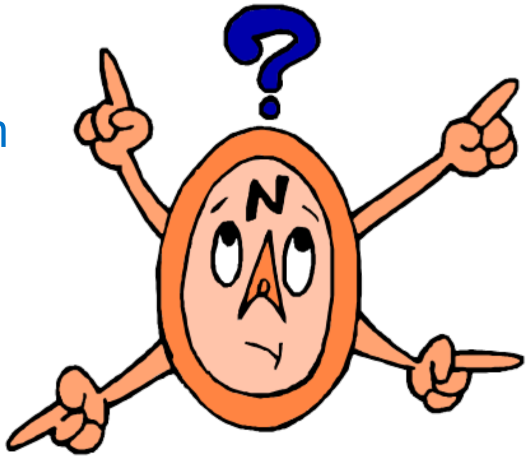
WAM Capital Limited (WAM)

Unchartered Waters

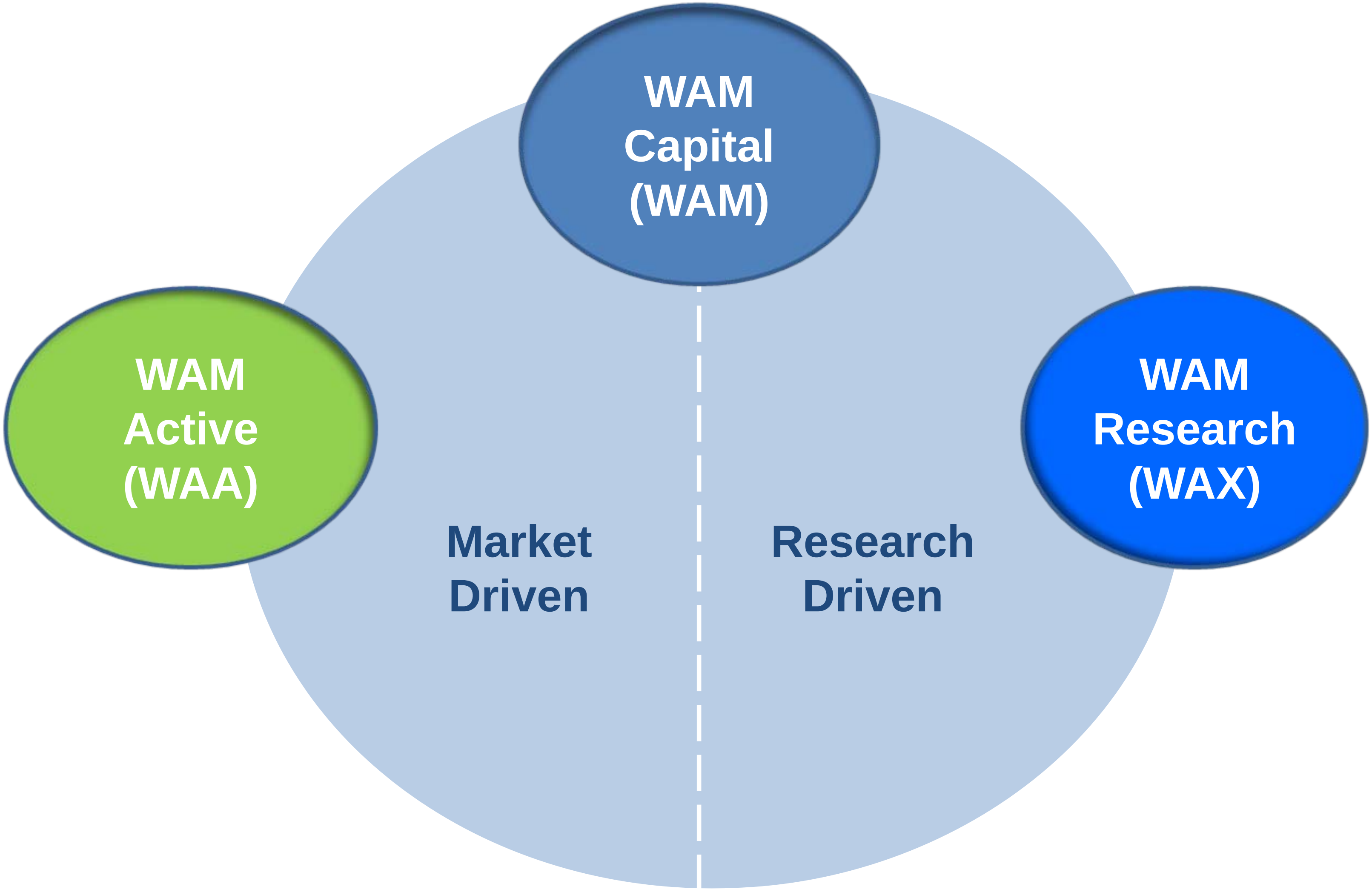
- The European debt crisis continues to create uncertainty
- Widespread sovereign and bank vulnerability in Europe
- Some European Governments unable to access capital markets
- European stability funds not large enough
- Emergence of so called “Zombie Banks” in Europe
- China appears unwilling to use their $3 trillion of Euro reserves
- The political resolve of the Europe Union members is being tested

Current State of Play

- Governments in the developed world have to implement austerity measures
- The US economy appears to be recovering slowly
- Over 25% of US homeowners still having negative equity in their homes
- China remains strong with inflation appearing to be under control
- Ireland and Portugal re-financing in 2012
- Australian consumer sentiment is still poor



Our Funds


WAM Capital (WAM)
WAM Active (WAA)
WAM Research (WAX)
Market Driven
Research Driven

Investment Process

“Research Driven”

Identify Company

↓

Undertake Detailed Research

↓

Visit with Management – 700+ companies p.a.

↓

Rank the Company (Rating template)

↓

Catalyst identified or occurs

↓

Buy or short sell shares

Investment Process
“ Market Driven”

We scour the market for trading opportunities:

- Initial public offerings
- Capital raisings
- Block trades at discount
- Takeovers
- Listed Investment Companies (LIC) discount to NTA
- Earnings momentum / surprise
- Short selling
- Discount to NTA
- Market themes and trends

Performance to 31 October 2011

Annualised Performance	Gross Portfolio*	S&P/ASX All Ordinaries Accum. Index	Outperformance
1 year	+7.2%	-4.0%	**+11.2%**
3 years	+19.9%	+7.6%	**+12.3%**
5 years	+8.2%	+0.1%	**+8.1%**
10 years	+15.3%	+7.5%	**+7.8%**
Since inception	+18.2%	+7.5%	**+10.7%**

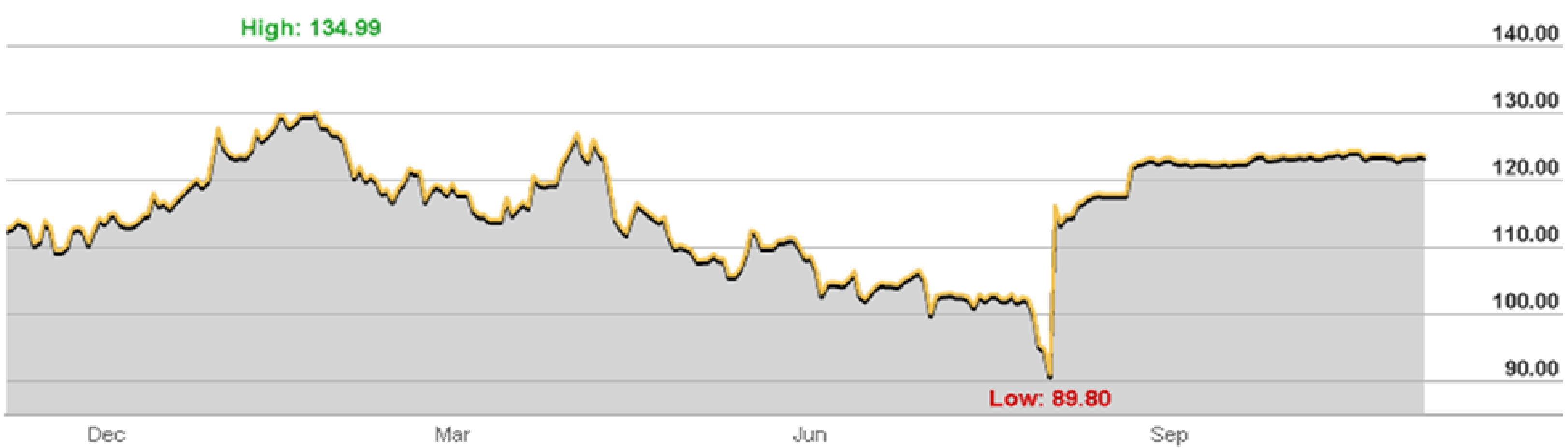
Portfolio
as at 31 October 2011

Research Driven:		
Company		% Gross Assets
RKN	Reckon Ltd	4.4%
MMS	McMillan Shakespeare Ltd	2.3%
MYS	MyState Ltd	1.6%
BRG	Breville Group Ltd	1.5%
SGN	STW Communications Ltd	1.0%

Market Driven:		
Company		% Gross Assets
CNA	Coal & Allied Industries Ltd	10.1%
HUN	Hunnu Coal Ltd	6.3%
SGI	Signature Capital Investments Ltd	3.7%
ELI	Emerging Leaders Investments Ltd	2.6%
CCQ	Contango Capital Partners Ltd	1.5%
NHC	New Hope Corporation Ltd	1.3%

Market Driven -
Coal & Allied Industries Ltd (CNA)

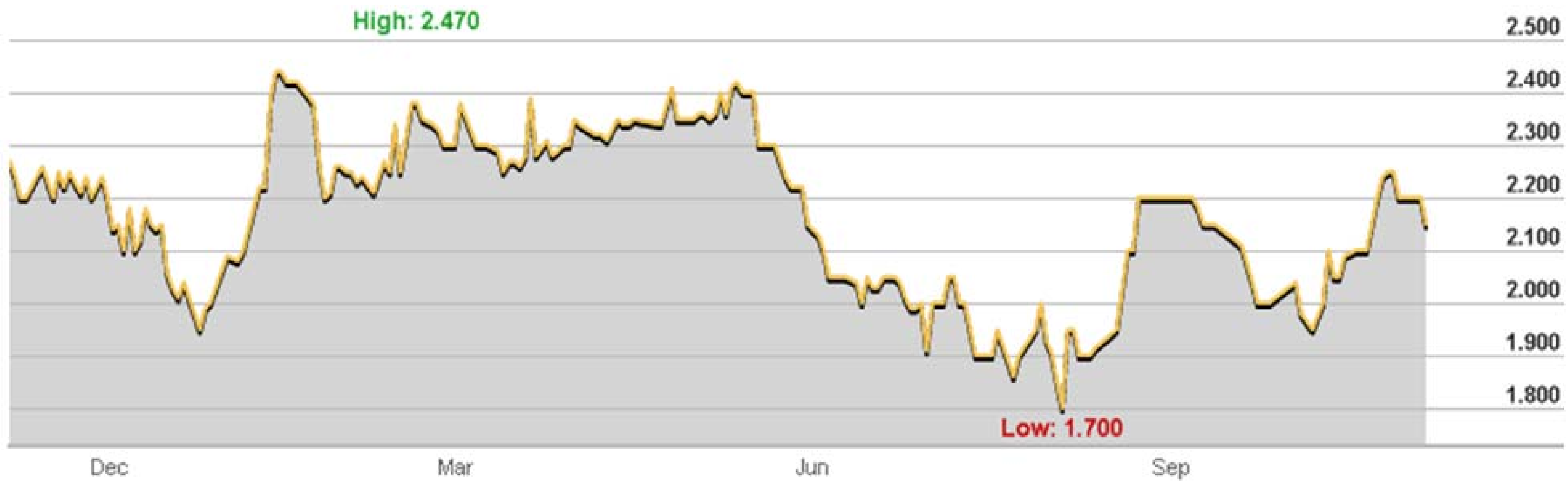
- Bought over 3 periods
  - Initial approach (0.5%)
  - Bid increase (1%)
  - De-risked (8.5%)
- 7-9% annualised return. $125 takeover price including a $8 fully franked dividend
- Currently 10% of the portfolio. Expect takeover proceeds mid December 2011



Research Driven -
Fantastic Holdings Ltd (FAN)

- Manufacturer and retailer of furniture. Major brand - Fantastic Furniture
- Interest rate sensitive stock
- Retailers are out of favour in the market
- Catalyst: Strategic review of portfolio plus further interest rate cuts

Fantastic Holdings Limited

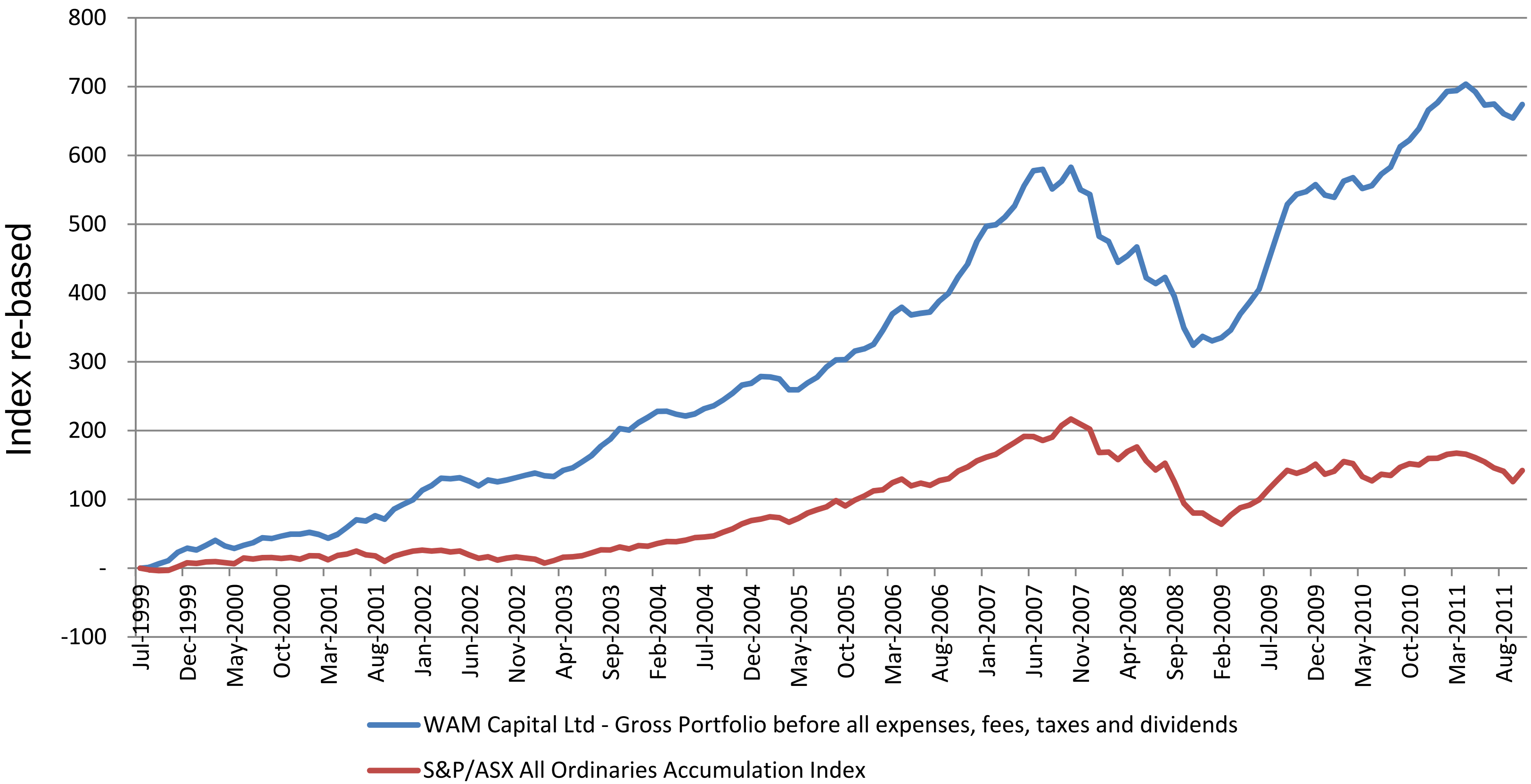


Financial Year to Date Return
as at 31 October 2011

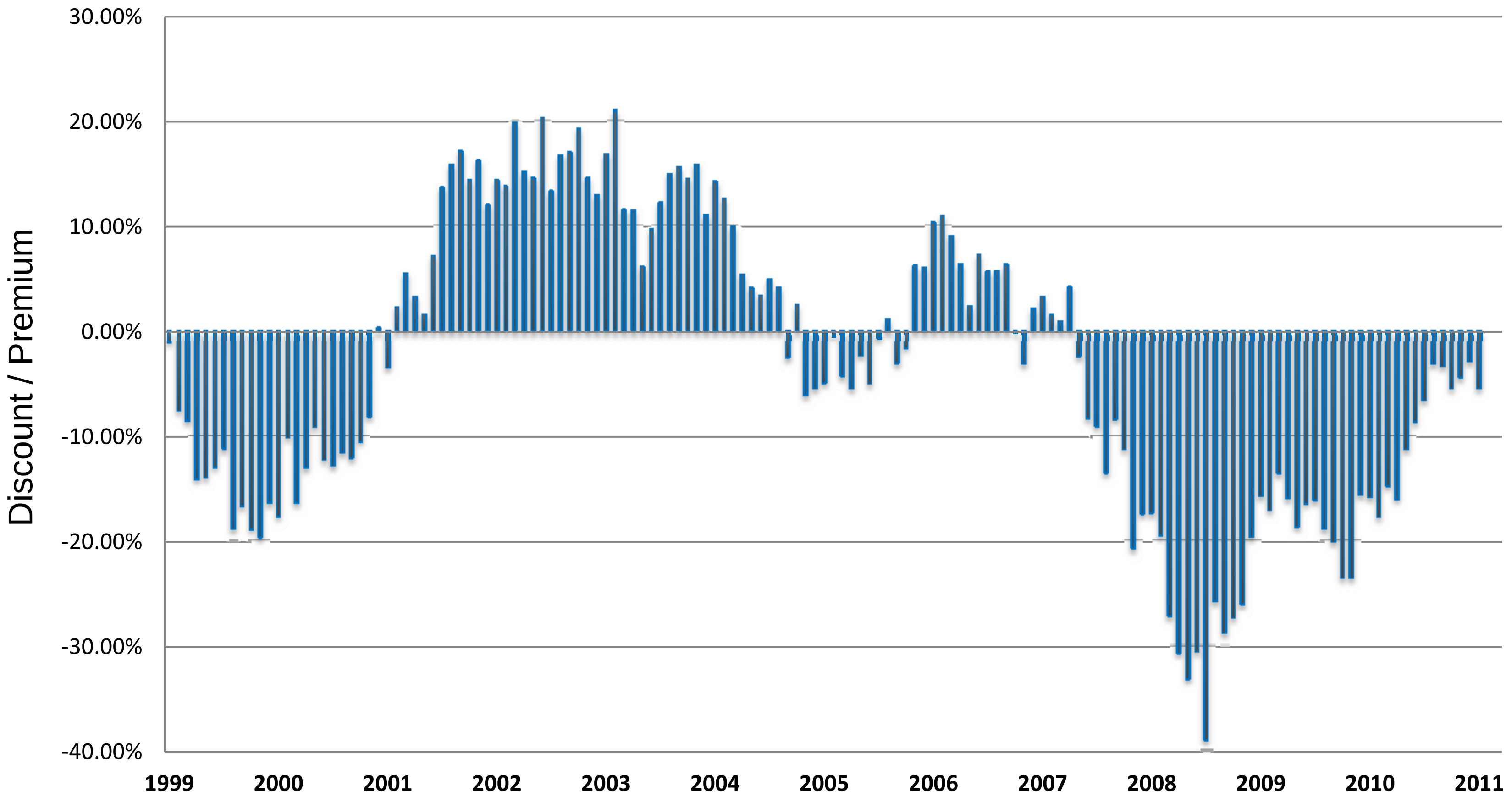
Gross Portfolio	+0.1%
Pre-tax NTA per share growth plus dividends	-0.9%
Share price growth plus dividends	-1.8%
S&P/ASX All Ordinaries Accumulation Index	-4.9%

Performance since Inception

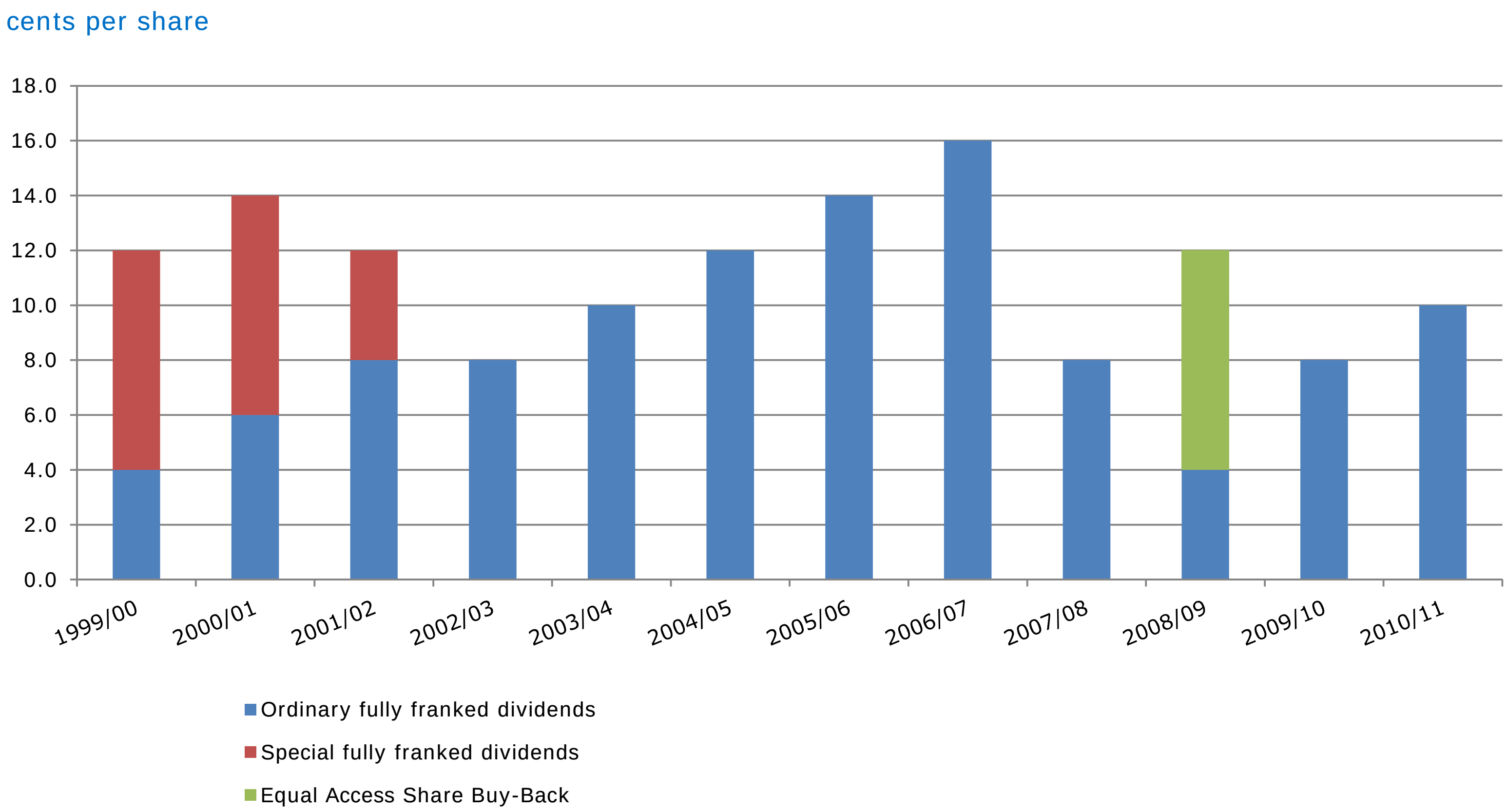
WAM +18.2% p.a. – outperformed by 10.7% p.a. over 12.25 years



Premium / Discount to NTA



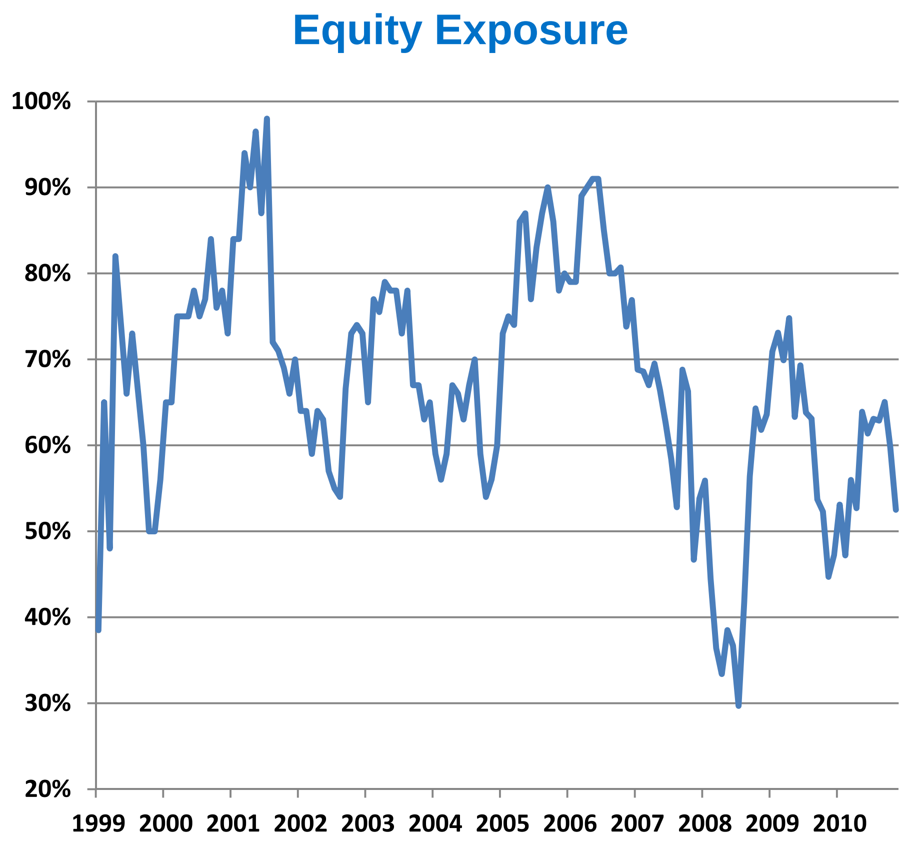
Dividends



WAM has franking credits which allows it to pay a dividend equivalent to 7.0 cents per share as at 31 October 2011

Equity Position

- Average equity position since Aug 1999: 67.0%
- Maximum equity level: 98.0% (Feb 2002)
- Minimum equity level: 29.7% (Feb 2009)



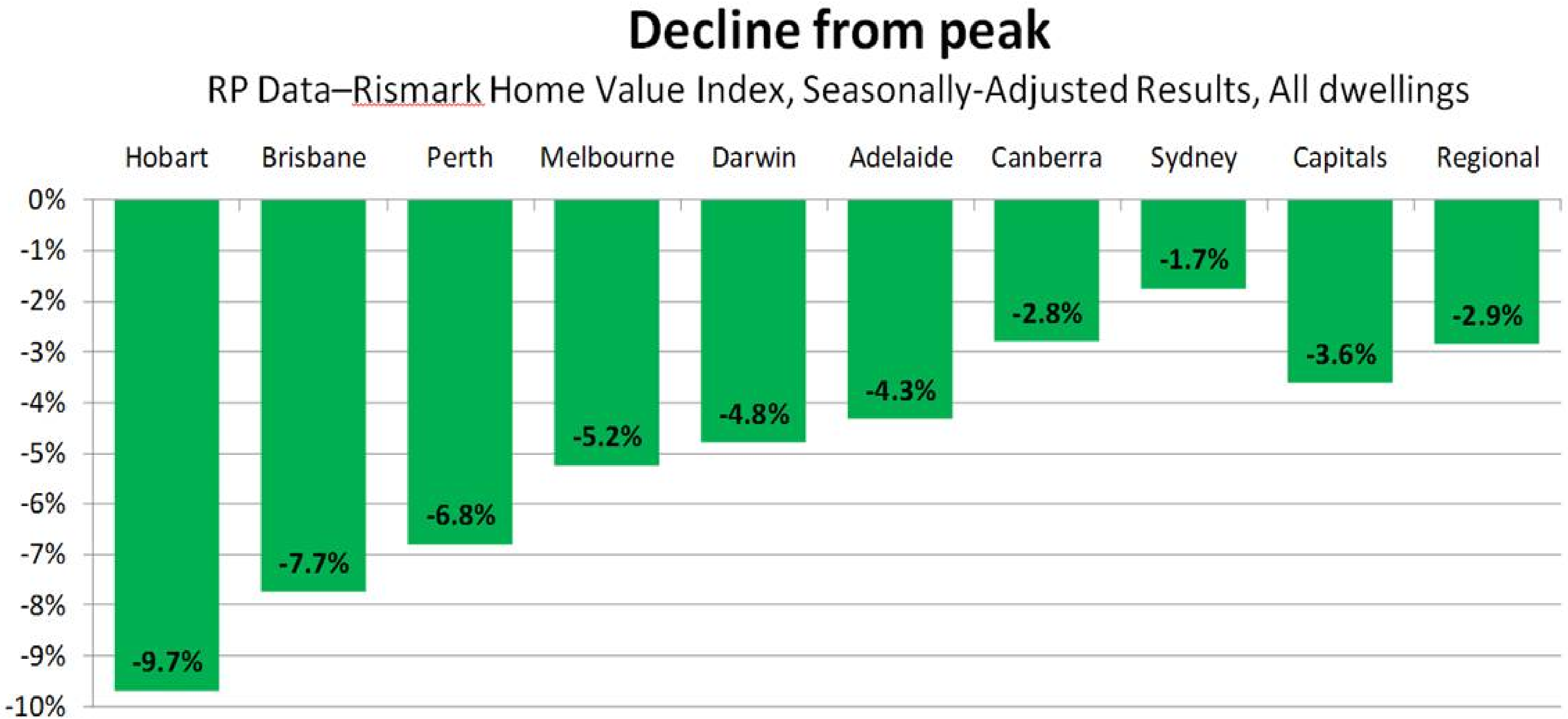
Equity Position

- Cash held on term deposit (TD) with major Australian banks generally staggered up to a maximum maturity of 6 months
- A ladder of TD's is generally created to ensure one TD is maturing on a bi-weekly basis to provide liquidity when required
- TD's can be broken at a cost if required for trading purposes but this is avoided where possible

Current Issues

- Executive remuneration reports
- Interest rates
- House prices
- US economy
- Australian dollar

Australian Housing Market

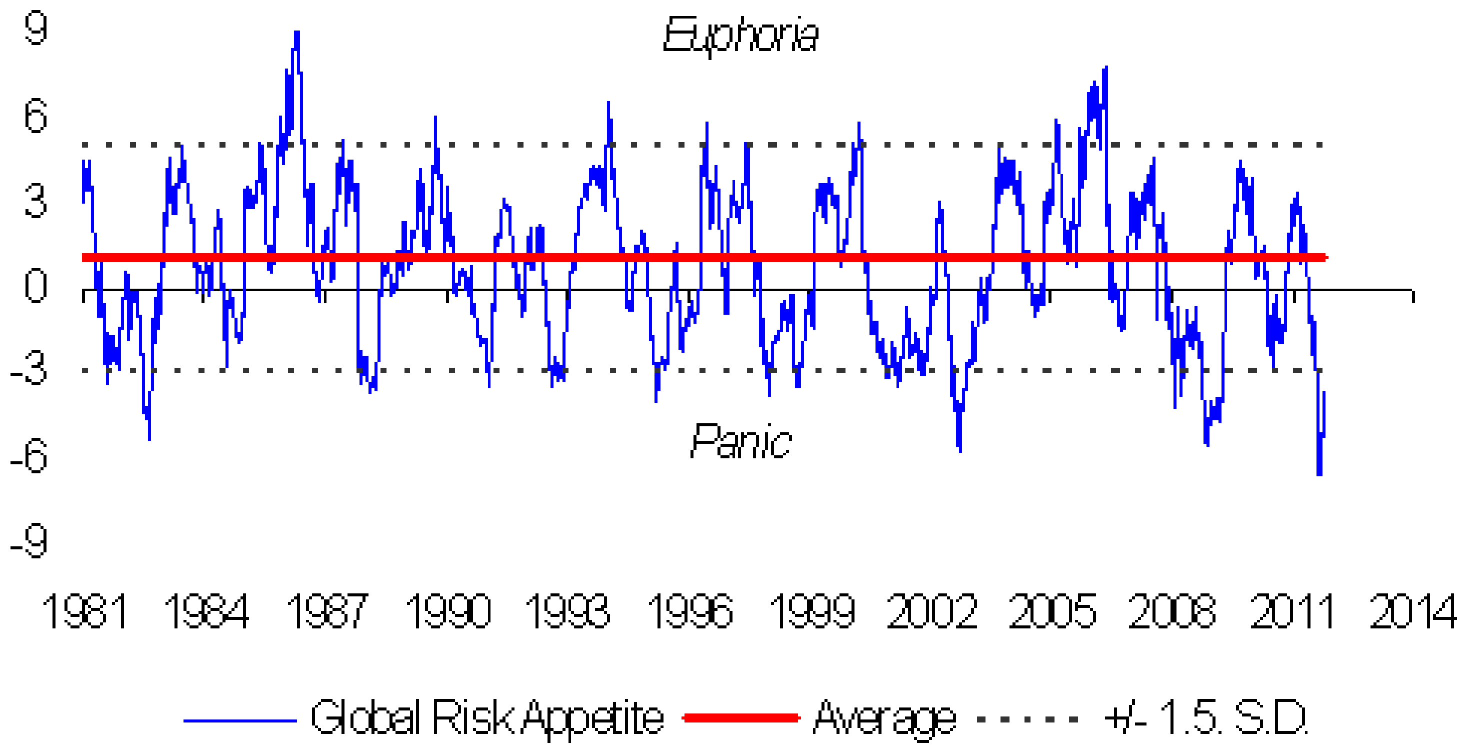


*Source: RP Data–Rismark + Hobart data to July 2011 * Regional data based on results for houses only*

Looking Ahead

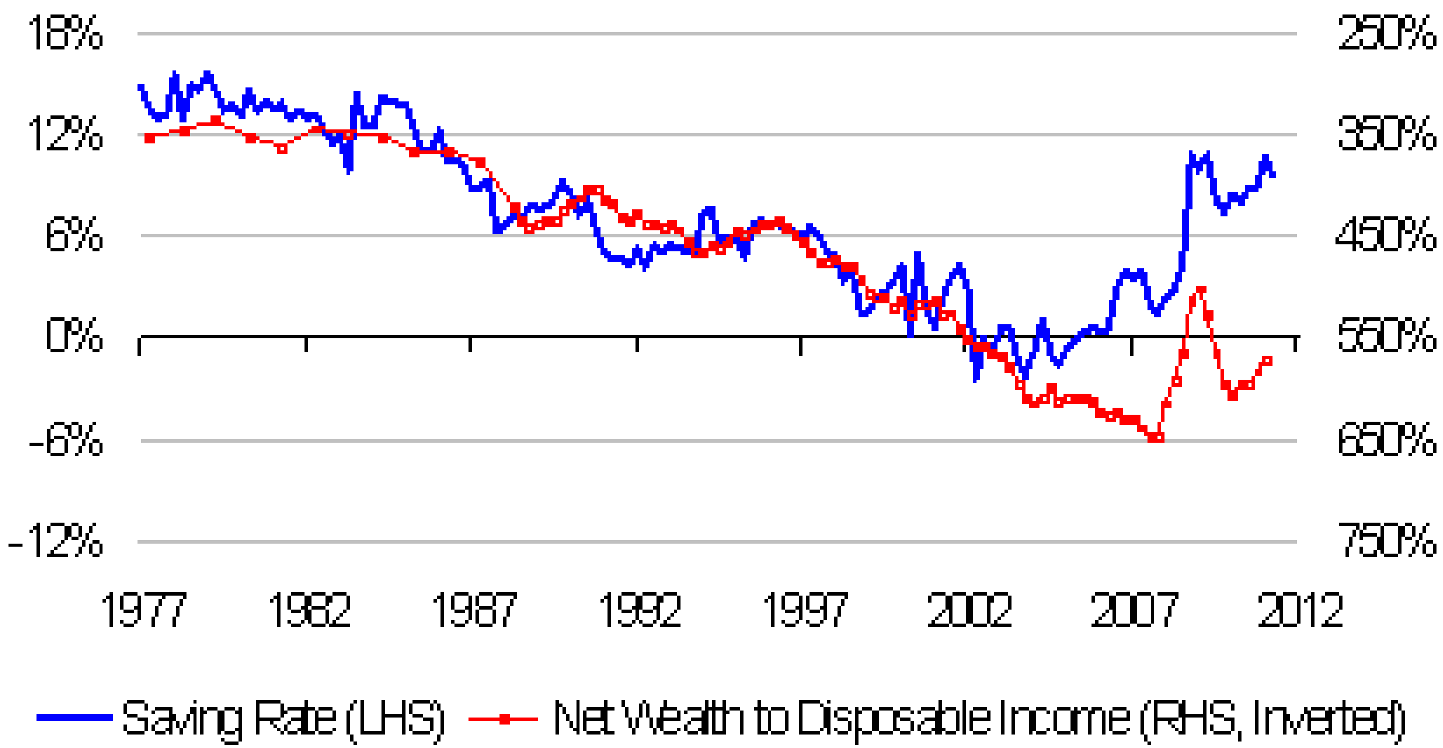
- Global deleveraging to continue
- Interest rate cuts positive for equity markets
- Industrial stocks cheap on a historical basis
- Expect continued merger and acquisition activity in Australia with balance sheets in good shape

Looking Ahead



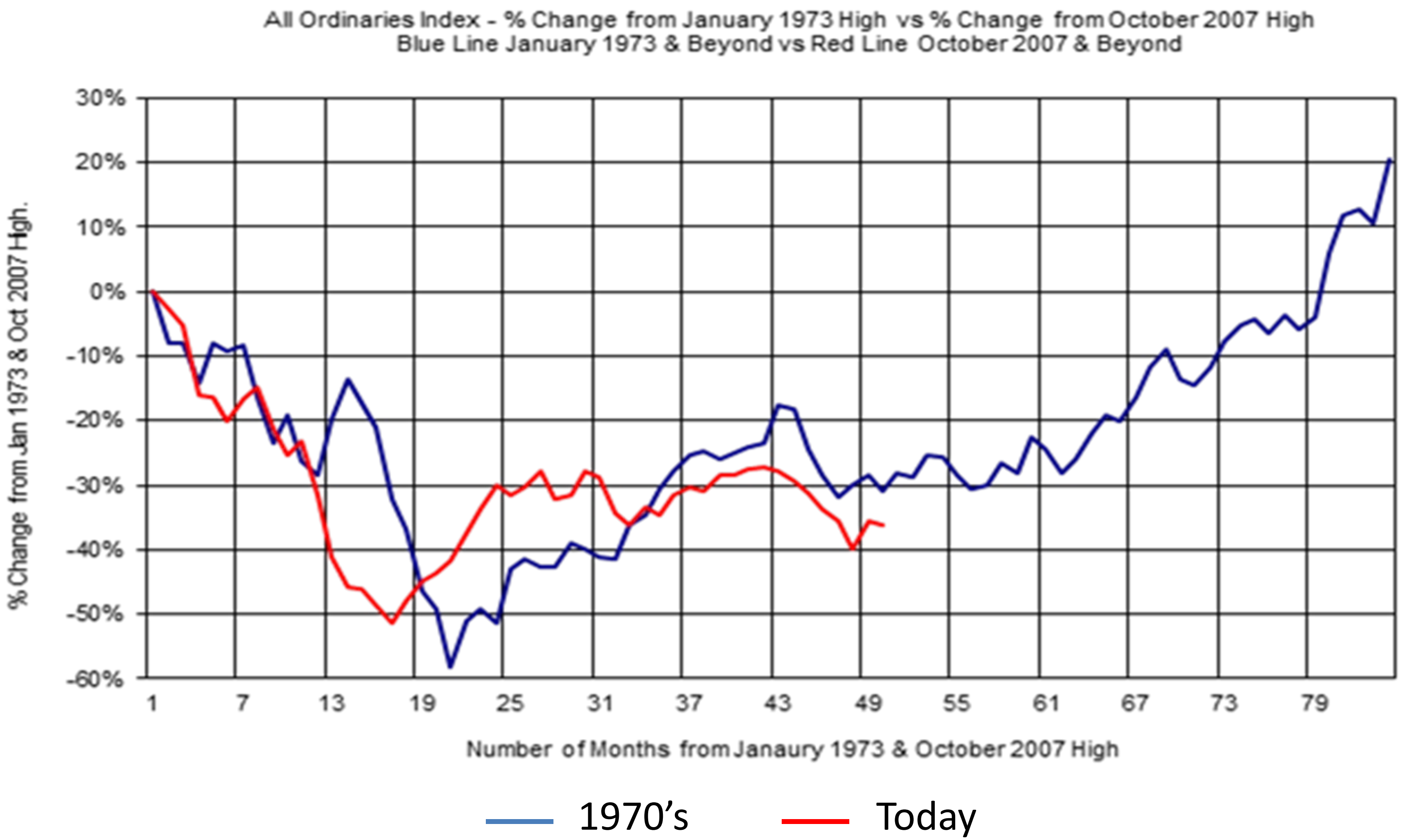
Source: Credit Suisse strategy

Looking Ahead



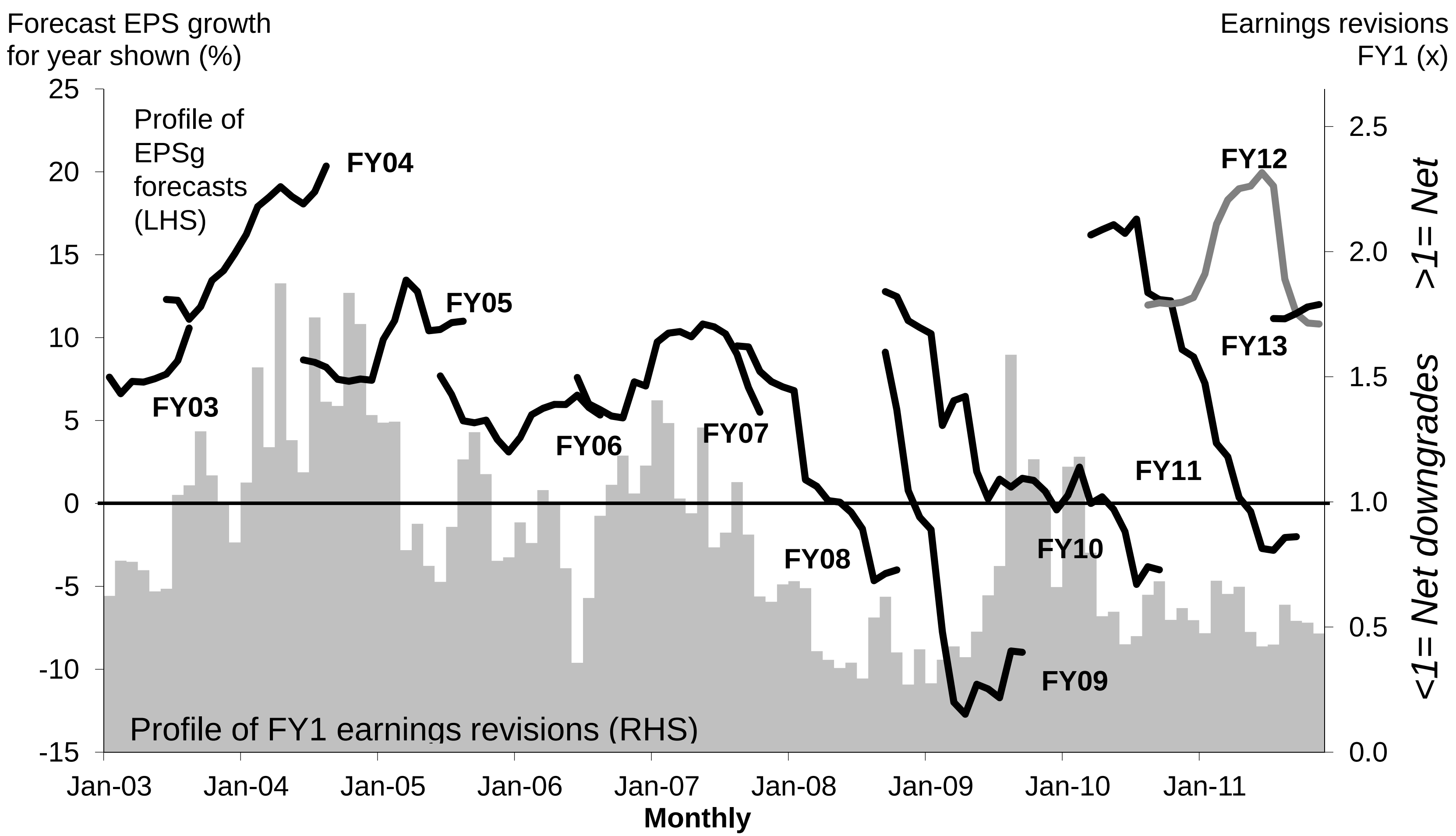
Source: Credit Suisse strategy

1970's bear market vs today



Source: Veritas Securities

Analyst EPS



Source: Macquarie Securities

Conclusion!

Shareholder Communications

- 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 – includes market wrap
- Bi-annual presentations

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