

Investment update

As at 31 January 2017



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

\$1.28

Fully franked
dividend yield

5.5%

Gross assets

\$235.6m

Performance
(p.a. since July 2010)

19.8%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$235.6m
Market cap	\$281.3m
Share price	\$1.535
NTA before tax	\$1.28
Shares on issue	183,229,919
Fully franked dividends (FY2016)	8.5c
Fully franked dividend yield	5.5%

Investment objectives

- Provide shareholders 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

Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior Equity Analyst

Company overview

WAM Research Limited (ASX: WAX) is a listed investment company managed by Wilson Asset Management. Listed in August 2003, WAM Research provides investors with exposure to a diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the ASX.

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 0.8% for the month. Following the inauguration of President Trump, US equity markets continued their march higher with the Dow Jones Industrial Average Index breaking through 20,000 for the first time. More recently, concerns around the Trump administration's widening diplomatic rifts with both key allies and trade partners have weighed on markets. During the month, US Federal Reserve chair Janet Yellen said interest rates were likely to rise "a few times a year" for the next two years. Locally, domestic fourth-quarter inflation data fell short of expectations, with core inflation increasing 0.4% over the three months to December 2016 and 1.5% over the year, well below the Reserve Bank of Australia's 2-3% target range.

Stock news

In January, software diagnostics company Integrated Research Limited (ASX: IRI) released first half FY17 earnings guidance. For the six-month period, the company said it expects to report revenue between \$42.3 million and \$44.0 million, up from the \$39.4 million the previous year. The company advised the market that it expects net profit after tax (NPAT) will be between \$7.2 million and \$8.0 million, versus \$6.2 million in 1HFY16. We expect Integrated Research to deliver substantial earnings growth into FY18 driven by new contract wins and licence renewals. We own IRI as a research-driven investment in the portfolio.

Net tangible asset (NTA) figures

NTA before tax	127.96c
NTA after tax and before tax on unrealised gains	125.77c
NTA after tax	125.72c

Performance

Performance at 31 January 2017	1 Mth	6 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	-0.5%	5.4%	10.7%	19.0%	20.7%	23.5%	19.8%
S&P/ASX All Ordinaries Accumulation Index	-0.8%	2.6%	9.1%	17.1%	7.5%	10.3%	8.8%
Outperformance	+0.3%	+2.8%	+1.6%	+1.9%	+13.2%	+13.2%	+11.0%

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

Investor conference call

Shareholders have the opportunity to take part in an investor conference call in which the investment team will provide an update on the WAM Research investment portfolio and our equity market outlook. The call will also cover WAM Capital, WAM Leaders and WAM Active.

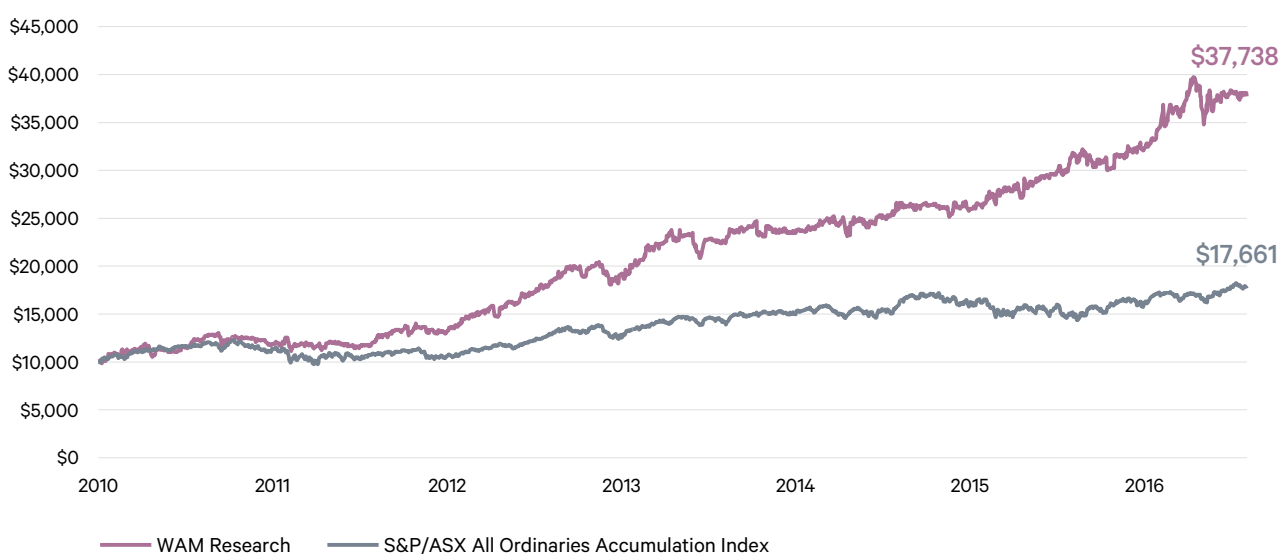
Date: Wednesday 8 March 2017

Time: 4:30pm – 5:30pm (AEST)

To register, please email Alexandra Hopper on investorcall@wilsonassetmanagement.com.au.

Growth of \$10,000 investment since change in investment strategy

WAM Research versus the Index



Diversified portfolio

Investment type	December 2016		January 2017	
	\$m	%	\$m	%
Listed equities	127.9	54.0	123.5	52.4
Fixed interest & cash	109.1	46.0	112.1	47.6
Gross assets	\$237.0m	100.0	\$235.6m	100.0
Total shares on issue	183,229,919		183,229,919	

Top 20 holdings

Code	Company	Code	Company
NCK	Nick Scali Limited	PSI	PSC Insurance Group Limited
AAD	Ardent Leisure Group	CL1	Class Limited
RCG	RCG Corp Limited	CVW	ClearView Wealth Limited
ECX	Eclipx Group Limited	IMF	IMF Bentham Limited
SLC	Superloop Limited	CCP	Credit Corp Group Limited
ONE	Oneview Healthcare PLC	RFG	Retail Food Group Limited
HLO	Helloworld Limited	PEA	Pacific Energy Limited
SLK	Sealink Travel Group Limited	RKN	Reckon Limited
PNI	Pinnacle Investment Management Group Limited	ENN	Elanor Investors Group
SXL	Southern Cross Media Group Limited	PRG	Programmed Maintenance Services Limited

Fully franked 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. 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 usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

Fully franked dividends since inception

