

# Investment update

As at 30 November 2016



wilsonassetmanagement.com.au  
ABN 15 100 504 541

## Snapshot

Pre-tax net tangible assets

**127.12C**

Fully franked  
dividend yield

**5.5%**

Gross assets

**\$235.5m**

Performance  
(p.a. since July 2010)

**20.4%**

## WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$235.5m
Market cap	\$282.2m
Share price	\$1.54
NTA before tax	\$1.27
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	Senior Equity Analyst & Dealer
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.

## Shareholder Presentations

Thank you to the more than 2,000 shareholders who joined us for our recent Shareholder Presentations. We enjoyed the opportunity to meet with you.

To access the presentation video and slides, visit [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

## Market overview

The S&P/ASX All Ordinaries Accumulation Index finished the month up 2.5%. Donald Trump's US presidential election victory was the most significant market event in November with investors globally caught off-guard by the poll result. After initially plummeting, equity markets staged strong recoveries as investors focused on the potentially stimulatory impact of Trump's proposed policies. The Australian share market recorded solid gains to end the month 7.1% higher than the intraday lows on 9 November when Trump was elected. On Melbourne Cup day the RBA left interest rates unchanged with rates likely to be on hold for the majority of 2017. The continued underperformance of the small cap sector accelerated during November. Since mid August, the S&P/ASX Small Ordinaries Index has now underperformed its larger peers by 9%.

## Stock news

In November, fleet and equipment leasing company Eclix Group Limited (ASX: ECX) announced its full year results for FY16. The company reported a net profit after tax and amortisation (NPATA) of \$55.3 million, a 14% increase from FY15. Eclix also provided a NPATA guidance range of \$65.5 million to \$67 million for FY17, implying 18-21% growth on FY16.

## Net tangible asset (NTA) figures

NTA before tax	127.12c*
NTA after tax and before tax on unrealised gains	125.06c
NTA after tax	125.05c

\*The before tax figure is after the payment of \$376k (0.2 cents per share) in tax during the month.

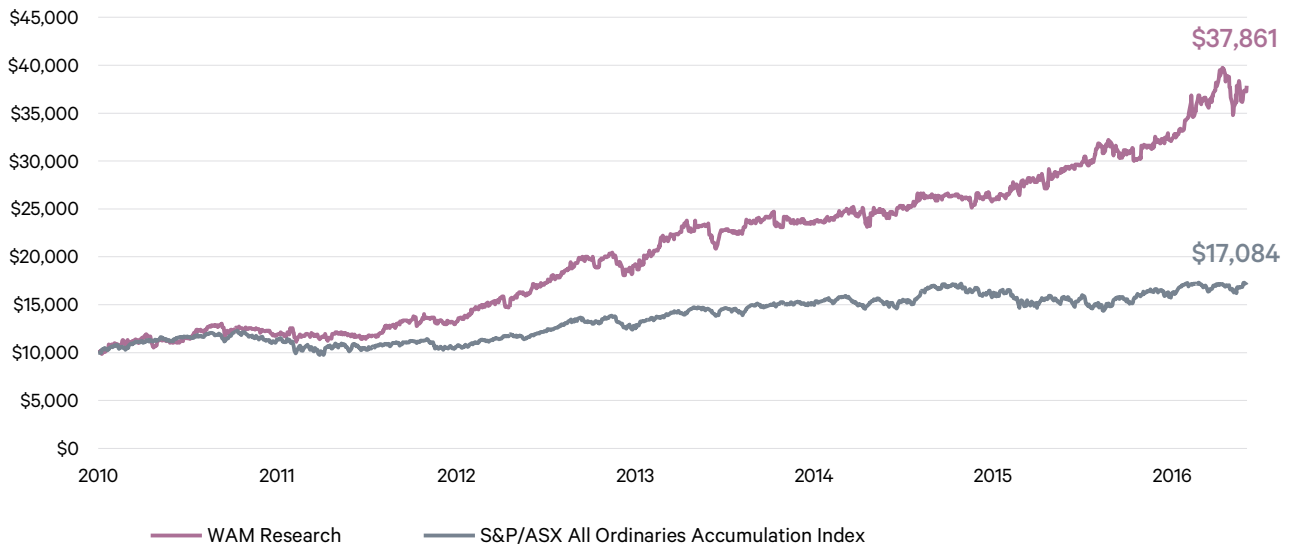
## Performance

Performance at 30 November 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	-1.8%	10.4%	12.3%	21.9%	20.6%	23.9%	20.4%
S&P/ASX All Ordinaries Accumulation Index	2.5%	5.5%	3.1%	10.0%	5.6%	10.3%	8.5%
<b>Outperformance</b>	<b>-4.3%</b>	<b>+4.9%</b>	<b>+9.2%</b>	<b>+11.9%</b>	<b>+15.0%</b>	<b>+13.6%</b>	<b>+11.9%</b>

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

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

### WAM Research versus the Index



## Diversified portfolio

Investment type	October 2016		November 2016	
	\$m	%	\$m	%
Listed equities	157.7	64.0	139.8	59.4
Fixed interest & cash	88.9	36.0	95.7	40.6
<b>Gross assets</b>	\$246.6m		\$235.5m*	
<b>Total shares on issue</b>	183,229,919		183,229,919	

\*This figure is after \$6.0m (3.3 cents per share) paid in tax for FY16 and \$376k (0.2 cents per share) paid in tax during the month.

## Top 20 holdings

Code	Company	Market value \$	Market value as % gross assets
NCK	Nick Scali Limited	9,377,821	4.0%
AAD	Ardent Leisure Group	8,759,225	3.7%
ECX	Eclix Group Limited	7,484,654	3.2%
HLO	Helloworld Limited	6,622,876	2.8%
ONE	Oneview Healthcare PLC	6,102,921	2.6%
CL1	Class Limited	5,796,174	2.5%
RCG	RCG Corp Limited	5,591,877	2.4%
PNI	Pinnacle Investment Management Group Limited	4,997,658	2.1%
CCP	Credit Corp Group Limited	4,964,406	2.1%
SXL	Southern Cross Media Group Limited	4,797,421	2.0%
SDF	Steadfast Group Limited	4,766,194	2.0%
SLK	Sealink Travel Group Limited	4,681,794	2.0%
PSI	PSC Insurance Group Limited	4,669,268	2.0%
FAN	Fantastic Holdings Limited	4,559,496	1.9%
CVW	ClearView Wealth Limited	3,687,646	1.6%
RFG	Retail Food Group Limited	3,678,500	1.6%
SLC	Superloop Limited	3,616,269	1.5%
IMF	IMF Bentham Limited	3,363,535	1.4%
LNK	Link Administration Holdings Limited	3,237,575	1.4%
ADH	Adairs Limited	2,934,942	1.2%

## 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

