

# WAM Capital Limited (WAM)

ASX Announcement/Media Release

14 October 2013



## ASX BOOKBUILD TO FACILITATE DRP SHORTFALL PLACEMENT

WAM Capital Limited (ASX: WAM) ('WAM Capital' or 'the Company') today announces it intends to undertake a placement in respect of the Company's Dividend Reinvestment Plan ('DRP') shortfall ('DRP Shortfall Placement' or 'Placement'). The DRP Shortfall Placement will be made to sophisticated and professional investors and will be the first such placement to use the new ASX BookBuild Facility.

Ordinary shares to be offered under the DRP Shortfall Placement will be offered at \$1.785 per share ('Offer Price'). The initial allocation under the Placement will be up to 8.3 million ordinary shares however, the Company reserves the right to increase the size of the Placement.

Stockbroking firm Taylor Collison Limited (AFSL: 247083) is the Lead Manager for the Placement and will coordinate the Placement through the ASX BookBuild Facility.

WAM Capital Chairman Geoff Wilson said: "The new ASX BookBuild Facility is an innovative platform providing a simple and effective method for accessing capital markets."

WAM Capital intends to invest proceeds of the Placement in accordance with the Company's disciplined and proven investment process.

"We will maintain our focus on investing in undervalued growth companies that have strong earnings, trade on low price to earnings multiples, have an experienced management team and are well positioned in their industry," said Mr Wilson.

The Company's Directors unanimously support the Placement. Taylor Collison is not receiving a fee from WAM Capital for acting as Lead Manager for the Placement.

As the placement is being conducted on-market via the ASX BookBuild Facility, brokers may charge brokerage in relation to the purchase of shares in WAM Capital.

### Participating in the Placement

Parties interested in participating in the Placement should contact their broker or adviser, or Hamish Nairn at Taylor Collison Limited on (08) 8217 3908 or 0417 834 435.

The Placement is offered to all sophisticated and professional investors, as defined in the *Corporations Act 2001* (Cwlth). In addition, investors must have signed a once off client agreement to participate in the ASX BookBuild Facility through their broker or adviser and satisfy the terms and conditions set out in Appendix B of this announcement and the ASX BookBuild rules and procedures, available on the ASX website.

### Key dates

Offer open:	10am Monday 14 October 2013
Offer close:	WAM Capital reserves the right to close the Placement offer at any time after midday (AEST) on Tuesday 15 October 2013
Settlement:	T+ 4 days after the offer close via DVP

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## Further information

Information about the ASX BookBuild Facility can be found on the ASX website at the links below.

**For brokers:** <http://www.asx.com.au/documents/professionals/bookbuild-trading-participant-information-sheet.pdf>

**For Investors:** <http://www.asx.com.au/documents/professionals/bookbuild-investor-information-sheet.pdf>

## Attached:

Appendix A Information regarding WAM Capital and the DRP Shortfall Placement  
Appendix B DRP Shortfall Placement participation representations and warranties

--Ends--

## About WAM Capital

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management (International) Pty Limited. Listed in August 1999, WAM Capital 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 Capital also provides exposure to market mispricing opportunities. WAM Capital's investment objectives are to: deliver investors a rising stream of fully franked dividends; provide capital growth; and preserve capital.

For more information visit [www.wamfunds.com.au](http://www.wamfunds.com.au)

### For further information, please contact:

**Geoff Wilson**  
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Portfolio Manager  
(02) 9247 6755

**Kate Thorley**  
Chief Executive Officer/  
Company Secretary  
(02) 9258 4908

**Meredith Hemsley**  
Corporate Affairs  
(02) 9258 4902

**Taylor Collison**  
Hamish Nairn  
Director - Institutional Sales  
(08) 8217 3908 / 0417 834 435

# DRP Shortfall Placement of approximately 8.3 million ordinary shares



## Company overview

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management (International) Pty Limited. Listed in August 1999, WAM Capital 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 Capital also provides exposure to market mispricing opportunities. WAM Capital's investment objectives are to: deliver investors a rising stream of fully franked dividends; provide capital growth; and preserve capital.

## Transaction summary

<b>Transaction</b>	DRP Shortfall Placement
<b>Issuer</b>	WAM Capital Limited ('WAM')
<b>Lead Manager</b>	Taylor Collison Limited (AFSL: 247083)

On-market placement utilising the ASX BookBuild Facility

## Offer details

**Offer type** Placement of approximately \$15m (approximately 8.3m shares) to investors exempt from disclosure under s708 of the Corporations Act 2001. The Board has reserved the right to increase the size of the offer

**ASX Code** WAMXBB

**Securities** Fully paid ordinary shares

**Amount** Approximately \$15m

**Offer Price** \$1.785 per share

**Discount** 3.4% to the last close, being \$1.845  
2.9% to the 1 month VWAP, being \$1.8374

**NTA** Pre-tax Net Tangible Assets (NTA)  
\$1.783 estimated at 11 October 2013  
Pre-tax NTA \$1.77 ex dividend at  
30 September 2013

**Structure** DRP shortfall Placement. The Placement will be conducted utilising WAM Capital's capacity under ASX Listing Rule 7.1. WAM Capital has reserved the right to increase the size of the DRP Shortfall Placement.

**Use of funds** The proceeds from the DRP Shortfall Placement will be used to expand WAM Capital's investment portfolio in accordance with its investment policy. The Board considers that an increase in the Company's capital base will have multiple benefits for shareholders including: increasing liquidity; reducing fixed administration costs as a percentage of assets; increasing the relevance of the Company in the market; and increasing opportunities to be researched by brokers.

## Capital structure

(Pre DRP Shortfall Placement)

<b>Shares on issue</b>	319,320,612
<b>Share price (last close)</b>	\$1.845 per share
<b>Market capitalisation</b>	\$589.1m
<b>Debt</b>	nil
<b>Total Assets</b>	\$594.0m at 30 September 2013

## Proposed Offer timetable

<b>Offer opens</b>	10am Monday 14 October 2013
<b>Offer closes</b>	WAM Capital reserves the right to close the Placement offer at any time after midday (AEST) on Tuesday 15 October 2013
<b>Allocations advised</b>	No later than Wednesday 16 October 2013
<b>Settlement</b>	T+4 days after the offer close via DVP

## Company and Investment highlights

### Dividend yield

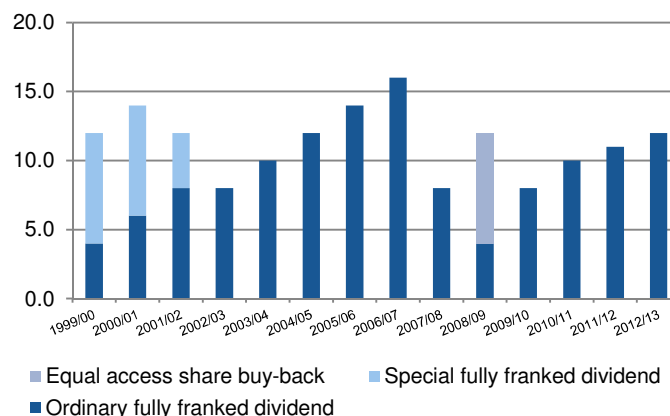
6.7% fully franked dividend yield on the offer price.

### Dividend policy

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.

### WAM Capital Dividends since Inception

Cents per share



# DRP Shortfall Placement of approximately 8.3 million ordinary shares



## Outperformance against the market

Performance at 30 Sept 2013	1 Mth	6 Mths	1 Yr	3 Yrs % pa	5 Yrs % pa	10 Yrs % pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	4.5%	9.5%	30.2%	16.1%	17.6%	14.5%	18.5%
S&P/ASX All Ordinaries Accumulation Index	2.4%	7.1%	23.5%	8.6%	7.0%	9.6%	8.5%
<b>Outperformance</b>	<b>+2.1%</b>	<b>+2.4%</b>	<b>+6.7%</b>	<b>+7.5%</b>	<b>+10.6%</b>	<b>+4.9%</b>	<b>+10.0%</b>

\*Before expenses, fees and taxes.

## Investment and Management Team

Name	Qualifications
Geoff Wilson Chairman/Portfolio Manager	B Sc GMQ FAICD FFinsia
Kate Thorley Chief Executive Officer/ Company Secretary	B Com CPA Grad Dip ACG
Chris Stott Chief Investment Officer/ Portfolio Manager	B Bus Grad Dip App Fin
Martin Hickson Senior Equity Analyst/Dealer	B Bus B Comp
Matthew Haupt Equity Analyst	CFA B Com Grad Dip App Fin
Mark Tobin Equity Analyst	BBS MEconSC ACCA
Meredith Hemsley Corporate Affairs	LLB BA

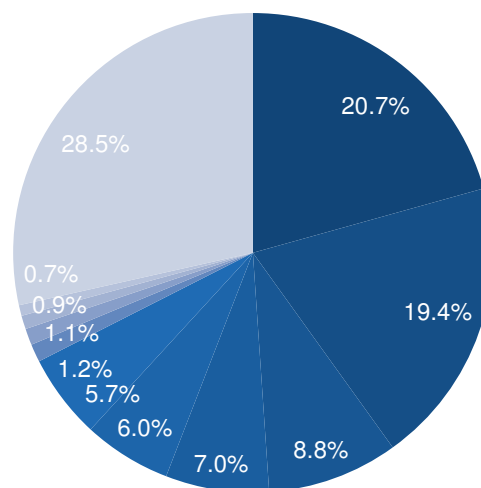
## Portfolio structure (as at 30 September 2013)

Investment Type	September 2013	
	\$m	%
Listed Equities	424.5	71.5
Fixed Interest & Cash	169.5	28.5
Long Portfolio	594.0	100.0%
Short Portfolio	(0.0)	(0.0)
Gross Assets	\$594.0m	

## Top 20 Holdings (as at 30 September 2013)

Code	Company	Market Value as % Gross Assets
GNC	Graincorp Limited	5.0%
CLO	Clough Limited	4.2%
HIL	Hills Holdings Limited	2.1%
CYA	Century Australia Investments Limited	1.9%
SGH	Slater & Gordon Limited	1.7%
RCR	RCR Tomlinson Limited	1.6%
WIC	Westoz Investment Company Limited	1.5%
MFG	Magellan Financial Group Limited	1.5%
AHE	Automotive Holdings Group Limited	1.4%
MTU	M2 Telecommunications Group Limited	1.4%
IPE	ING Private Equity Access Limited	1.4%
NXT	NEXTDC Limited	1.4%
TPM	TPG Telecom Limited	1.3%
ELI	Emerging Leaders Investments Limited	1.3%
CSV	CSG Limited	1.3%
SFW	SFG Australia Limited	1.3%
MQA	Macquarie Atlas Roads Group	1.2%
FKP	FKP Property Group	1.2%
VOC	Vocus Communications Limited	1.1%
NEA	Nearmap Limited	1.1%

## Sector allocation (as at 30 September 2013)



- Financials 20.7%
- Industrials 19.4%
- Consumer Discretionary 8.8%
- Consumer Staples 7.0%
- Information Technology 6.0%
- Telecommunication Services 5.7%
- Materials 1.2%
- Energy 1.1%
- Utilities 0.9%
- Health Care 0.7%
- Cash and Fixed Interest 28.5%

**DRP Shortfall Placement****Participation representations and warranties**

By applying for Shares under the DRP Shortfall Placement, each applicant will be deemed to represent, warrant and agree for the benefit of WAM Capital, the Lead Manager, their respective related bodies corporate, and the directors, officers, employees, or agents of any of them (**affiliates**) that:

- a) If you are in Australia, you are a sophisticated investor within the meaning of section 708(8) or professional investor within the meaning of section 708(11) of the Corporations Act 2001 (Cth) (**Corporations Act**) and that the shares offered to you on the basis that you are, and represent that you are a person to whom a disclosure document is not required to be given under chapter 6D of the Corporations Act.
- b) If you are in New Zealand, you are a person whose principal business is the investment of money or who, in the course of and for the purposes of your business, habitually invests money, under section 3(2)(a)(ii) of the New Zealand Securities Act 1978.
- c) If you are outside Australia and New Zealand, you are a person to whom an invitation or offer to subscribe for Shares is permitted by the laws of the jurisdiction in which you are situated or from where you submitted your bid to subscribe for Shares and you are a person to whom the Shares may lawfully be offered and issued in compliance with applicable laws.
- d) You are not a U.S. Person as defined in Rule 902(k) Regulation S of the United States Securities Act of 1933, as amended (**Securities Act**).

- e) The offer and sale to you of the Shares has not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction in the United States. Therefore, you acknowledge that you may not offer, sell, pledge, transfer or otherwise dispose of any Shares in the United States unless and until the Shares are registered under the Securities Act (which you acknowledge WAM Capital has no obligation to do) or offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the Securities Act or the laws of any state or other jurisdiction in the United States.
- f) You are not a Related Party (as defined in section 228 of the Corporations Act or treated as such for the purposes of ASX Listing Rule 10.11) of WAM Capital.
- g) If you are acquiring any Shares for or on account of one or more persons, you have full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such person.
- h) WAM Capital, the Lead Manager and their respective affiliates are entitled to, and will, rely upon the truth and accuracy of these, representations, warranties and agreements.

In addition by applying for Shares under the DRP Shortfall Placement, each applicant will be deemed to indemnify WAM Capital, the Lead Manager and their respective affiliates against any loss, damage or costs incurred and arising out of or in relation to any breach by the applicant of any of the above representations, warranties and agreements.