

WAM Capital Limited (WAM)

Investor Presentation

May 2011



**SUPERIOR
RETURNS
FROM THE
SMALL TO
MID CAP
SECTOR**

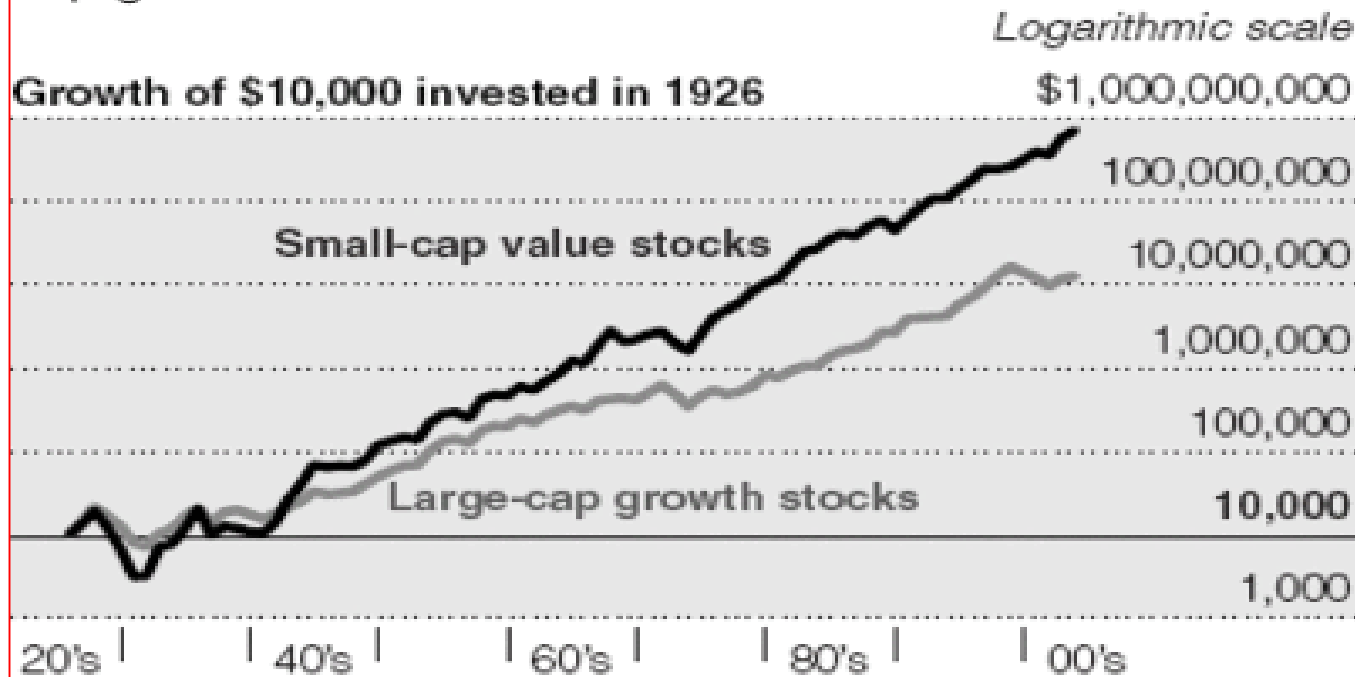
- > more opportunities
- > more growth
- > more dividends

Small Cap Value



Smaller and More Rewarding

Since 1926, the average small-cap value stock has significantly outperformed the average large-cap growth stock.



Source: Eugene S. Fama, Kenneth R. French

The New York Times

Mid to Small Cap Sector Benefits



- Small cap value has outperformed all other sectors*
- Under researched – the market valuation is inefficient
- Access to management - ability to build strong relationships
- Life cycle of the business – ability to grow at a faster rate than larger companies
- Higher risk and higher returns
- More takeover activity

LIC Structure Benefits



Listed Investment Company's are very attractive investment vehicles

- Studies show LICs outperform managed funds*
- Closed pool of capital – never forced seller or buyer
- Provide consistent flow of fully franked dividends
- Lower MER compared to managed funds
- Provide opportunities – can trade at a premium/discount to assets
- Trades on the ASX which provides intra-day liquidity

* UK Study Source: Collins Stewart Pty Ltd

Our Experienced Team



- Geoff Wilson - Chairman and Portfolio Manager
- Chris Stott - CIO and Portfolio Manager, previously Head of Research
- Kate Thorley - CEO of Wilson Asset Management. Kate was previously our CFO and remains Company Secretary for WAM, WAX and WAA.
- Matthew Kidman to step down from day to day activities to pursue other interests at the end of June.
Matthew will remain on the Boards of WAM, WAX and WAA
- Martin Hickson - Analyst/Dealer, focus on Market Driven investments
- Matt Haupt - Research Analyst, CFA with 6 years experience as a Portfolio Manager and Analyst, focus on Research Driven investments

Investment Process

“Research Driven”



Investment Process

“Market Driven”

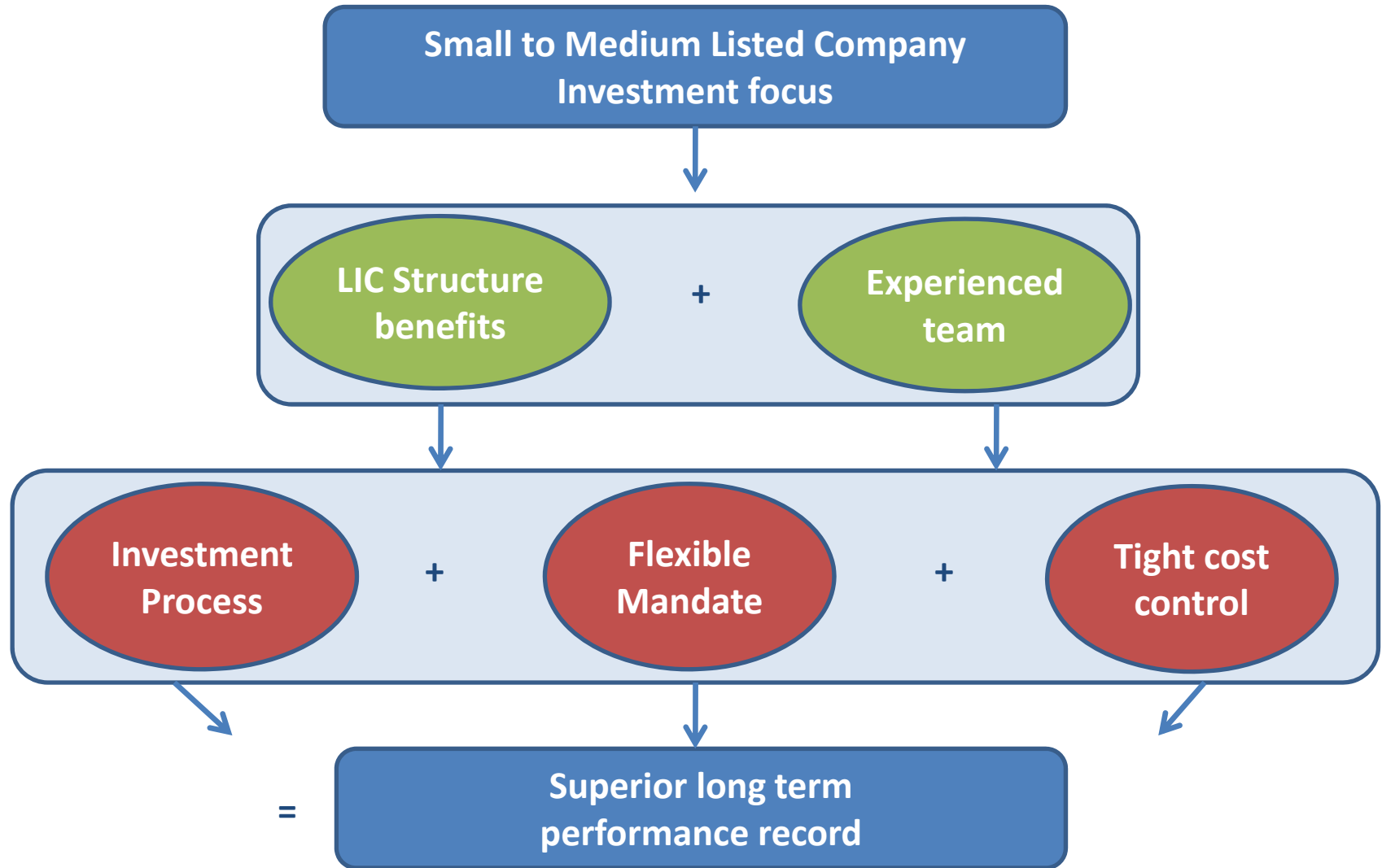


We scour the market for trading opportunities. These could include participating in:

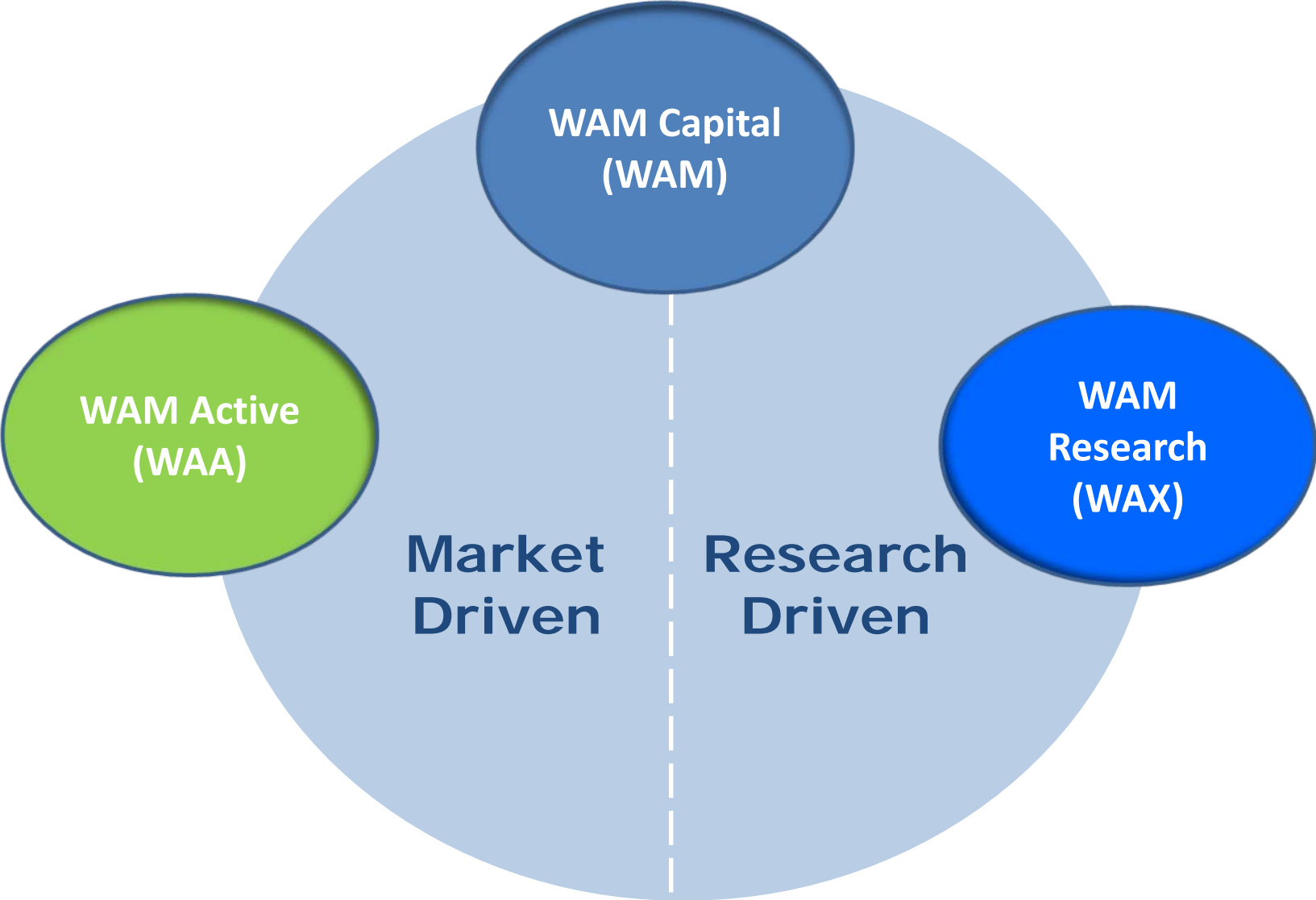
- initial public offerings
- placements
- block trades
- rights issues
- corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs, restructurings)
- arbitrage opportunities
- LIC discount arbitrages or relative value arbitrages
- market themes and trends

The portfolio is traded actively/high turnover

Business Model



Our Funds



Performance

Financial Year to Date to 30 April 2011

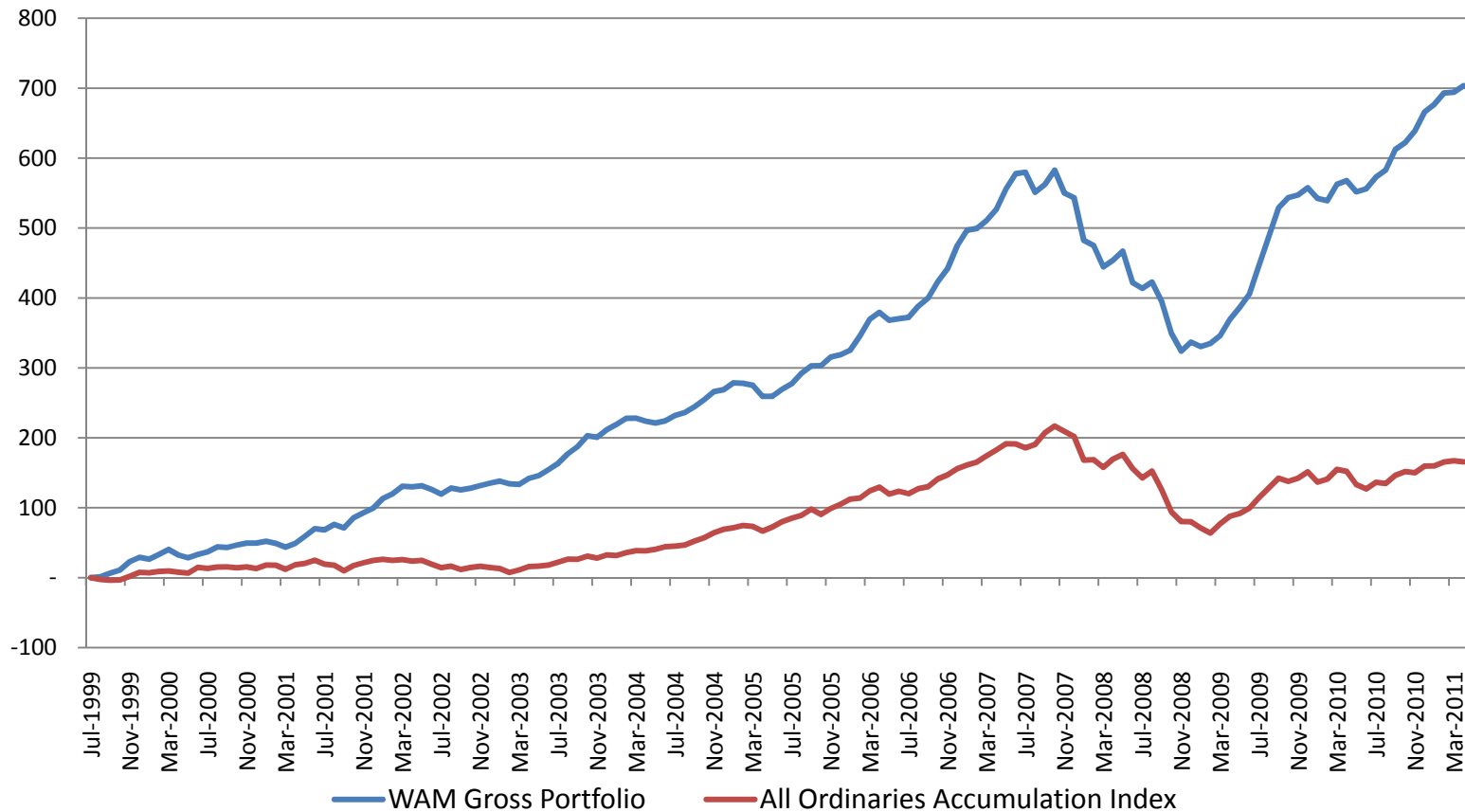


Gross Portfolio	22.5%
Pre-tax NTA per share growth plus dividends	19.2%
Share price growth plus dividends	46.9%

Performance since Inception



**WAM +19.4% p.a. – outperformed by 10.7% p.a.
over 11.75 years**



Top 10 Stocks

as at 30 April 2011



Company		% Gross Assets
RHG	RHG Limited*	5.6%
RKN	Reckon Limited^	4.3%
ELI	Emerging Leaders Investments Limited*	2.7%
SGI	Signature Capital Investments Limited*	2.6%
MMS	McMillan Shakespeare Limited^	2.3%
RPX	RP Data Limited*	2.0%
SGN	STW Communications Group Limited^	1.9%
MSF	Maryborough Sugar Factory Limited (The)*	1.8%
MYS	Mystate Limited^	1.7%
CCP	Credit Corp Group Limited*	1.5%

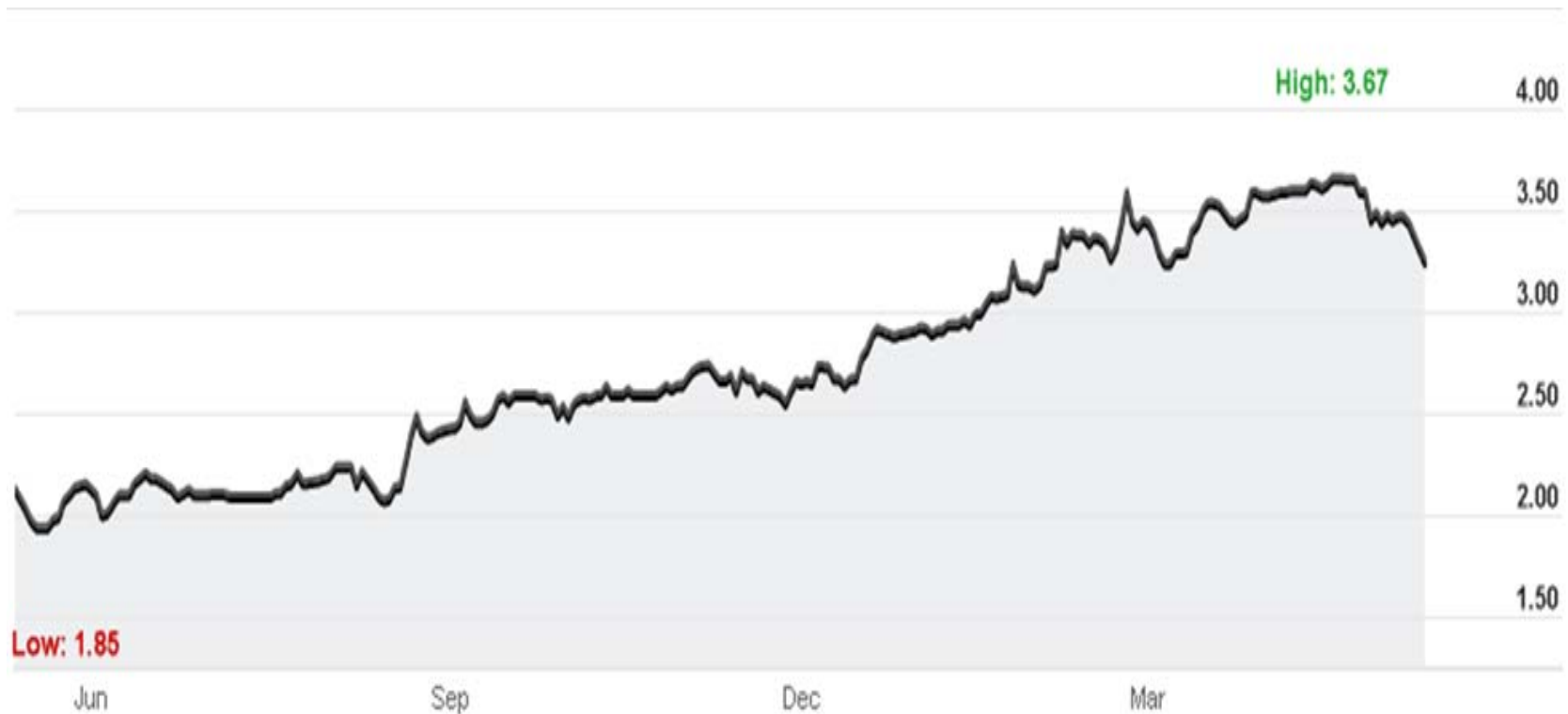
^ Research Driven

* Market Driven

Breville Group Ltd (BRG)



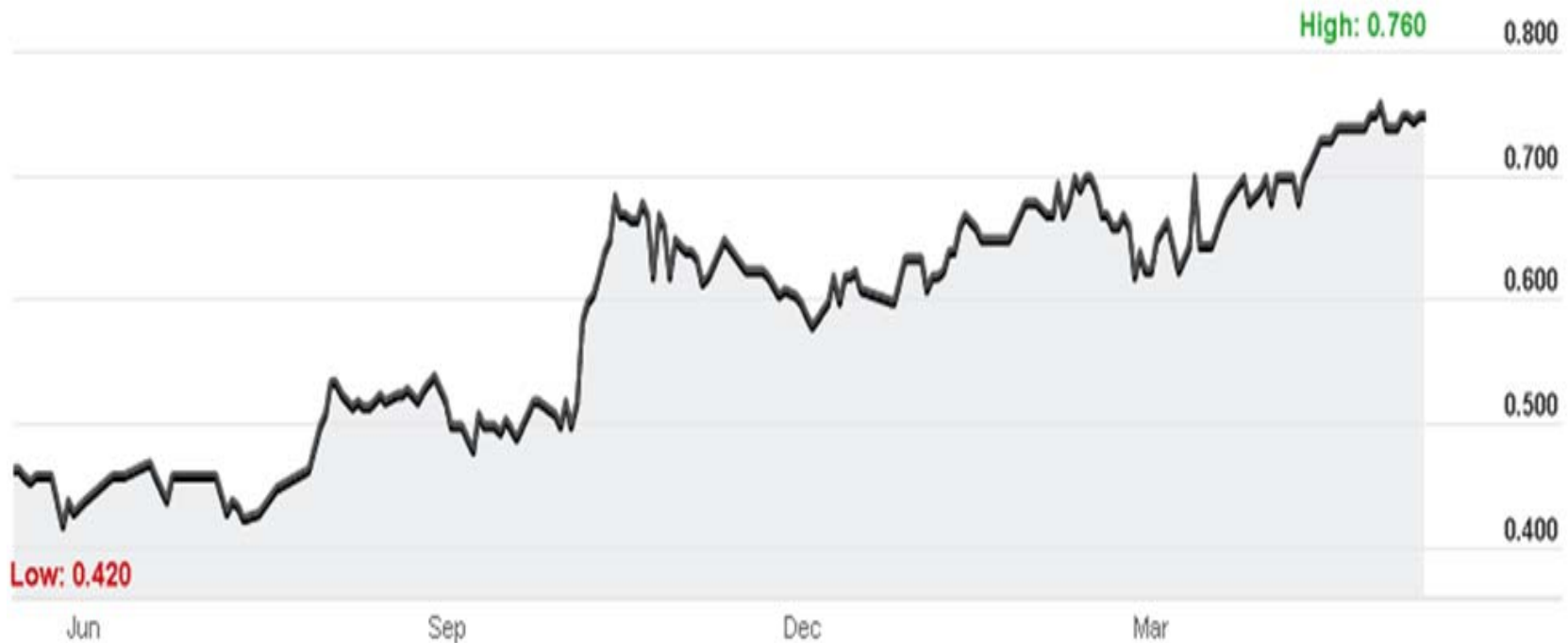
- Wholesalers of houseware products
- Forecasted FY12 PE 11x
- Forecasted FY12 EPS Growth 12.1%
- US growth continues to be strong with increased distribution
- Australia retail remains soft with low consumer confidence



Colorpak Ltd (CKL)



- Manufacturer of folding cartons
- Forecasted FY12 PE of 7.5x
- Forecasted FY12 EPS Growth 12.7%
- Recently acquired Carter Holt Harvey (CHH)
- Successful integration of CHH expected to drive earnings.



RHG Ltd Update



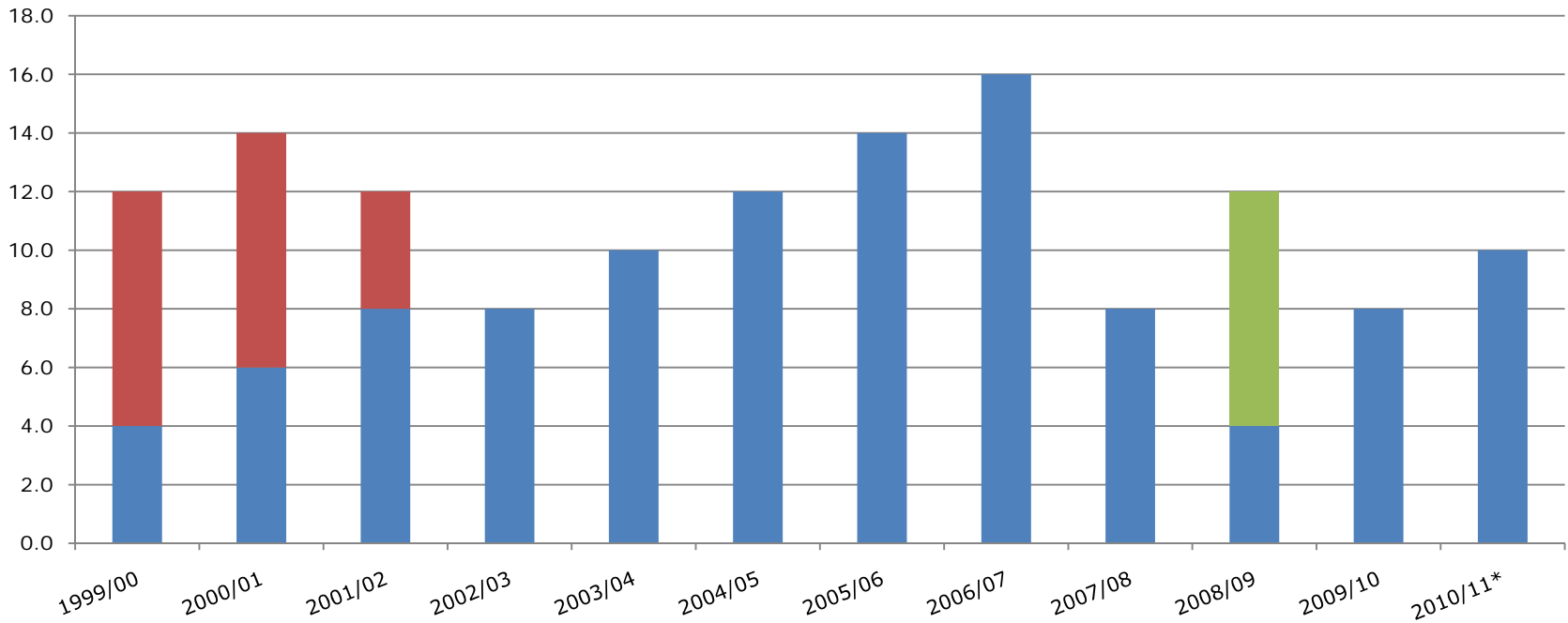
- We took action because we believed our capital was at risk
- RHG action was the exception and not the rule
- Our focus is to manage shareholders money
- We actively pursued a change of the Board to protect the value of our investment, to keep the company listed on the stock exchange and to make money for our shareholders
- As at 30 June 2011, we estimate \$0.40c of cash plus \$4 billion mortgage book in run-off. Mortgage book is valued at approximately \$0.20c a share
- Since our intervention, RHG has paid a 79c fully franked dividend and has announced it's intention to liquidate within 18 months
- We expect further fully franked dividends

Dividends



Minimum Yield of 8% p.a. on initial investment over last 11 years

cents per share



- Ordinary fully franked dividends
- Special fully franked dividends
- Equal Access Share Buy-Back

* annualised interim dividend

Dividends



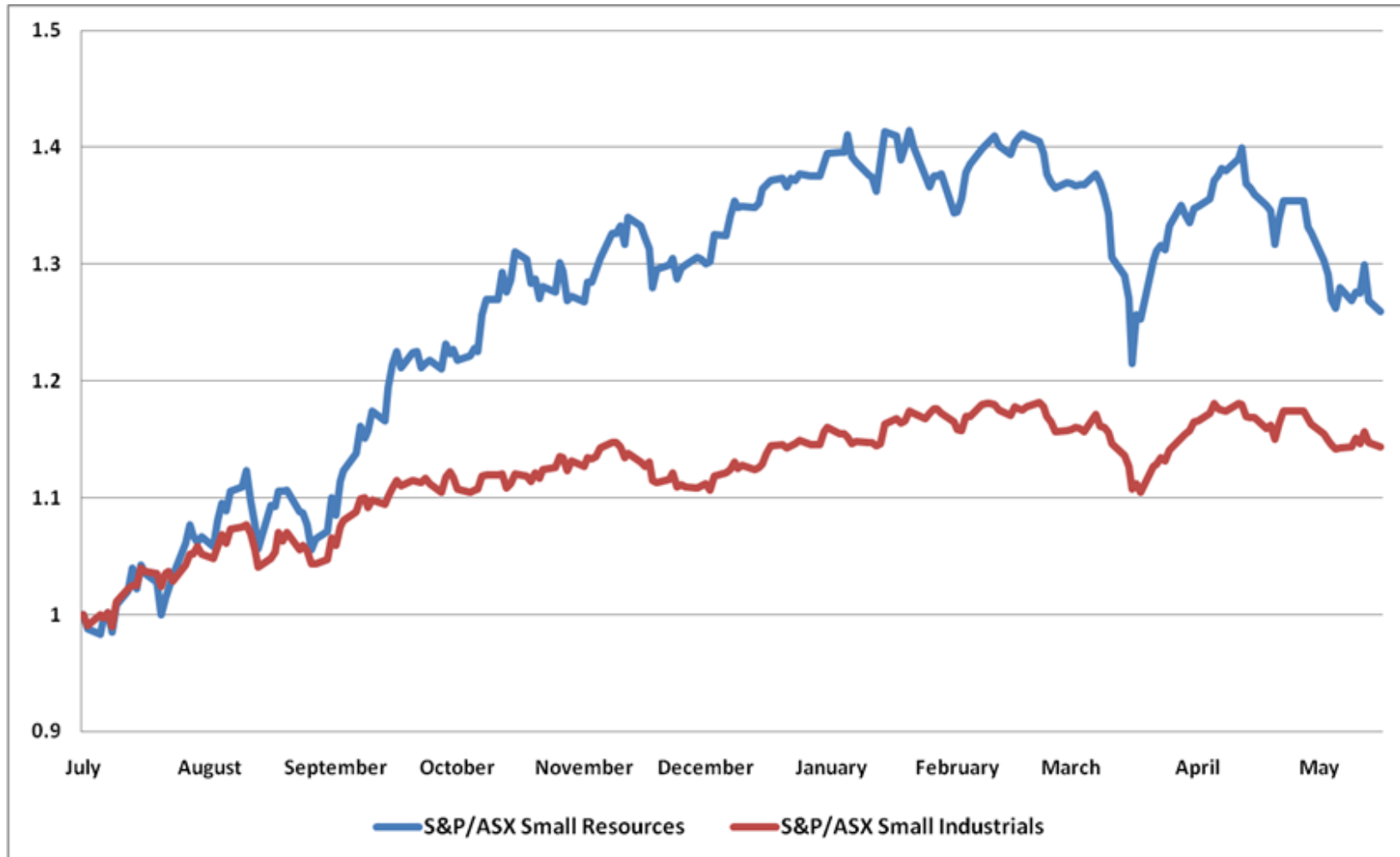
- The Board is committed to paying an increasing stream of fully franked dividends
- Government reform in June 2010 has changed the way dividends are paid
- Dividends paid if the company is solvent
- WAM Capital has franking credits which allows it to pay 5.1 cents per share as at 30 April 2011



Market Outlook

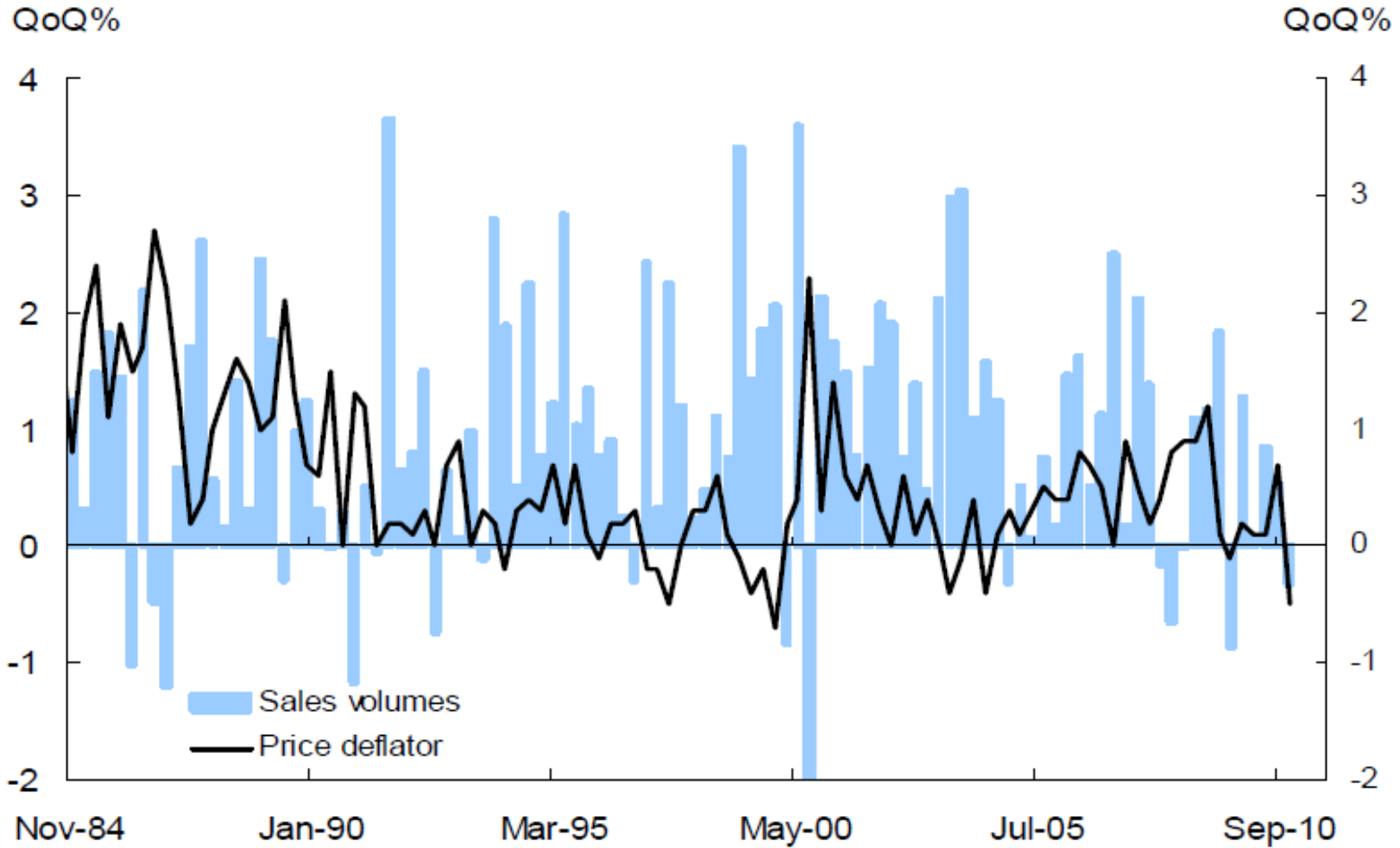
S&P/ASX Small Industrials vs Small Resources

12 months to 11 May 2011



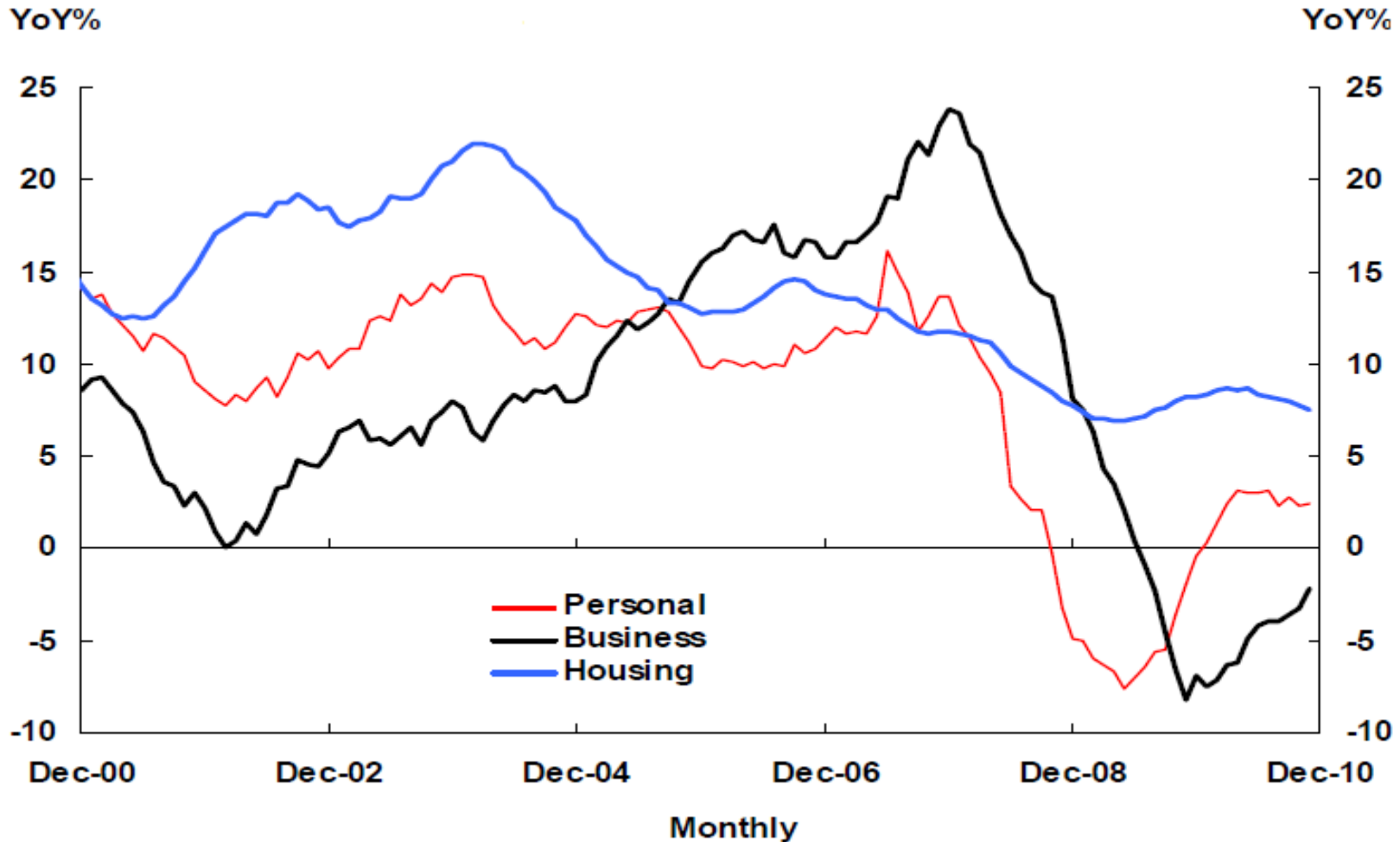
Source: IRESS

Australian Retail Sales

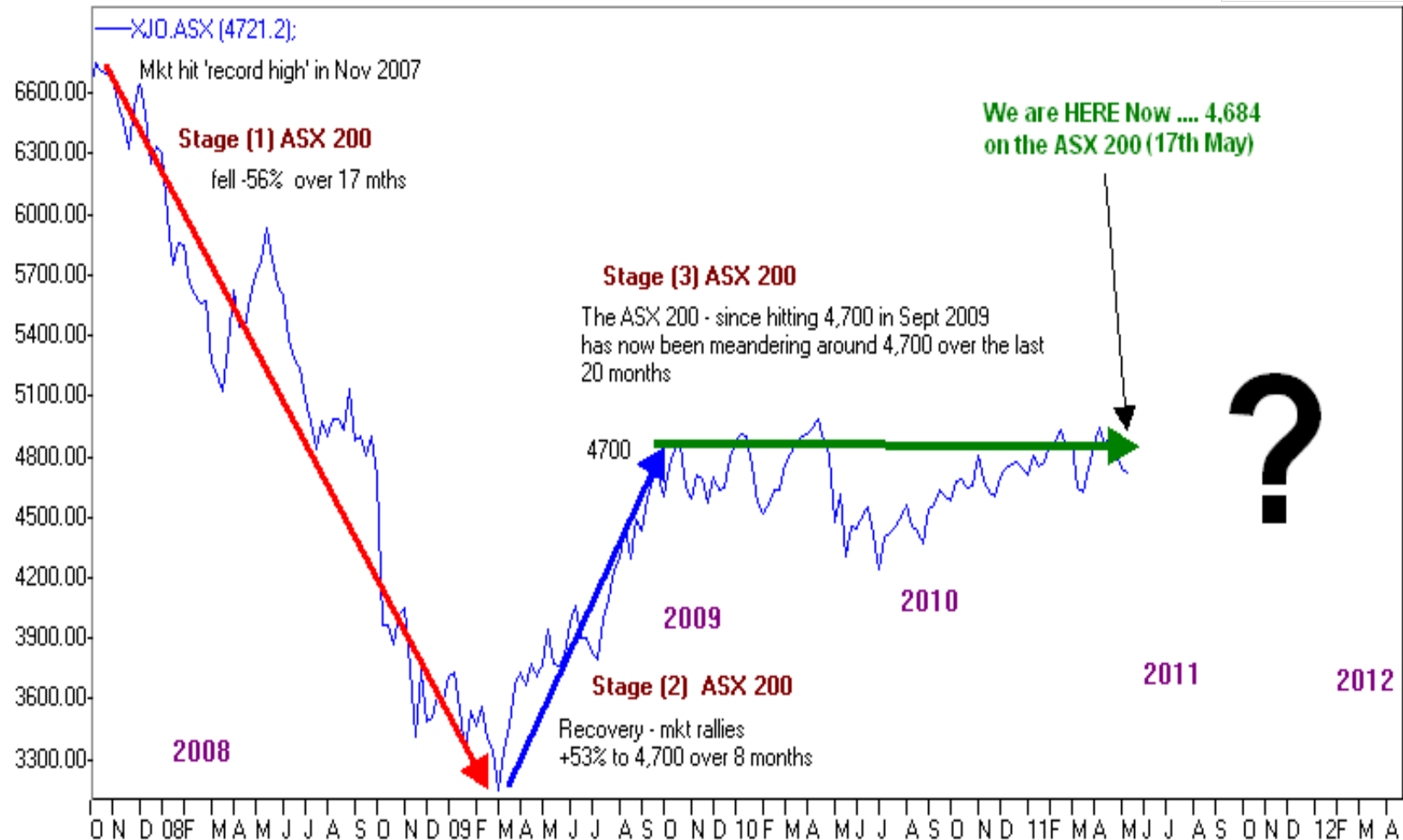


Source: Macquarie Research, May 2011

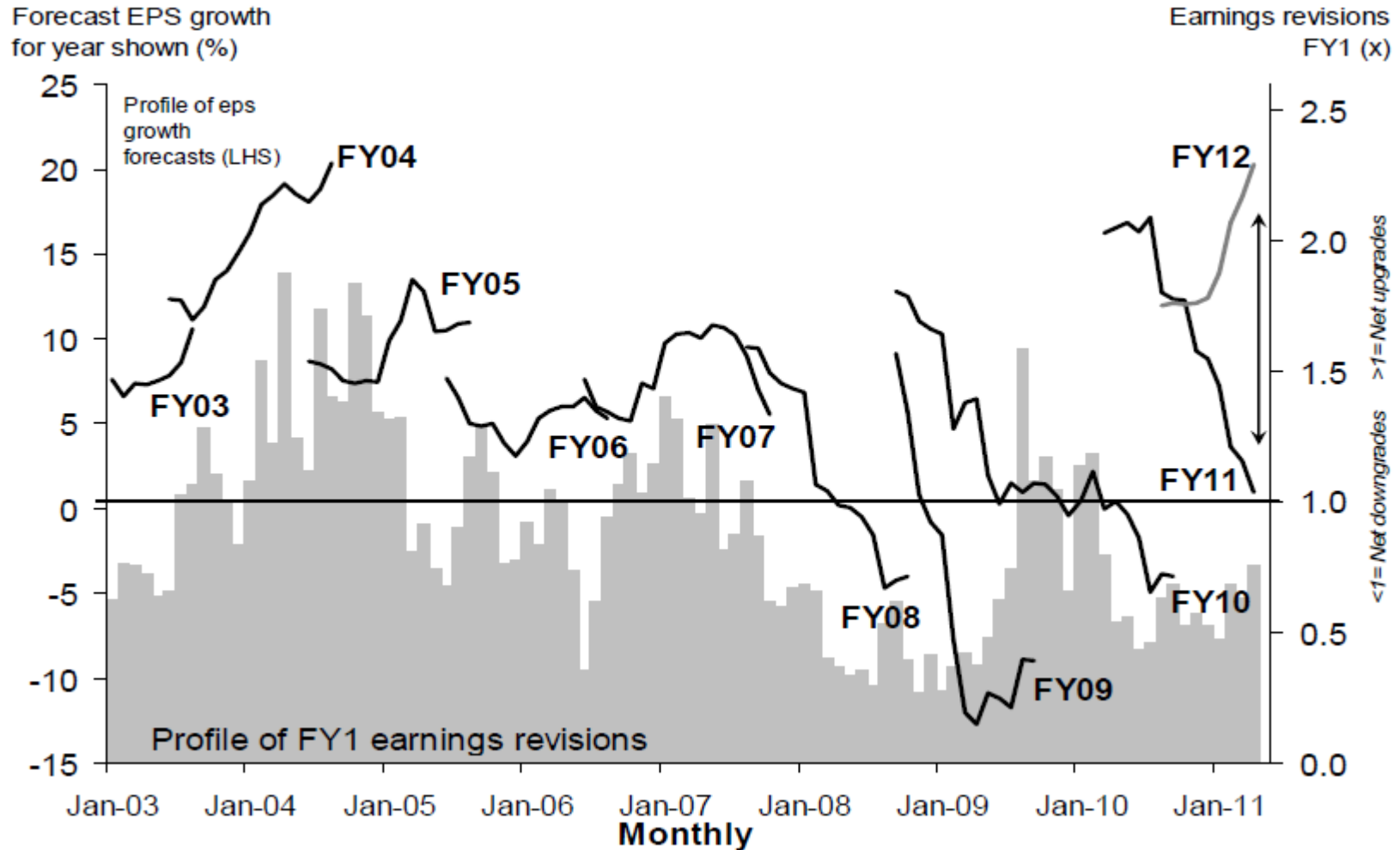
Private Sector Credit Growth



S&P/ASX 200 Performance



Analyst EPS Forecasts



Current Issues



- Australian Dollar
- Carbon Tax
- Interest Rates
- Australian Housing Market
- China

Shareholder Communications



- New Website – WAMFunds.com.au
- Media – Sky Business, Switzer, CNBC, Newspapers
- Research Reports – Bell Potter, Patersons & Independent Research Reports
- Audio casts – Monthly
- Subscribe for weekly emails
- Bi-annual presentations

WAM in the Community



Our people are passionate about the well-being of our customers and the wider community because helping others is part of our culture. As part of the WAM in the Community Program, we recently donated to the QLD Premier Disaster Relief Appeal.

We have also proudly supported other various initiatives as below.



THE CURRAN FOUNDATION

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