

# Investment Update & Net Tangible Assets Report

AS AT 31 AUGUST 2013



## Outperformance against sharemarket

Performance at 31 August 2013	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	4.0%	10.1%	9.6%	34.3%	19.2%	12.4%
S&P/ASX All Ordinaries Accumulation Index	2.6%	2.2%	8.2%	23.2%	9.6%	4.1%
<b>Outperformance</b>	<b>+1.4%</b>	<b>+7.9%</b>	<b>+1.4%</b>	<b>+11.1%</b>	<b>+9.6%</b>	<b>+8.3%</b>

## Net Tangible Assets (NTA) figures

NTA before tax	<b>107.14c</b>
NTA after tax and before tax on unrealised gains	<b>105.90c</b>
NTA after tax	<b>105.48c</b>

## Market overview

Although the reporting season was characterised by subdued company results, the S&P/ASX All Ordinaries Accumulation Index ('Index') increased 2.6% in August, adding to the previous month's gains. The market's performance can be attributed to the strength of mining stocks in response to China's GDP growth forecast of approximately 7% and renewed confidence of a 'soft-landing'.

We believe that the Coalition's win has injected confidence into the economy with increases to consumer and business sentiment reported in the last week. We expect the Coalition's policies will benefit various industries including, internet service providers, miners, airlines and car retailers.

With global macro-economic conditions improving, record low interest rates, comparatively low unemployment and consumer sentiment firming, we believe the outlook for the Australian economy is positive. Reflecting our view, we have found a number of new investment opportunities recently exposed to a cyclical recovery.

Corporate activity has ramped-up in recent weeks boosted by Australia's improving economic outlook with a number of takeover offers for companies such as: Miclyn Express Offshore Limited (MIO), The Trust Company Limited (TRU), Warrnambool Cheese and Butter Factory Company Holdings Limited (WCB) and RHG Limited (RHG). We expect corporate activity will continue to increase over coming months.

### WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$132.2m
Market cap	\$136.1m
Share price	\$1.11
NTA before tax	\$1.07
Shares on issue	122,599,235
Fully franked dividends (FY2013)	7.0c
Dividend yield	6.3%

### Investment objectives

- Provide a rising stream of fully franked dividends
- Achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors

### Company overview

WAM Research Limited (ASX: WAX) is a Listed Investment Company managed by Wilson Asset Management Group. Listed in August 2003, WAM Research provides investors with exposure to a diversified portfolio of undervalued growth companies primarily, small-to-medium sized industrial companies listed on the Australian Securities Exchange.

### Investment & Management Team

**Geoff Wilson**  
Chairman/Portfolio Manager

**Kate Thorley**  
Chief Executive Officer/  
Company Secretary

**Chris Stott**  
Chief Investment Officer/  
Portfolio Manager

**Martin Hickson**  
Senior Equity Analyst/Dealer

**Matthew Haupt**  
Equity Analyst

**Mark Tobin**  
Equity Analyst

**Meredith Hemsley**  
Corporate Affairs

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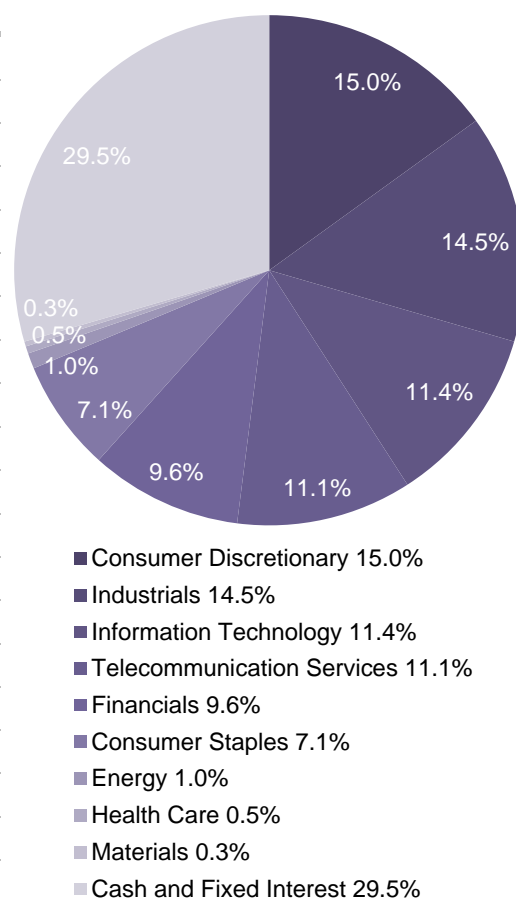
## Portfolio structure

Investment Type	July 2013		August 2013	
	\$m	%	\$m	%
Listed Equities	74.6	57.9	93.2	70.5
Fixed Interest & Cash	54.2	42.1	39.0	29.5
Gross Assets	\$128.8m	100.0%	\$132.2m	100.0%
Total shares on issue	122,599,235		122,599,235	

## Top holdings

Code	Company	Market Value as % Gross Assets
GNC	Graincorp Limited	5.6%
CLO	Clough Limited	4.4%
SGH	Slater & Gordon Limited	3.4%
RCR	RCR Tomlinson Limited	3.4%
AHE	Automotive Holdings Group Limited	3.0%
MTU	M2 Telecommunications Group Limited	3.0%
NXT	NEXTDC Limited	2.7%
CSV	CSG Limited	2.6%
SFW	SFG Australia Limited	2.6%
TPM	TPG Telecom Limited	2.4%
CIW	Clime Investment Management Limited	2.4%
VRL	Village Roadshow Limited	2.2%
NEA	nearmap Ltd	2.1%
VOC	Vocus Communications Limited	2.1%
RWH	Royal Wolf Holdings Limited	1.9%
SGN	STW Communications Group Limited	1.9%
IPP	iProperty Group Limited	1.6%
SHJ	Shine Corporate Limited	1.5%
GWA	GWA Group Limited	1.3%
IFM	Infomedia Limited	1.3%

## Sector allocation



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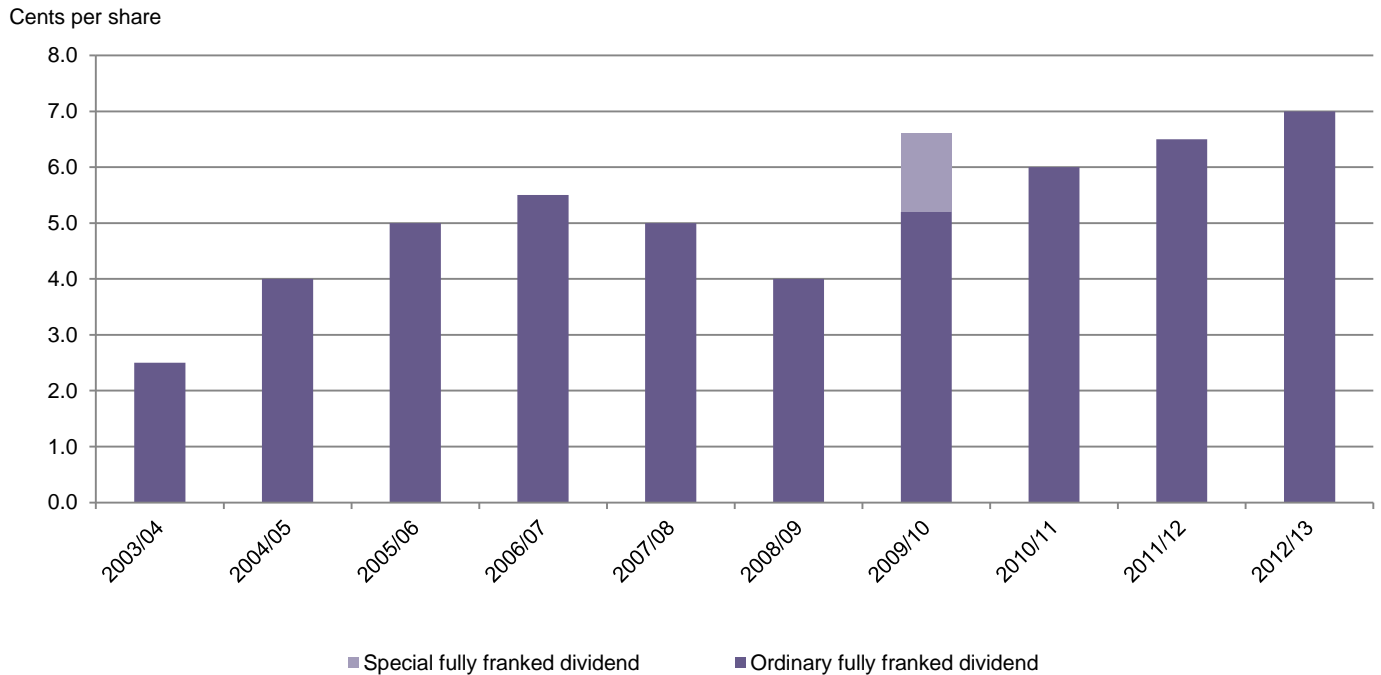
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## Dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

### WAM Research Dividends since Inception



On 19 August 2013, the Company announced a fully franked final dividend of 3.5 cents per share, an increase of 7.7% on the previous corresponding period. The final dividend includes 1.84 cents of Listed Investment Company ('LIC') capital gain which will enable some shareholders to claim a further tax deduction. The final dividend brings the total dividend for FY2013 to 7.0 cents per share and represents a fully franked annual dividend yield of 6.3%, based on the last closing price.

The dividend re-investment plan will be operating at a 2.5% discount. To participate in the dividend reinvestment plan, shareholders should send their election to the Company's share registrar (Boardroom) no later than 24 October 2013.

### Key dividend dates

Ex date: 18 October 2013  
Record date: 24 October 2013  
Payment date: 31 October 2013