Market Value as % Gross Assets
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS IV	2.7%
DNA	Donaco International Limited	2.4%
CYA	Century Australia Investments Limited	2.3%
AHE	Automotive Holdings Group Limited	2.0%
SGH	Slater & Gordon Limited	1.8%
ANZPB	ANZ Convertible Preference Share - CPS2	1.6%
WIC	Westoz Investment Company Limited	1.6%
AAD	Ardent Leisure Group	1.6%
HIL	Hills Limited	1.6%
CSR	CSR Limited	1.6%
IPE	IPE Limited	1.5%
BKW	Brickworks Limited	1.4%
NEA	Nearmap Limited	1.3%
TPM	TPG Telecom Limited	1.3%
VOC	Vocus Communications Limited	1.3%
MQA	Macquarie Atlas Roads Group	1.2%
DJS	David Jones Limited	1.2%
FLT	Flight Centre Travel Group Limited	1.1%
GWA	GWA Group Limited	1.1%
CSV	CSG Limited	1.1%

Sector allocation



- Financials: 19.8%
- Consumer Discretionary: 16.6%
- Industrials: 7.7%
- Materials: 6.0%
- Information Technology: 4.9%
- Telecommunication Services: 3.0%
- Health Care: 2.1%
- Consumer Staples: 1.6%
- Utilities: 1.0%
- Short stock: -2.8%
- Cash and Fixed Interest: 37.3%

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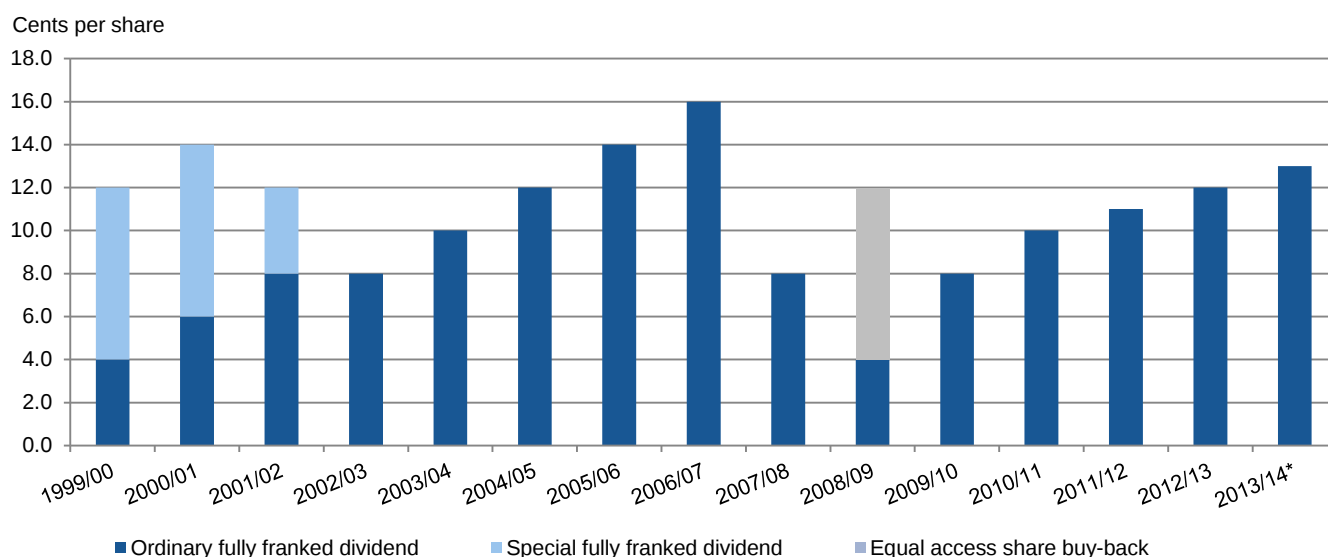
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Dividend growth

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. 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



*Annualised interim 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 and represents an annualised fully franked dividend yield of 6.6%, based on the last closing price.

The Dividend Reinvestment Plan (DRP) for the FY2014 interim dividend was partially underwritten by Taylor Collison Limited. The DRP price was \$1.9432 per share.

WAM submission to FSI – levelling the playing field for retail investors

Wilson Asset Management Group is a strong advocate for all shareholders (retail and wholesale) to be treated equally and equitably when investing in the Australian equity market. On 28 March 2014, we made a submission to the federal government's Financial System Inquiry recommending that the government 'level the playing field' by allowing retail investors to participate in primary equity raisings by ASX listed entities without the use of a prospectus. Currently, wholesale investors are advantaged over retail investors with private placements to wholesale investors raising capital at an average discount of 7.8% over the last ten years. To read the full submission, please go to the What's New section of our website www.wamfunds.com.au.