



W | A | M *Capital*



Annual Report

For the year ending 30 June 2016

WAM Capital Limited

WAM Capital Limited (WAM Capital or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson (Chairman)
Matthew Kidman
Paul Jensen
James Chirnside
Lindsay Mann
Chris Stott
Kate Thorley

Company Secretary

Kate Thorley

Investment Manager

Wilson Asset Management
(International) Pty Ltd
Level 11, 139 Macquarie Street
Sydney NSW 2000

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
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E: info@wilsonassetmanagement.com.au
W: wilsonassetmanagement.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Capital Limited
Ordinary Shares (WAM)

Shareholder Presentations 2016 Annual General Meeting and Presentation Sydney Wednesday 23 November

The Hilton
488 George Street
Sydney NSW 2000
AGM: 10.00am – 10.45am
Presentation: 11.00am – 1.00pm. To be streamed live on our website wilsonassetmanagement.com.au



Adelaide

Wednesday 16 November

The Playford
120 North Terrace
Adelaide SA 5000
10.00am – 12.00pm

Perth

Thursday 17 November

The Duxton
1 St Georges Terrace
Perth WA 6000
10.00am – 12.00pm

Canberra

Monday 21 November

The Mercure
Cnr Ainslie & Limestone Avenues
Braddon ACT 2612
10.00am – 12.00pm

Brisbane

Thursday 24 November

Brisbane Convention & Exhibition
Centre, Cnr Merivale & Glenelg Streets
South Bank QLD 4101
10.00am – 12.00pm

Melbourne

Friday 25 November

Melbourne Convention & Exhibition
Centre, 1 Convention Centre Place
South Wharf VIC 3006
10.00am – 12.00pm

Future Generation presentations

To follow all Wilson Asset Management presentations in each city

Key highlights FY2016

+21.6%

Investment portfolio performance

14.5c

Full year fully franked dividend

+24.5%

Total shareholder return

6.5%

Fully franked dividend yield

Snapshot as at 30 June 2016

Listing date	August 1999
Market capitalisation	\$1,051.5m
Share price	\$2.23
Shares on issue	471,514,559
Net Tangible Assets (pre-tax)	\$1.92
Net Tangible Assets (post-tax)	\$1.86
Gross assets	\$939.1m
Fully franked dividends FY2016	14.5 cents
Fully franked FY2016 dividend yield	6.5%

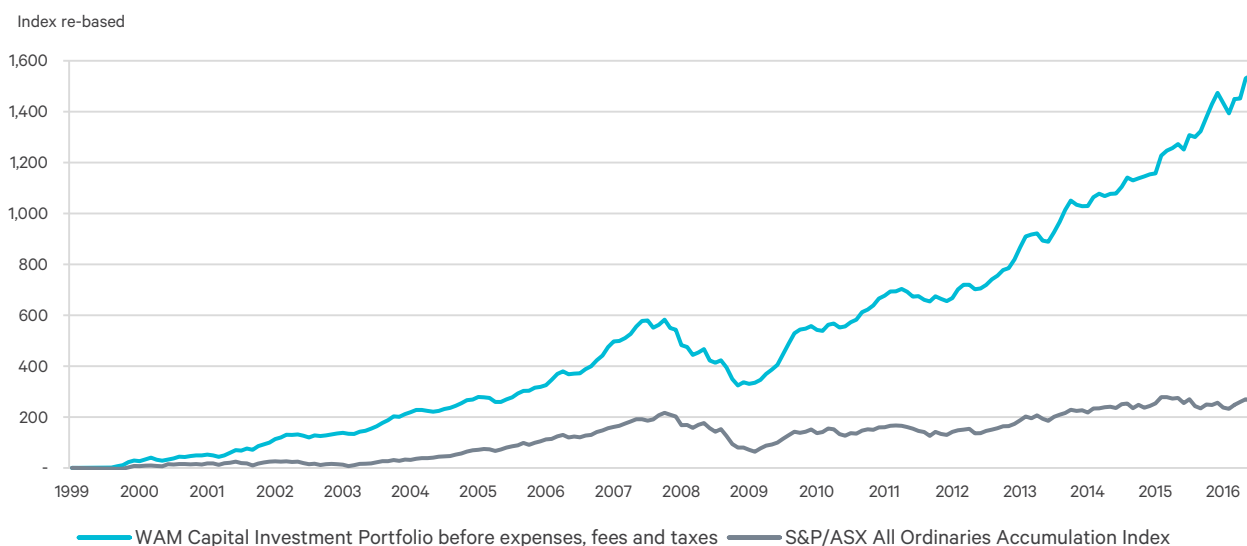
FY2016 results

WAM Capital reported an 85.7% increase in operating profit before tax to \$132.3 million for the year (FY2015: \$71.2 million), and an operating profit after tax to \$98.0 million, a rise of 81.5% (FY2015: \$54.0 million).

The increase in profit is a result of the investment portfolio performance, which returned 21.6% (FY2015: 14.7%) over an increased capital base. The investment portfolio, while being on average 65.5% invested in equities, outperformed the S&P/ASX All Ordinaries Accumulation Index by 19.6% for the year to 30 June 2016.

The Board declared a fully franked full year dividend of 14.5 cents per share, an increase of 3.6% on the previous year with the fully franked final dividend being 7.25 cents per share.

WAM Capital's investment portfolio has returned 18.0% p.a. over 17 years



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Chairman's letter

Dear Fellow Shareholders,

I would like to thank all WAM Capital shareholders for your continued support of the Company during the 2016 financial year. I would also like to welcome each of the 3,072 new shareholders who have joined us during the year.

In 2016, the Company achieved strong growth, increasing pre-tax profit by 85.7% to \$132.3 million. Over the 12 month period, the Company's gross assets grew by \$105.4 million to \$939.1 million after paying tax of \$21.1 million and dividends of \$50.7 million (net of reinvestment). The growth in assets has been achieved through the strong performance of the investment portfolio, which increased 21.6% for the year to 30 June 2016. This strong risk adjusted performance was achieved with an average 65.5% invested in equities during the year. The return on the equity portion of our portfolio was 31.9% and the return on the cash portion of the portfolio was 2.4% for the year.

WAM Capital has consistently applied its proven investment philosophy to achieve an investment portfolio return of 18.0% per annum since inception in 1999, which is 10.1% greater than the annual average return from the S&P/ASX All Ordinaries Accumulation Index. This performance has enabled the Company to pay shareholders an average annualised dividend yield on the initial public offering price of 11.3% fully franked per year over the last 17 years. The fully franked full year dividend for the 2016 year was 14.5 cents per share, representing a 6.5% yield.

Company performance

Three key measures we use to evaluate the performance of a listed investment company are investment portfolio performance, net tangible asset (NTA) growth and total shareholder return (TSR). The investment portfolio performance is the growth in the underlying portfolio of equities and cash before costs. A key objective of WAM Capital is to grow the investment portfolio at a greater rate than the S&P/ASX All Ordinaries Accumulation Index, which is called outperformance. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company if it was to be sold. The NTA is announced on the ASX on a monthly basis. TSR measures the value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits.

1. Investment portfolio performance

Performance at 30 June 2016	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Capital Investment Portfolio*	21.6%	18.5%	16.3%	13.3%	18.0%
S&P/ASX All Ordinaries Accumulation Index	2.0%	8.2%	7.3%	4.9%	7.9%
Outperformance	+19.6%	+10.3%	+9.0%	+8.4%	+10.1%

*Investment performance and Index returns are before expenses, fees and taxes.

WAM Capital's investment portfolio increased 21.6% in the 12 months to 30 June 2016, while the S&P/ASX All Ordinaries Accumulation Index rose by only 2.0%. This represents outperformance of 19.6%. This was achieved while holding on average 34.5% of the investment portfolio in cash. This measure is before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index, which is also before tax and costs.

Set out below is the financial year investment portfolio performance since inception. As the S&P/ASX All Ordinaries Accumulation Index is before tax and expenses, the performance data is reported before expenses, fees and taxes.

Financial Year	WAM Capital Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	WAM Capital 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	-3.2%	-22.1%	+18.9%
2009/2010	29.8%	13.8%	+16.0%
2010/2011	17.9%	12.2%	+5.7%
2011/2012	4.2%	-7.0%	+11.2%
2012/2013	22.7%	20.7%	+2.0%
2013/2014	19.2%	17.6%	+1.6%
2014/2015	14.7%	5.7%	+9.0%
2015/2016	21.6%	2.0%	+19.6%

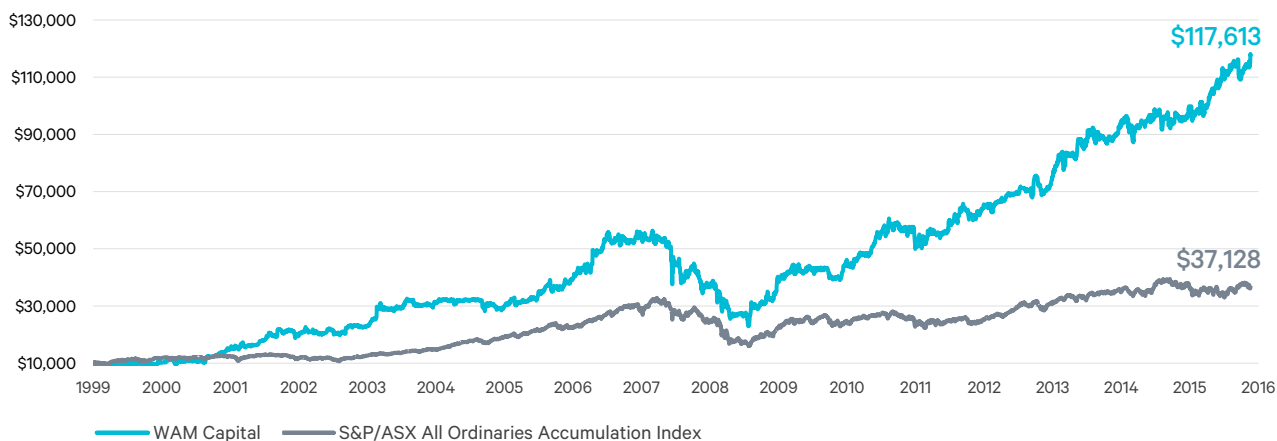
2. NTA growth

WAM Capital's after tax NTA, adjusted for dividends, increased 12.6% for the 12 months to 30 June 2016. This increase is after tax paid of 3.8 cents per share and 14.25 cents of fully franked dividends paid during the year. This performance measure shows the change in the value of the assets that belong to the shareholders over the 12-month period. Corporate tax (30%) and performance fees payable are the significant items of difference between the investment portfolio and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

3. Total shareholder return

This measure shows the return to shareholders being the change in share price together with dividends reinvested. The TSR for WAM Capital for the year to 30 June 2016 was 24.5%. The TSR was driven by WAM Capital's investment portfolio outperformance of 19.6% relative to the index and the continued increase in the share price premium to NTA. This measure does not value the potential benefit of franking credits.

Growth of a \$10,000 investment since inception



Investment portfolio

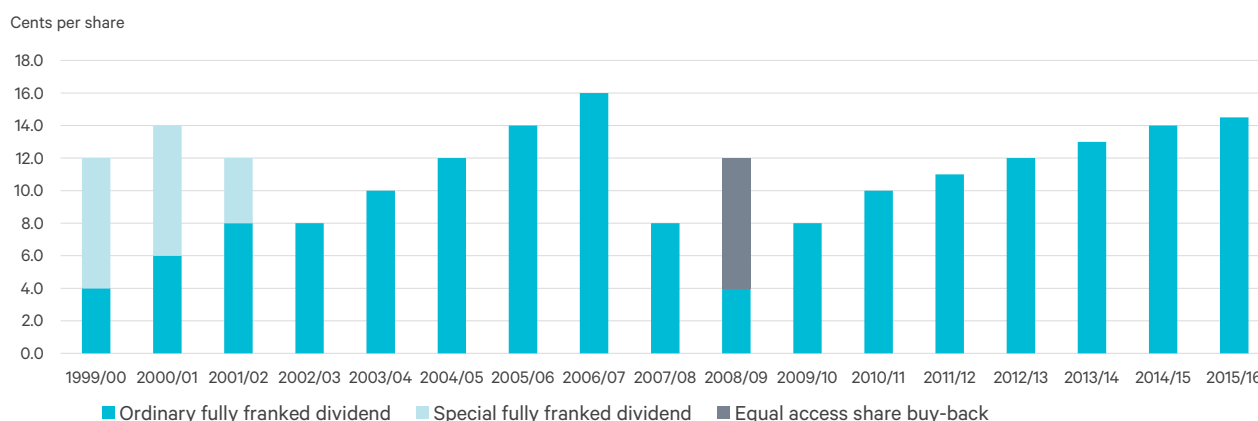
The investment portfolio performed strongly during the financial year even though it was conservatively structured with an average cash position of 34.5%. The best performing investments in FY2016 were Smartgroup Corporation Limited (SIQ), The A2 Milk Company Limited (A2M), IPH Limited (IPH), Mayne Pharma Group Limited (MYX) and Blackmores Limited (BKL). We believe investment opportunities will always be available, irrespective of the direction of the overall equity market.

Dividends

The Board declared a fully franked full year dividend of 14.5 cents per share, an increase of 3.6% on the previous year with the fully franked final dividend being 7.25 cents per share.

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will be operating at a 2.5% discount for the final dividend.

WAM Capital dividends since inception



Capital management

During the year, WAM Capital raised a total of \$25.1 million through a DRP shortfall placement to wholesale investors. The proceeds from the placement have been invested in accordance with WAM Capital's disciplined investment process.

Since year end, WAM Capital completed a Share Purchase Plan (SPP) and placement, which raised a combined \$247.5 million driven by strong demand from WAM Capital shareholders. The SPP closed on 19 August 2016 after raising more than \$128.4 million. The placement was oversubscribed and raised \$119.1 million.

The capital raising initiatives were undertaken at a premium to the Company's NTA and increased the NTA accordingly. WAM Capital's growth will deliver benefits to all shareholders. As the Company's NTA per share increases, on-market liquidity for the shares has also increased, along with the Company's relevance in the market. These factors improve the prospect of broker and research coverage and additional interest from financial planners.

Equity market outlook

We are cautious about the direction of the equity market in the 2017 financial year. The recent reporting season provided mixed results, pointing to the negative effects of the extended federal election and difficult trading conditions. Looking forward, many companies provided guarded outlook statements.

Record low global interest rates have driven asset values to unsustainably high levels. We are wary of the impact a change in the current 'easy money' policy will have on equity valuations.

Against these conditions, the Australian economy is beginning to show some signs of strength, with gross domestic product numbers released in September pointing to year-on-year growth rate of 3.3%, the strongest growth rate in four years.

Despite the mixed outlook, we continue to find investment opportunities and our current cash weightings ensure we are well positioned to seize opportunities as and when they arise.

Company outlook

WAM Capital enters the 2017 financial year with a conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach. The Company will continue to seek opportunities irrespective of market conditions, having achieved market outperformance through various market cycles.

Public policy and advocacy – fairness in capital raisings

Wilson Asset Management continues to engage in public policy discussions and advocate on behalf of all shareholders regarding issues of importance. Wilson Asset Management recently made a submission to the Australian Securities Exchange (ASX) in response to proposed changes to its admission requirements for listed entities. Proposed changes set out in the ASX's public consultation paper, included amendments to the listing rules that whereby only shareholders with at least \$5,000 of shares (up from \$2,000) would be counted towards the 'spread test' admission requirement.

We recommended the ASX retain the current \$2,000 minimum threshold as, in our view, initial public offerings (IPOs) with a minimum subscription amount of \$5,000 would deter retail investors and act as a barrier to entering the share market. Our submission also made recommendations relating to proposed changes to the market capitalisation assets test and the planned introduction of a formal free float test. Over coming months we will monitor the ASX's public consultation process regarding the proposed changes and engage in the public debate.

Shareholder engagement and communication

Shareholders are the owners of WAM Capital. That's why we encourage all shareholders to meet with us, and utilise our proactive approach to keeping them informed about WAM Capital. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer
- Regular investment news and market insights
- Monthly investment updates
- Annual and half yearly profits announcements
- Semi-annual shareholder briefings across all major Australian cities
- Our website www.wilsonassetmanagement.com.au.

WAM Capital shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful communications and welcome all feedback on how we can improve our communication and engagement with shareholders – please contact our Head of Corporate Affairs, James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support.



Geoff Wilson
Chairman

Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs twenty one staff. The investment team comprises seven highly experienced professionals with almost 100 years of combined investment experience and a total focus on managing money.

As an investment manager, our natural purpose is to safeguard the financial futures of our shareholders. Our passion and dedication makes us different. We're also deeply committed to investing our time and resources to empower positive change in the community.

To find the best opportunities, we created our own.

We take great pride in managing four LICs and more than \$2 billion in shareholder capital. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, Australia's first philanthropic wealth creation vehicles with the dual purpose of creating shareholder wealth and investing in our future generation.

WAM Capital has an investment management agreement with Wilson Asset Management. For WAM Capital shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Full franked dividends. Our LICs have a proven track record of paying fully franked dividends.

Strong performance. We offer a strong track record of performance based on our rigorous research-driven and market-driven investment processes.

Deep diversification. Our LICs hold small positions in many companies, providing shareholders with diversified exposure to opportunities.

Risk-adjusted returns. Our flexible investment mandate allows above average cash holdings and strong, risk-adjusted returns.

Experienced experts. With almost 100 years' combined experience in the Australian equity market, our investment team lives and breathes financial markets.

Full market access. We hold over 1,500 company meetings each year, and our knowledge of and extensive network in the market continually provides valuable intelligence and investment opportunities.

Superior structures. LICs provide a stable, closed-ended pool of capital, allowing a total focus on managing money.

Total transparency. We value shareholder engagement and our LICs adhere to strict corporate governance requirements.

Objectives and investment process

Investment objectives

The investment objectives of WAM Capital are to:

- deliver investors a rising stream of fully franked dividends;
- provide capital growth;
- preserve capital of the Company.

Our unique approach to investing.

WAM Capital provides investors with access to Wilson Asset Management's two distinctive processes:

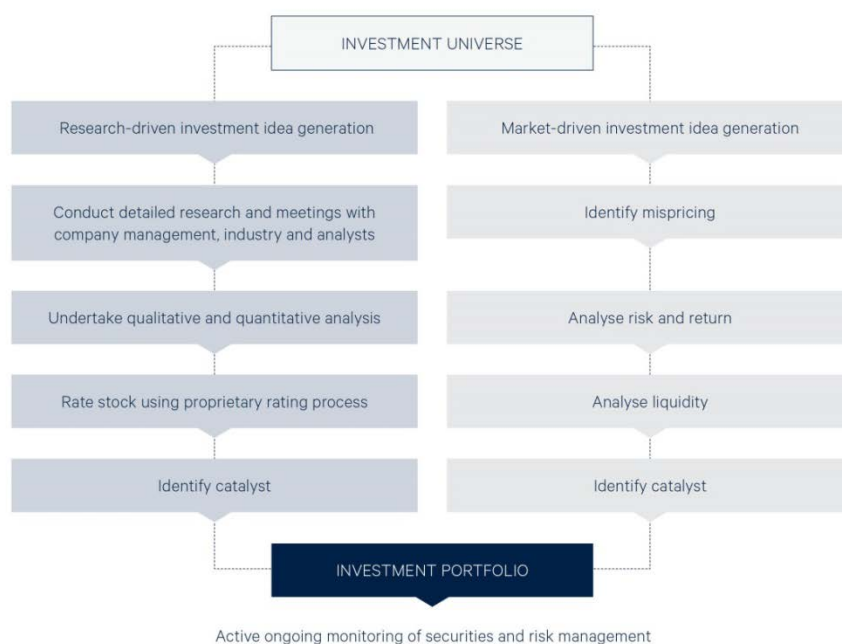
- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect will change the market's valuation of the company.

Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.



Corporate governance statement

The Board is committed to the Company operating effectively and in the best interests of shareholders. The Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) for the 2016 financial year, subject to the exceptions noted below.

Lay solid foundations for management and oversight (Recommendations: 1.1 to 1.7)

The Company has a Board but no full time employees. Subject at all times to any written guidelines issued by the Board of Directors of WAM Capital, the day-to-day management and investment of funds is carried out by Wilson Asset Management (International) Pty Limited (the Manager) pursuant to a management agreement. Consequently, there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives or for a diversity policy under Recommendations 1.1, 1.3, 1.5 and 1.7.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company. This includes:

- overseeing and monitoring the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports and generally various other communications to the ASX and shareholders that the Board deems material; and
- setting appropriate business standards and codes for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board aims to act in a manner designed to create and build sustainable value for shareholders.

Each Director has undergone background and other checks before appointment. The Board ensures that security holders are provided in advance with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term in office are detailed in the Directors' Report.

The Board comprises experienced Company directors who have each received a formal letter of engagement and who are fully aware of the terms of their appointment including their roles and responsibilities.

The Board has appointed an experienced Company Secretary who is directly accountable to the Board.

As the Company has no full time employees, a diversity policy has not been established under Recommendation 1.5. The Board's composition is reviewed on an annual basis. In the event a vacancy

arises, the Board will include diversity in its nomination process. Currently, the Board has one female officer being the Company Secretary, along with over 50% of the Manager's staff being women, including the CEO. The Company is not a relevant employer under the Workplace Gender Equality Act.

The performance of directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:

- review its Corporate Governance Charter annually; and
- perform an evaluation of the Board's performance at intervals considered appropriate.

The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. The Board will review its performance by discussion and by individual communication with the Chairman and by reference to generally accepted board performance standards. A copy of the Corporate Governance Charter can be found at the Corporate Governance section of the Company's website.

Structure the Board to add value (Recommendations: 2.1 to 2.6)

A nomination committee has not been formed under Recommendation 2.1. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity.

The Company supports the appointment of Directors who bring a wide range of business, investment and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider directors attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Annual Report.

The Board has the following four independent Directors:

- James Chirnside
- Paul Jensen
- Lindsay Mann
- Matthew Kidman

The majority of the Board are considered independent as per the criteria outlined in the Board of Directors Charter which includes the Company's criteria for independence of Directors, and can be found in the Corporate Governance section of the Company's website. The criteria are in accordance with ASX Corporate Governance Council's Principles.

The appointment dates of each Director are shown in the Directors' Report in the Annual Report.

The Chairman is not an independent Director. The Company believes that an independent Chairman, under Recommendation 2.5, does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, as is the case with this Company, it adds value to the Company and all shareholders' benefit. The Company does not employ a CEO consequently the Chairman is not the CEO of the entity.

Under the Board of Directors Charter, the performance of each Director was reviewed by the Chairman during the year and the Board undertook the annual review of the performance of the Chairman to ensure the Board's activities continue to be efficiently organised and conducted. At every Annual General Meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

Due to the fact that directors are chosen for their specialist knowledge of their sector, the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Act ethically and responsibly (Recommendations: 3.1)

The Company has established a Directors Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company. The Directors Code of Conduct can be found in the Corporate Governance section of the Company's website.

Safeguarding integrity in corporate reporting (Recommendations: 4.1 to 4.3)

The Company has formed an Audit & Risk Committee consisting of four Independent Directors.

The members of the Audit & Risk Committee are:

- James Chirnside Chairman, Independent director
- Paul Jensen Independent Director
- Matthew Kidman Independent Director
- Lindsay Mann Independent Director

The qualifications of those appointed to the Committee are detailed in the Directors' Report.

The Audit & Risk Committee Charter can be found in the Corporate Governance section of the Company's website.

The Committee formally reports to the Board after each meeting. Details of the number of meetings of the Audit & Risk Committee during the 2016 year are set out in the Directors' Report.

The Company's external audit is undertaken by Pitcher Partners and the audit engagement partner is required to be changed at regular intervals. Scott Whiddett, a partner of Pitcher Partners, is the partner responsible for the external audit of the Company for the 2016 financial year. As required by the Corporations Act, Scott is due for rotation at the end of the 30 June 2016 engagement.

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

The Company's external accountants, along with the Manager of the Company, provide written confirmations to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance

with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Make timely and balanced disclosure (Recommendations: 5.1)

The Company has established a continuous disclosure policy to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*. The policy aims to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way. The Continuous Disclosure Policy can be found in the Corporate Governance section of the Company's website.

Respect the rights of security holders (Recommendations: 6.1 to 6.4)

The Company's Corporate Governance Charter is available on the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, semi-annual shareholder presentations, ASX releases, general meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and
- encouraging shareholder participation at general meetings.

The Board encourages full participation of shareholders at the Annual General Meeting (AGM) to ensure a high level of accountability and identification with the Company's strategy. Shareholder information sessions are also held twice a year. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

The Communications Policy can be found in the Corporate Governance section of the Company's website.

The Company's registry, Boardroom Pty Limited, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at www.clientonline.com.au.

Recognise and manage risk (Recommendations: 7.1 to 7.4)

The Company has formed an Audit & Risk Committee consisting of four Independent Directors.

The members of the Audit & Risk Committee are:

- James Chirnside Chairman, Independent director
- Paul Jensen Independent Director
- Matthew Kidman Independent Director
- Lindsay Mann Independent Director

The qualifications of those appointed to the Committee and their attendance at Audit and Risk Committee meetings are detailed in the Directors' Report.

The Audit & Risk Committee Charter can be found in the Corporate Governance section of the Company's website.

The Company, in conjunction with the Manager, has an established enterprise risk management program in accordance with the International Risk Standard AS/NZS ISO 31000:2009. It also has an established internal control program based upon the principles set out in the Australian Compliance Standard AS 3806:2006.

This enterprise risk management program addresses the material business risks of the Company. Each identified risk is individually assessed in terms of the likelihood of the risk event occurring and the potential consequences in the event that the risk event was to occur. The CompliSpace Assurance software has been implemented through which material business risks and the mitigating controls can be monitored in real time. It also ensures transparency of data and ease of reporting to the Board on the performance of its enterprise risk and compliance programs.

The Manager has provided to the Board a report as to the overall effectiveness of the Company's management of its material business risks.

The Board has received assurance from the Director and Chief Executive Officer of the Manager that in their view:

- the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board requires the Manager to report annually on the operation of internal controls used to manage the Company's material business risk, reviews any external audit commentary in respect to internal controls and conducts any other investigations it requires in order to report on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

The Company does not have an internal audit function.

A summary of financial risks including market, credit, and liquidity are included in Note 16 in the Annual Report.

The Manager is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and outsourcing risk. The Company outsources its administrative functions to service providers: Wilson Asset Management (International) Pty Limited (investment management, accounting and compliance), RBC Investor Services (custody) and Boardroom Pty Limited (share registry) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures.

Remunerate fairly and responsibly (Recommendations: 8.1 to 8.3)

A Remuneration Committee has not been formed under Recommendation 8.1. The Board believes that such a committee would not serve to protect or enhance the interests of the shareholders. The Board as a whole considers the issue of remuneration.

The maximum total remuneration of the Directors of the Company has been set at \$180,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

All directors of WAM Capital are non-executive directors. Accordingly, the requirement under Recommendation 8.2 to distinguish the structure of the remuneration paid to executive and non-executive directors is not applicable to the Company.

No equity based remuneration is paid to Directors. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration.

The Chairman of WAM Capital Limited is the sole Director of Wilson Asset Management (International) Pty Limited and is further remunerated by that Company. Chris Stott is the Chief Investment Officer of Wilson Asset Management (International) Pty Limited and is remunerated by that Company. Further details are provided in the Directors' Report.

Directors' Report to shareholders for the year ended 30 June 2016

The Directors present their report together with the financial report of WAM Capital for the financial year ended 30 June 2016.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are: to deliver a rising stream of fully franked dividends; to provide capital growth; and to preserve capital. No change in this activity took place during the year or is likely in the future.

Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$132,259,344 (2015: \$71,203,601) and an operating profit after tax of \$97,994,040 (2015: \$53,988,609). The change in profit from 2015 is a result of the increased capital base and the change in value of the investment portfolio, which led to an increase in performance fees payable. The investment portfolio, while being on average 65.5% invested in equities rose 21.6%, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 2.0% for the year to 30 June 2016.

The total shareholder return for the financial year was 24.5%. This was driven by WAM Capital's investment portfolio outperformance of 19.6% relative to the index and the continued increase in the share price premium to NTA.

Under Accounting Standards, realised gains and losses on the investment portfolio and dividend income are added to or reduced by changes in the market value of the Company's investments. This can lead to large variations in reported profits. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA) per share and the fully franked dividends paid. The after tax NTA, adjusted for dividends, increased 12.6% for the 12 months to 30 June 2016. This increase is after tax paid of 3.8 cents per share.

The NTA after tax for each share as at 30 June 2016 amounted to \$1.86 per share (2015: \$1.78). The NTA before tax was \$1.92 per share (2015: \$1.82). These figures are after 14.25 cents in fully franked dividends paid to shareholders during the year (2015: 13.5 cents).

The Company achieved continued growth during the year increasing shareholders equity by 9.0% to \$878.7 million and total shareholder numbers by 17.7% to 20,430. This growth was achieved through the strong performance of the investment portfolio and the DRP shortfall placement in November 2015 that raised \$25.1 million.

Further information on the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company as at 30 June 2016 was \$878,749,246 (2015: \$806,499,635). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2016.

Dividends paid or recommended

Dividends paid or declared are as follows:

	\$
Fully franked FY2015 final dividend of 7.0 cents per share was paid on 30 October 2015	31,573,550
Fully franked FY2016 interim dividend of 7.25 cents per share was paid on 13 May 2016	33,930,526

Since year end the Board has declared a final dividend of 7.25 cents per share fully franked to be paid on 28 October 2016.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson
- Matthew Kidman
- Paul Jensen
- James Chirnside
- Lindsay Mann
- Chris Stott
- Kate Thorley (appointed 31 August 2016)

Information on Directors

Geoff Wilson (Chairman – Non-independent)

Experience and expertise

Geoff Wilson has over 36 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Geoff has been Chairman of the Company since March 1999.

Other current directorships

Geoff Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), Incubator Capital Limited

Geoff Wilson (Chairman – Non-independent) (cont'd)

(appointed February 2000), Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, the Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoff Wilson has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Matthew Kidman (Director – independent)

Experience and expertise

In 2015, Matthew Kidman became Principal and Portfolio Manager of Centennial Asset Management Pty Limited. Previously, Matthew worked as a Portfolio Manager at Wilson Asset Management (International) Pty Limited for 13 years between 1998 and 2011. Prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997 he was made Business Editor of the paper and was charged with the responsibility of company coverage. He has degrees in Law and Economics and a Graduate Diploma in Applied Finance.

Matthew Kidman has been a Director of the Company since March 1999.

Other current directorships

Matthew Kidman is currently Chairman of Watermark Market Neutral Fund Limited (appointed May 2013). He is a Director of WAM Active Limited (appointed July 2007), WAM Research Limited (appointed May 2002), Incubator Capital Limited (appointed February 2000) and Sandon Capital Investments Limited (appointed October 2013).

Former directorships in the last 3 years

Matthew Kidman is a former Director of Centrepoint Alliance Limited (February 2012 to November 2015).

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Matthew Kidman's interests in shares of the Company are included later in this report.

Interests in contracts

Matthew Kidman has no interests in contracts of the Company.

James Chirnside (Director – independent)

Experience and expertise

James Chirnside has been involved in financial markets for 32 years mainly as an equities fund manager across a broad range of sectors. James is currently Chairman and Managing Director of Dart Mining NL. Prior to this, James worked as a fund manager and proprietary metals trader in Sydney, Hong Kong, London, and Melbourne. Between 2002 and 2012, James ran equities fund manager Asia Pacific Asset Management. From 2000-2001, James worked for Challenger Financial Group in Sydney as a product manager responsible for hedge fund investments. During the 1990s James managed frontier and emerging market hedge funds in Hong Kong and London for Regent Fund Management (now London AIM listed Charlemagne Capital). Between 1988 and 1992 James ran a Proprietary trading book for County NatWest Investment Bank, based in London.

James Chirnside has been a Director of the Company since February 2003.

Other current directorships

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005), Mercantile Investment Company Limited (appointed November 2010), Ask Funding Limited (appointed September 2015) and Dart Mining NL (appointed June 2015).

Former directorships in the last 3 years

James Chirnside has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Chairman of the Audit & Risk Committee.

Interests in shares of the Company

Details of James Chirnside's interests in shares of the Company are included later in the report.

Interests in contracts

James Chirnside has no interests in contracts of the Company.

Paul Jensen (Director – independent)

Experience and expertise

Paul Jensen is a Fellow of the Australian Institute of Company Directors and holds a Bachelor degree in Accounting and Commercial Law. Paul is a professional non-executive director and business adviser. Paul has over 25 years of international experience in finance, investment management and banking, with specific expertise in strategy formation, governance and financial performance. He has held senior executive positions in New Zealand, United Kingdom and Australia.

Paul Jensen has been a Director of the Company since June 2004.

Paul Jensen (Director – independent) (cont'd)

Other current directorships

Paul Jensen is a Director of Sandon Capital Investments Limited (appointed October 2013), Future Generation Investment Fund Limited (appointed July 2014), Hunter Hall Global Value Limited (appointed October 2015) and is Chairman of not for profit Watarrka Foundation Limited (appointed July 2014).

Former directorships in the last 3 years

Paul Jensen is a former Director of Murchison Metals Limited (November 2012 to July 2014), RHG Limited (April 2011 to January 2014), DirectMoney Marketplace Pty Limited (2015) and Foodco Group Pty Limited (September 2013 to 2016).

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Paul Jensen's interests in shares of the Company are included later in this report.

Interests in contracts

Paul Jensen has no interests in contracts of the Company.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 40 years financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the Australian Institute of Company Directors.

Lindsay Mann has been a Director of the Company since December 2012.

Other current directorships

Lindsay Mann is currently an independent non-executive director of UCA Funds Management Limited and a non-executive Director of WAM Leaders Limited (appointed March 2016).

Former directorships in the last 3 years

Lindsay Mann is a former Director of Lionport Asia Fund.

Interests in shares of the Company

Details of Lindsay Mann's interests in shares of the Company are included later in this report.

Interests in contracts

Lindsay Mann has no interests in contracts of the Company.

Chris Stott (Director – Non-independent)

Experience and expertise

Chris Stott has more than 13 years' experience in the funds management industry. Chris is the Chief Investment Officer of Wilson Asset Management, having joined the company in 2006. Chris was previously employed with Challenger Financial Services Group in various research roles specialising in Australian equities. He holds a Bachelor of Business from the University of Technology, Sydney and a Graduate Diploma in Applied Finance and Investment. He is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Chris Stott has been a Director of the Company since May 2015.

Other current directorships

Chris Stott is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014) and WAM Leaders Limited (appointed March 2016).

Former directorships in the last 3 years

Chris Stott has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

None

Interests in shares of the Company

Details of Chris Stott's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Chris Stott's interests in contracts of the Company are included later in this report

Kate Thorley (Director – Non-independent/Company Secretary)

Experience and expertise

Kate Thorley has over 10 years' experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Active Limited, WAM Research Limited, Future Generation Investment Company Limited, WAM Leaders Limited and is a non-executive Director of Sandon Capital Opportunities Pty Limited. Kate is also the Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CPA. She is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Kate has been a Director of the Company since 31 August 2016 and Company Secretary since October 2008.

Other current directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015) and WAM Leaders Limited (appointed March 2016).

Kate Thorley (Director – Non-independent/Company Secretary) (cont'd)

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Company Secretary

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Kate Thorley's interests in contracts of the Company are included later in this report

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Capital.

a) Remuneration of Directors

All Directors of WAM Capital are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$180,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2016:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Matthew Kidman	Director	36,530	3,470	40,000
James Chirnside	Director	36,530	3,470	40,000
Paul Jensen	Director	18,265	21,735	40,000
Lindsay Mann	Director	36,530	3,470	40,000
Chris Stott	Director	9,132	868	10,000
		146,119	33,881	180,000

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2016 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Remuneration Report (Audited) (cont'd)

The following table reflects the Company's performance and Directors' remuneration over five years:

	2016	2015	2014	2013	2012
Operating profit after tax (\$)	97,994,040	53,988,609	68,281,401	44,218,171	4,307,262
Dividends (cents per share)	14.5	14.0	13.0	12.0	11.0
After tax net tangible asset (\$ per share)	1.86	1.78	1.75	1.66	1.56
Total Directors' remuneration (\$)	180,000	170,000	170,000	115,000	100,000
Shareholder's equity (\$)	878,749,246	806,499,635	596,254,418	486,738,757	167,219,826

As outlined above, Directors' fees are not directly linked to the Company's performance.

b) Director related entities remuneration

All transactions with related entities were made on normal commercial terms and conditions and at market rates.

Wilson Asset Management (International) Pty Limited is a Director associated entity and has been appointed to manage the investment portfolio of WAM Capital. Wilson Asset Management (International) Pty Limited operates a funds management business. In its capacity as Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$9,930,647 inclusive of GST (2015: \$7,704,472). As at 30 June 2016 the balance payable to the Manager was \$858,212 (2015: \$2,305,291).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. For the year ended 30 June 2016, a performance fee of \$32,335,391 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2015: \$11,028,731).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and Company Secretarial services on commercial terms. For the financial year 2016, the accounting services amounted to \$38,500 inclusive of GST (2015: \$38,500) and the Company Secretarial services amounted to \$16,500 inclusive of GST (2015: \$15,000 GST free).

These amounts are in addition to the Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Remuneration Report (Audited) (cont'd)

c) Remuneration of executives

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the investment manager of the Company, remunerated Geoff Wilson, Chris Stott and Kate Thorley as employees and/or as a Director of the Company during the financial year. The Manager is appointed to also provide day-to-day management of the Company and is remunerated as outlined above.

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares
Geoff Wilson	245,285
Matthew Kidman	316,062
Paul Jensen	176,826
James Chirnside	30,793
Lindsay Mann	93,880
Chris Stott	53,727
Kate Thorley	45,702

Directors and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

For further details, please refer to Note 21 of the financial statements.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	5	5
Matthew Kidman	5	5
Paul Jensen	5	5
James Chirnside	5	5
Lindsay Mann	5	4
Chris Stott	5	5
Kate Thorley (appointed 31 August 2016)	-	-

Audit & Risk Committee meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate governance statement on pages 14 to 15 of the Annual Report.

Director	No. eligible to attend	Attended
Matthew Kidman	4	4
Paul Jensen	4	4
James Chirnside	4	4
Lindsay Mann	4	3

After balance date events

Since year end, the Company declared a final dividend of 7.25 cents per share fully franked to be paid on 28 October 2016.

On 22 August 2016, the Company completed a share purchase plan (SPP) and placement, which raised a combined \$247.5 million. The SPP closed on 19 August 2016 after raising more than \$128.4 million (59,999,057 shares issued). The placement was oversubscribed and raised \$119.1 million (55,660,842 shares issued). As at the date of this report, there were 587,174,458 shares on issue.

On 31 August 2016, the Board announced the appointment of Ms Kate Thorley as non-executive Director. Ms Thorley will stand for election by shareholders at the Company's 2016 Annual General Meeting to be held on 23 November 2016.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation services to the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditory independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 29 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson
Chairman

Dated in Sydney this 30th day of September 2016

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WAM CAPITAL LIMITED
ABN 34 086 587 395**

In relation to the independent audit for the year ended 30 June 2016, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of WAM Capital Limited.



S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

30 September 2016

Statement of comprehensive income for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Net realised and unrealised gains on financial assets		142,946,690	63,845,127
Other revenue from operating activities	2	34,316,102	29,263,050
Management fees		(9,253,555)	(7,179,167)
Performance fees		(30,130,705)	(10,276,772)
Directors fees		(180,000)	(170,000)
Brokerage expense on share purchases		(4,122,592)	(2,999,238)
Expenses paid on borrowed stock		(384,248)	(520,895)
Custody fees		(95,782)	(121,275)
ASX listing and chess fees		(187,095)	(174,507)
Share registry fees		(204,978)	(203,858)
Disbursements, mailing and printing		(168,869)	(108,943)
Legal fees		(53,732)	(12,651)
Payroll tax		(51,600)	-
Other expenses from ordinary activities		(170,292)	(137,270)
Profit before income tax		132,259,344	71,203,601
Income tax expense	3(a)	(34,265,304)	(17,214,992)
Profit attributable to members of the Company		97,994,040	53,988,609
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		97,994,040	53,988,609
Basic earnings per share	15	21.17 cents	14.35 cents
Diluted earnings per share	15	21.17 cents	14.35 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Cash and cash equivalents	13	290,991,754	321,673,812
Trade and other receivables	6	82,302,938	30,799,518
Financial assets	7	598,828,104	504,052,029
Deferred tax assets	3(b)	1,833,204	6,911,458
Total assets		973,956,000	863,436,817
Liabilities			
Trade and other payables	9	55,065,844	33,369,940
Financial liabilities	8	11,504,217	2,965,523
Current tax liabilities	3(c)	18,251,214	2,983,418
Deferred tax liabilities	3(d)	10,385,479	17,618,301
Total liabilities		95,206,754	56,937,182
Net assets		878,749,246	806,499,635
Equity			
Issued capital	10	784,687,748	744,928,101
Reserves	11	121,681,496	89,191,532
Accumulated losses	12	(27,619,998)	(27,619,998)
Total equity		878,749,246	806,499,635

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2016

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2014		535,227,164	(15,713,550)	76,740,804	596,254,418
Profit for the year		-	53,988,609	-	53,988,609
Transfer to profits reserve		-	(65,895,057)	65,895,057	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	10(b)	12,899,864	-	-	12,899,864
Shares issued via DRP underwriting agreement	10(b)	3,522,659	-	-	3,522,659
Shares issued via share purchase plan	10(b)	103,302,753	-	-	103,302,753
Shares issued via placement	10(b)	90,136,000	-	-	90,136,000
Capitalised share issue costs	10(b)	(160,339)	-	-	(160,339)
Dividends paid	4(a)	-	-	(53,444,329)	(53,444,329)
Balance at 30 June 2015		744,928,101	(27,619,998)	89,191,532	806,499,635
Profit for the year		-	97,994,040	-	97,994,040
Transfer to profits reserve		-	(97,994,040)	97,994,040	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	10(b)	14,809,705	-	-	14,809,705
Shares issued via DRP shortfall placement	10(b)	25,135,899	-	-	25,135,899
Capitalised share issue costs	10(b)	(185,957)	-	-	(185,957)
Dividends paid	4(a)	-	-	(65,504,076)	(65,504,076)
Balance at 30 June 2016		784,687,748	(27,619,998)	121,681,496	878,749,246

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Proceeds from sale of investments		1,992,238,283	1,375,894,313
Payments for purchase of investments		(1,979,661,302)	(1,447,997,997)
Dividends received		18,511,030	17,869,056
Interest received		7,785,747	8,595,285
Other investment income received		4,112,520	2,647,934
Management fee (GST inclusive)		(11,377,724)	(5,960,978)
Performance fee (GST inclusive)		(11,028,731)	(1,983,020)
Brokerage expense on share purchases (GST inclusive)		(4,421,405)	(3,217,758)
Payments for administration expenses (GST inclusive)		(1,366,479)	(1,551,770)
Income tax paid		(21,072,380)	(17,742,714)
GST on brokerage expense on share sales		(271,880)	(211,033)
Net GST received from ATO		1,694,388	1,064,598
Net cash used in operating activities	14	(4,857,933)	(72,594,084)
Cash flows from financing activities			
Proceeds from issue of shares		25,135,899	196,961,412
Dividends paid – net of reinvestment		(50,694,371)	(40,544,465)
Payments for issue of shares		(265,653)	(229,056)
Net cash (used in)/provided by financing activities		(25,824,125)	156,187,891
Net (decrease)/increase in cash and cash equivalents held		(30,682,058)	83,593,807
Cash and cash equivalents at beginning of financial year		321,673,812	238,080,005
Cash and cash equivalents at end of financial year	13	290,991,754	321,673,812

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2016

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Capital Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 30 September 2016 by the Board of Directors.

WAM Capital Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

1. Summary of significant accounting policies (cont'd)

a) Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1. Summary of significant accounting policies (cont'd)

b) Income tax (cont'd)

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within four months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Summary of significant accounting policies (cont'd)

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2016. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to adopt any of the new and amended pronouncements. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

2. Other revenue

	2016 \$	2015 \$
Australian sourced dividends	24,751,742	17,790,051
Interest	7,576,300	8,324,890
Trust distributions	1,697,653	2,806,174
Underwriting fees	240,144	299,537
Foreign sourced dividends	50,263	42,398
	34,316,102	29,263,050

3. Income tax

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2016 \$	2015 \$
Prima facie tax on profit before income tax at 30% (2015: 30%)	39,677,803	21,361,081
Imputation credit gross up	1,838,172	1,765,784
Foreign income tax offset gross up	2,661	4,586
Franking credit offset	(6,127,240)	(5,885,947)
Foreign income tax offset	(8,871)	(15,286)
Other non-assessable items [*]	(1,117,221)	(15,226)
	34,265,304	17,214,992
[*] Other non-assessable items relate to timing differences on dividends receivable.		
Effective tax rate	25.9%	24.2%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income and the utilisation of carried forward tax losses.

Total income tax expense results in a:

Current tax liability	41,413,894	13,564,988
Deferred tax liability	(7,232,822)	3,565,590
Deferred tax asset	84,232	84,414
	34,265,304	17,214,992

3. Income tax (cont'd)

b) Deferred tax assets

	2016 \$	2015 \$
Tax losses	1,672,969	6,746,687
Accruals	7,673	9,851
Capitalised costs	152,562	154,920
	1,833,204	6,911,458
Movement in deferred tax assets		
Balance at the beginning of the period	6,911,458	9,146,304
Recoupment of tax losses	(5,073,718)	(2,219,149)
Credited to the Statement of comprehensive income	(84,232)	(84,414)
Capitalised share issue costs	79,696	68,717
At reporting date	1,833,204	6,911,458

c) Current tax liabilities

	2016 \$	2015 \$
Balance at the beginning of the year	2,983,418	9,380,293
Current year income tax on operating profit	41,413,894	13,564,988
Recoupment of tax losses	(5,073,718)	(2,219,149)
Net income tax paid	(21,072,380)	(17,742,714)
At reporting date	18,251,214	2,983,418

d) Deferred tax liabilities

	2016 \$	2015 \$
Fair value adjustments	10,385,479	17,618,301
	10,385,479	17,618,301
Movement in deferred tax liabilities		
Balance at the beginning of the year	17,618,301	14,052,711
Credited to the Statement of Comprehensive Income	(7,232,822)	3,565,590
At reporting date	10,385,479	17,618,301

4. Dividends

a) Ordinary dividends paid during the year

	2016 \$	2015 \$
Final dividend FY2015: 7.0 cents per share fully franked at 30% tax rate paid 30 October 2015 (Final dividend FY2014: 6.5 cents per share fully franked)	31,573,550	22,139,274
Interim dividend FY2016: 7.25 cents per share fully franked at 30% tax rate paid 13 May 2016 (Interim dividend FY2015: 7.0 cents per share fully franked)	33,930,526	31,305,055
	65,504,076	53,444,329

b) Dividends not recognised at year end

	2016 \$	2015 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 7.25 cents per share fully franked dividend which has not been recognised as a liability at the end of the financial year:	34,184,806	31,573,550

c) Dividend franking account

	2016 \$	2015 \$
Balance of franking account at year end	429,043	1,302,596
Adjusted for franking credits arising from: - Estimated income tax payable	18,251,214	2,983,418
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	(14,650,631)	(13,531,521)
	4,029,626	(9,245,507)

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$10,385,479 (2015: \$17,618,301).

5. Auditor's remuneration

	2016 \$	2015 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	44,210	43,681
Other assurance services	-	3,335
Other services provided by a related practice of the auditor:		
Taxation services	7,480	7,260
Other non-assurance services	3,300	-
	54,990	54,276

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2016 \$	2015 \$
Outstanding settlements	73,404,595	27,626,284
Income receivable	6,035,097	2,128,291
GST receivable	2,863,246	1,044,943
	82,302,938	30,799,518

Outstanding settlements are on the terms of operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Income receivable relates to interest, sub-underwriting fees, dividend and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2016 \$	2015 \$
Listed investments at fair value	593,217,144	501,420,860
Unlisted investments at fair value	5,610,960	2,631,169
	598,828,104	504,052,029

The majority of unlisted investments held at the end of the current and previous financial year relate to Initial Public Offerings that have listed on the Australian Securities Exchange since year end. The market values of individual investments held at the end of the reporting period are disclosed on pages 59 to 63 of the Annual Report.

8. Financial liabilities

	2016 \$	2015 \$
Borrowed stock	11,504,217	2,965,523

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the net asset value of the Company as outlined in the Management Agreement.

9. Trade and other payables

	2016 \$	2015 \$
Outstanding settlements	21,513,270	19,867,286
Management fee payable	858,212	2,305,291
Performance fee payable	32,335,391	11,028,731
Sundry payables	358,971	168,632
	55,065,844	33,369,940

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

10. Issued capital**a) Paid-up capital**

	2016 \$	2015 \$
471,514,559 ordinary shares fully paid (2015: 451,050,715)	784,687,748	744,928,101

b) Ordinary shares

	2016 \$	2015 \$
Balance at the beginning of the year	744,928,101	535,227,164
3,855,003 ordinary shares issued on 30 October 2015 under a dividend reinvestment plan	7,396,301	-
13,101,167 ordinary shares issued on 3 November 2015 under a dividend reinvestment plan shortfall placement	25,135,899	-
3,507,674 ordinary shares issued on 13 May 2016 under a dividend reinvestment plan	7,413,404	-
Share issue costs (net of tax)	(185,957)	-
2,937,687 ordinary shares issued on 17 October 2014 under a dividend reinvestment plan	-	5,553,072
1,863,545 ordinary shares issued on 23 October 2014 under a dividend reinvestment plan underwriting agreement	-	3,522,659
54,369,870 ordinary shares issued from the share purchase plan on 13 March 2015	-	103,302,753
47,440,000 ordinary shares issued from the placement on 13 March 2015	-	90,136,000
3,835,644 ordinary shares issued on 30 April 2015 under a dividend reinvestment plan	-	7,346,792
Share issue costs (net of tax)	-	(160,339)
At reporting date	784,687,748	744,928,101

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

10. Issued capital (cont'd)

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

11. Reserves

	2016 \$	2015 \$
Profits reserve	121,681,496	89,191,532

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2016 \$	2015 \$
Movement in profits reserve		
Balance at the beginning of the year	89,191,532	76,740,804
Transfer of profits during the period	97,994,040	65,895,057
Final dividend paid (refer to note 4a)	(31,573,550)	(22,139,274)
Interim dividend paid (refer to note 4a)	(33,930,526)	(31,305,055)
At reporting date	121,681,496	89,191,532

12. Accumulated losses

	2016 \$	2015 \$
Balance at the beginning of the year	(27,619,998)	(15,713,550)
Profit for the year attributable to members of the Company	97,994,040	53,988,609
Transfer to profits reserve	(97,994,040)	(65,895,057)
At reporting date	(27,619,998)	(27,619,998)

13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2016 \$	2015 \$
Cash at bank	147,502,907	713,274
Cash held at call	80	187,396,429
Term deposits	143,488,767	133,564,109
	290,991,754	321,673,812

The weighted average interest rate for cash and term deposits as at 30 June 2016 is 2.16% (2015: 2.68%). The term deposits have an average maturity of 69 days (2015: 127 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating. The term deposits include the cash collateral for the borrowed stock (refer Note 8).

14. Cash flow information

	2016 \$	2015 \$
Reconciliation of profit after tax to cash flow from operations:		
Profit after income tax	97,994,040	53,988,609
Fair value gains on financial assets	(86,237,381)	(120,406,246)
Changes in assets and liabilities:		
Increase in receivables	(51,503,420)	(14,287,394)
Decrease in deferred tax assets	5,157,950	2,303,563
Increase in payables	21,695,904	8,638,669
Increase/(decrease) in current tax liabilities	15,267,796	(6,396,875)
(Decrease)/increase in deferred tax liabilities	(7,232,822)	3,565,590
Cash flow from operating activities	(4,857,933)	(72,594,084)

15. Earnings per share

	2016 Cents per share	2015 Cents per share
Basic earnings per share	21.17	14.35

	2016 \$	2015 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	97,994,040	53,988,609

	2016 No.	2015 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	462,955,615	376,328,667

There are no outstanding securities that are potentially dilutive in nature for the Company.

16. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks from the previous period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis the investment team meet weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk.

16. Financial risk management (cont'd)

a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short term rating of A-1+ and long term rating of AA-. Also the majority of maturities are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be on from time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore the assets of the Company are largely in the form of tradable securities which, if liquidity is available, can be sold on market when, and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2016	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	55,065,844	55,065,844
Financial liabilities	-	11,504,217	11,504,217
Total	-	66,570,061	66,570,061

30 June 2015	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	33,369,940	33,369,940
Financial liabilities	-	2,965,523	2,965,523
Total	-	36,335,463	36,335,463

16. Financial risk management (cont'd)

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within five months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2016	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	2.16%	290,991,754	-	290,991,754
Trade and other receivables		-	82,302,938	82,302,938
Financial assets		-	598,828,104	598,828,104
Total		290,991,754	681,131,042	972,122,796
Liabilities				
Trade and other payables		-	55,065,844	55,065,844
Financial liabilities		-	11,504,217	11,504,217
Total		-	66,570,061	66,570,061

16. Financial risk management (cont'd)**c) Market risk (cont'd)****(i) Interest rate risk (cont'd)**

30 June 2015	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	2.68%	321,673,812	-	321,673,812
Trade and other receivables		-	30,799,518	30,799,518
Financial assets		-	504,052,029	504,052,029
Total		321,673,812	534,851,547	856,525,359
Liabilities				
Trade and other payables		-	33,369,940	33,369,940
Financial liabilities		-	2,965,523	2,965,523
Total		-	36,335,463	36,335,463

(ii) Other price risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a daily basis. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

16. Financial risk management (cont'd)**c) Market risk (cont'd)****(ii) Other price risk (cont'd)**

The Company's industry sector weighting of the gross assets as at 30 June 2016 is as below:

Industry sector	2016 %	2015 %
Financials	21.5	19.6
Consumer Discretionary	17.3	16.5
Industrials	10.7	12.0
Health Care	7.0	3.9
Information Technology	4.4	3.5
Telecommunication Services	1.9	1.7
Utilities	1.0	1.4
Consumer Staples	-	1.5
Materials	-	0.4
Total	63.8%	60.5%

There were no securities representing over 5 per cent of the gross assets of the Company at 30 June 2016 (2015: nil).

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 63.8% (2015: 60.5%) of gross assets at year end. A 5.0% movement in the market value of each of the investments within the investment portfolio would result in a 3.2% (2015: 3.0%) movement in the net assets after tax. This would result in the 30 June 2016 net asset backing after tax moving by 5.9 cents per share (2015: 5.4 cents per share).

16. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

The majority of the investments included in Level 2 of the hierarchy for the current and previous financial year include amounts in relation to Initial Public Offerings and Placements. These investments have not listed on the Australian Securities Exchange at the end of the reporting period and therefore represent investments in an inactive market. In valuing these unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offers. The remaining investments included in Level 2 of the hierarchy are unlisted securities which have been valued using techniques such as comparisons to similar investments for which market observable prices are available or the last sale price have been adopted to determine the fair value of these investments.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2016				
Financial assets	593,217,144	5,610,960	-	598,828,104
Financial liabilities	(11,504,217)	-	-	(11,504,217)
Total	581,712,927	5,610,960	-	587,323,887
30 June 2015				
Financial assets	501,420,860	2,631,169	-	504,052,029
Financial liabilities	(2,965,523)	-	-	(2,965,523)
Total	498,455,337	2,631,169	-	501,086,506

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 6,689 (2015: 5,491). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$7,887,815 (2015: \$5,907,726).

18. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable business or geographic segments.

19. Capital commitments

There were no capital commitments entered into by the Company before year end which settle after year end (2015: nil).

20. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2016 (2015: nil).

21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson Chairman
- Matthew Kidman Director
- Paul Jensen Director
- James Chirnside Director
- Lindsay Mann Director
- Chris Stott Director

a) Remuneration

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Manager of the Company, remunerated Geoff Wilson and Chris Stott as an employee and/or Director of the Manager during the financial year to 30 June 2016.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 24, as permitted by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2016	146,119	33,881	180,000
Total Directors remuneration paid by the Company for the year ended 30 June 2015	147,820	22,180	170,000

21. Key management personnel compensation (cont'd)**b) Share holdings**

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

30 June 2016 Ordinary shares held Directors	Balance at 30 June 2015	Acquisitions	Disposals	Balance at 30 June 2016
Geoff Wilson	3,334,978	-	3,096,702	238,276
Matthew Kidman	294,823	21,239	-	316,062
Paul Jensen	159,572	900	-	160,472
James Chirnside	30,793	-	-	30,793
Lindsay Mann	93,880	-	-	93,880
Chris Stott	41,611	5,107	-	46,718
	3,955,657	27,246	3,096,702	886,201

30 June 2015 Ordinary shares held Directors	Balance at 30 June 2014	Acquisitions/Balance held on appointment	Disposals	Balance at 30 June 2015
Geoff Wilson	3,412,902	31,576	109,500	3,334,978
Matthew Kidman	274,973	19,850	-	294,823
Paul Jensen	155,083	4,489	-	159,572
James Chirnside	30,793	-	-	30,793
Lindsay Mann	85,986	7,894	-	93,880
Chris Stott	-	41,611	-	41,611
	3,959,737	105,420	109,500	3,955,657

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

22. Related party transactions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

Wilson Asset Management (International) Pty Limited is a Director associated entity and has a Investment Management Agreement since listing to manage the investment portfolio of WAM Capital Limited. Wilson Asset Management (International) Pty Limited operates a funds management business. In its capacity as Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$9,930,647 inclusive of GST (2015: \$7,704,472). At 30 June 2016, the balance payable to the Manager in relation to the management fees was \$858,212 inclusive of GST (2015: \$2,305,291).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. At 30 June 2016, the balance payable to the Manager in relation to the performance fee was \$32,335,391 inclusive of GST (2015: \$11,028,731).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and Company Secretarial services on commercial terms. For the financial year 2016, the accounting services amounted to \$38,500 inclusive of GST (2015: \$38,500) and the Company Secretarial services amounted to \$16,500 inclusive of GST (2015: \$15,000 GST free).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

23. Events subsequent to reporting date

Since year end the Directors declared a final dividend of 7.25 cents per share fully franked to be paid on 28 October 2016.

On 22 August 2016, the Company completed a share purchase plan (SPP) and placement, which raised a combined \$247.5 million. The SPP closed on 19 August 2016 after raising more than \$128.4 million (59,999,057 shares issued). The placement was oversubscribed and raised \$119.1 million (55,660,842 shares issued). As at the date of this report, there were 587,174,458 shares on issue.

On 31 August 2016, the Board announced the appointment of Ms Kate Thorley as non-executive Director. Ms Thorley will stand for election by shareholders at the Company's 2016 Annual General Meeting to be held on 23 November 2016.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Capital Limited declare that:

- 1) The financial statements as set out in pages 30 to 55 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 24 to 26, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Manager, Wilson Asset Management (International) Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors



Geoff Wilson
Chairman

Dated in Sydney this 30th day of September 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAM CAPITAL LIMITED
ABN 34 086 587 395**

Report on the Financial Report

We have audited the accompanying financial report of WAM Capital Limited, which comprises the financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of WAM Capital Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAM CAPITAL LIMITED
ABN 34 086 587 395**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- a) the financial report of WAM Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 26 of the directors' report for the year ended 30 June 2016. The directors of WAM Capital Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of WAM Capital Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



S M WHIDDETT
Partner

30 September 2016



PITCHER PARTNERS
Sydney

Investments at market value as at 30 June 2016

Company Name	Code	Market Value \$	% of Gross Assets
Financials			
Hunter Hall Global Value Limited	HHV	35,923,281	3.8%
Century Australia Investments Limited	CYA	18,270,121	1.9%
Eclipx Group Limited	ECX	14,815,727	1.5%
Steadfast Group Limited	SDF	13,440,669	1.4%
AMP Capital China Growth Fund	AGF	12,905,278	1.4%
Templeton Global Growth Fund Limited	TGG	9,667,625	1.0%
PSC Insurance Group Limited	PSI	9,637,430	1.0%
ClearView Wealth Limited	CVW	7,018,289	0.7%
Astro Japan Property Group Limited	AJA	6,479,049	0.7%
Westoz Investment Company Limited	WIC	6,411,696	0.7%
AUB Group Limited	AUB	6,229,316	0.7%
Afterpay Holdings Limited	AFY	5,247,710	0.6%
IPE Limited	IPE	4,956,265	0.5%
Clime Investment Management Limited	CIW	4,418,759	0.5%
Aspen Group Limited	APZ	4,414,888	0.5%
Galileo Japan Trust	GJT	4,218,343	0.4%
Keybridge Capital Limited	KBC	3,678,736	0.4%
Servcorp Limited	SRV	3,329,798	0.4%
Cedar Woods Properties Limited	CWP	2,783,865	0.3%
Wilson Group Limited	WIG	2,616,270	0.3%
MyState Limited	MYS	2,596,436	0.3%
Aveo Group	AOG	2,224,154	0.2%
Scottish Pacific Group Limited	SCO	2,214,253	0.2%
Wealth Defender Equities Limited	WDE	2,148,586	0.2%
Hastings High Yield Fund	HHY	1,945,238	0.2%
Bailador Technology Investments Limited	BTI	1,837,596	0.2%
NAOS Emerging Opportunities Company Limited	NCC	1,563,585	0.2%
Centrepoint Alliance Limited	CAF	1,425,769	0.1%

Investments at market value as at 30 June 2016

Company Name	Code	Market Value \$	% of Gross Assets
Financials (cont'd)			
Australian Unity Office Property Fund	AOF	1,416,827	0.1%
Aberdeen Leaders Limited	ALR	1,325,435	0.1%
Acorn Capital Investment Fund Limited	ACQ	1,026,961	0.1%
IMF Bentham Limited	IMF	1,003,755	0.1%
National Storage REIT	NSR	930,548	0.1%
Onevue Holdings Limited	OVH	853,460	0.1%
Perpetual Equity Investment Company Limited	PIC	773,497	0.1%
Ozgrowth Limited	OZG	697,295	0.1%
Diversa Limited	DVA	683,332	0.1%
Investore Property Limited	IPLNZ	394,437	0.0%
Ask Funding Limited	AKF	261,305	0.0%
Ironbark Capital Limited	IBC	234,946	0.0%
Contango Microcap Limited	CTN	47,992	0.0%
Ozgrowth Limited Options expiring 31 August 2016	OZGOA	3,028	0.0%
Westoz Investment Company Limited Options expiring 31 August 2016	WICOA	790	0.0%
		202,072,340	21.2%
Consumer Discretionary			
Nick Scali Limited	NCK	16,337,288	1.7%
APN News & Media Limited	APN	15,539,374	1.6%
Southern Cross Media Group Limited	SXL	15,063,940	1.6%
RCG Corporation Limited	RCG	14,007,171	1.5%
Vita Group Limited	VTG	13,026,571	1.4%
Ardent Leisure Group	AAD	12,574,731	1.3%
The Reject Shop Limited	TRS	10,539,580	1.1%
Helloworld Limited	HLO	8,849,324	0.9%
iSelect Limited	ISU	6,585,927	0.7%
WPP Aunz Limited	WPP	6,353,112	0.7%
Greencross Limited	GXL	5,888,744	0.6%
Baby Bunting Group Limited	BBN	4,729,426	0.5%

Investments at market value as at 30 June 2016

Company Name	Code	Market Value \$	% of Gross Assets
Consumer Discretionary (cont'd)			
Webjet Limited	WEB	5,030,731	0.5%
Enero Group Limited	EGG	4,649,999	0.5%
Elanor Investors Group	ENN	4,320,079	0.5%
Skydive the Beach Group Limited	SKB	3,968,245	0.4%
Harvey Norman Holdings Limited	HVN	3,874,014	0.4%
Shaver Shop Group Limited	SSG	2,922,812	0.3%
NZME Limited	NZM	2,835,085	0.3%
Intecq Limited	ITQ	1,849,190	0.2%
PWR Holdings Limited	PWH	1,786,753	0.2%
Automotive Group Holdings Limited	AHG	833,430	0.1%
McPherson's Limited	MCP	559,926	0.1%
		162,125,452	17.1%
Industrials			
Smartgroup Corporation Limited	SIQ	20,187,935	2.1%
Reliance Worldwide Corporation Limited	RWC	15,582,138	1.6%
Credit Corp Group Limited	CCP	14,366,890	1.5%
SG Fleet Group Limited	SGF	13,095,839	1.4%
Macquarie Atlas Roads Group	MQA	8,235,029	0.9%
Austal Limited	ASB	7,755,699	0.8%
Southern Cross Electrical Engineering Limited	SXE	7,072,785	0.7%
PMP Limited	PMP	4,426,283	0.5%
Service Stream Limited	SSM	3,782,417	0.4%
MACA Limited	MLD	2,541,165	0.3%
Seymour Whyte Limited	SWL	1,605,244	0.2%
Perseus Mining Limited	PRU	1,151,410	0.1%
Macmahon Holdings Limited	MAH	795,392	0.1%
DMX Corporation Limited	DMX	75,641	0.0%
		100,673,867	10.6%

Investments at market value as at 30 June 2016

Company Name	Code	Market Value \$	% of Gross Assets
Health Care			
Mayne Pharma Group Limited	MYX	24,585,845	2.6%
Medical Developments International Limited	MVP	11,507,540	1.2%
Pro Medicus Limited	PME	10,437,636	1.1%
Oneview Healthcare PLC	ONE	6,864,089	0.7%
Pacific Smiles Group Limited	PSQ	2,816,513	0.3%
Paragon Care Limited	PGC	1,973,957	0.2%
CogState Limited	CGS	1,381,059	0.1%
Nanosonics Limited	NAN	1,024,843	0.1%
Estia Health Limited*	EHE	5,226,366	0.5%
		65,817,848	6.8%
Information Technology			
Class Limited	CL1	14,898,127	1.6%
Adacel Technologies Limited	ADA	10,283,308	1.1%
Touchcorp Limited	TCH	6,371,827	0.7%
NEXTDC Limited	NXT	3,099,940	0.3%
Data#3 Limited	DTL	2,179,070	0.2%
GBST Holdings Limited	GBT	1,004,604	0.1%
Primary Opinion Limited	POP	952,128	0.1%
Dyesol Limited	DYE	734,555	0.1%
Hills Limited	HIL	681,786	0.1%
Objective Corporation Limited	OCL	606,597	0.1%
Citadel Group Limited	CGL	590,144	0.1%
		41,402,086	4.5%
Telecommunication Services			
Vocus Communications Limited	VOC	13,099,704	1.4%
Superloop Limited	SLC	4,121,672	0.4%
Reverse Corp Limited	REF	703,586	0.1%
		17,924,962	1.9%

*Borrowed stock at 30 June 2016.

Investments at market value as at 30 June 2016

Company Name	Code	Market Value \$	% of Gross Assets
Utilities			
Infigen Energy Limited	IFN	8,811,549	0.9%
		8,811,549	0.9%
Total Long Portfolio		598,828,104	63.0%
Total Cash and cash equivalents, income receivable and net outstanding settlements		351,771,053	37.0%
Total Short Portfolio		(11,504,217)	-1.2%
Gross Assets		939,094,940	

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 August 2016) - there are currently no substantial shareholders.

On-market buy back (as at 31 August 2016) – there is no current on-market buy back.

Distribution of shareholders (as at 31 August 2016)

Category	No. of shareholders ordinary shares	%
1 – 1,000	1,283	0.1
1,001 – 9,999	7,467	6.5
10,000 – 99,999	13,046	62.3
100,000 – 999,999	749	24.0
1,000,000 and over	19	7.1
	22,564	100.0

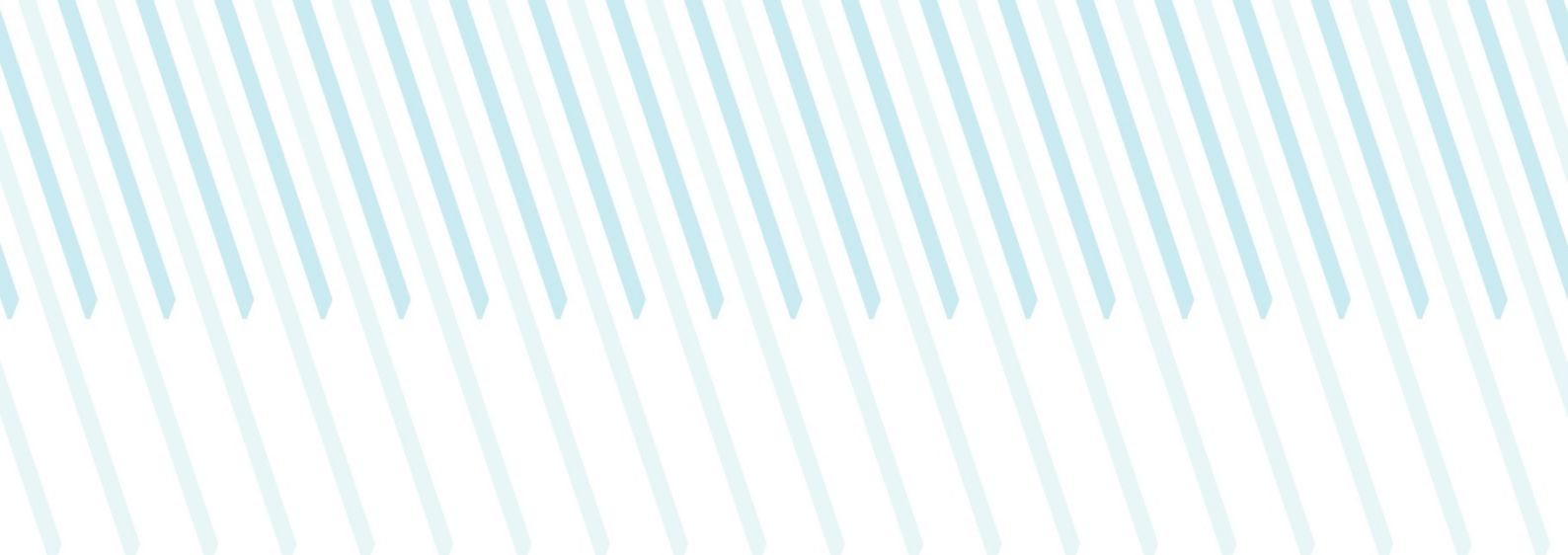
The number of shareholdings held in less than marketable parcels is 635.

Twenty largest shareholders – Ordinary shares (as at 31 August 2016)

Name	Number of ordinary shares held	Percentage of issued capital held
HSBC Nominees (Australia) Limited	10,802,467	1.8
Pineross Pty Limited	4,478,565	0.8
Mr Victor John Plummer	3,107,009	0.5
Citicorp Nominees Pty Limited	2,335,228	0.4
Mrs F Martin-Weber	2,170,000	0.4
J P Morgan Nominees Australia Limited	1,867,001	0.3
Nulis Nominees (Australia) Limited	1,757,392	0.3
Navigator Australia Limited	1,738,823	0.3
Wilmar Enterprises Pty Limited	1,487,209	0.3
Marbear Holdings Pty Limited	1,440,300	0.2
Neale Edwards Pty Limited	1,379,544	0.2
Eneber Investment Company Limited	1,322,000	0.2
Trophy Components Distributors Pty Limited	1,250,000	0.2
Investment Custodial Services Limited	1,176,348	0.2
VBS Investment Pty Limited	1,174,268	0.2
Karazin Holdings Limited	1,005,000	0.2
Trabatu Pty Limited	1,000,000	0.2
Cherryburn Pty Limited	1,000,000	0.2
Alamo Holdings Limited	1,000,000	0.2
Nancris Pty Limited	900,409	0.2
	42,391,563	7.3

Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.



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