

Investment Update & Net Tangible Assets Report

AS AT 31 DECEMBER 2015



Performance

Performance at 31 December 2015	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio	4.6%	18.9%	30.7%	24.8%	19.8%	20.7%
S&P/ASX All Ordinaries Accumulation Index	2.6%	0.4%	3.8%	9.3%	6.5%	8.6%
Outperformance	+2.0%	+18.5%	+26.9%	+15.5%	+13.3%	12.1%

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

Net Tangible Assets (NTA) figures

NTA before tax	123.06c
NTA after tax and before tax on unrealised gains	120.20c
NTA after tax	120.06c

*These figures are after the payment of \$10k (0.006 cents per share) in tax during the month.

Market overview

In December 2015 the S&P/ASX All Ordinaries Accumulation Index climbed 2.6% to close the calendar year up a lacklustre 3.8%. The index was in negative territory for the first half of the month as global equity and commodity prices collapsed and the market factored in expectations of a United States rate increase, which came to fruition on 16 December. After early signs of strong Christmas spending, the market rallied in the final two weeks of the month rising almost 8%.

Australian employment data released in December was very strong, pointing to an increase of 71,000 jobs in November – one of the largest rises on record. However, the Federal Government released a downbeat mid-year economic and fiscal outlook (MYEFO), which saw Federal deficit projections downgraded by \$26 billion to \$108 billion over the next four years.

The Australian equities market has experienced a negative start to 2016 driven by renewed concerns around global growth, in particular out of China.

Our conservative cash weighting enables us to preserve capital in times of heightened volatility and provide the flexibility to pursue opportunities that arise.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$220.4m
Market cap	\$222.9m
Share price	\$1.29
NTA before tax	\$1.23
Shares on issue	172,768,120
Fully franked dividends (FY2015)	8.0c
Dividend yield	6.2%

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, which are generally 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

Matthew Haupt
Portfolio Manager

Martin Hickson
Senior Equity Analyst/Dealer

Tobias Yao
Equity Analyst

James McNamara
Communications Manager

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Diversified portfolio

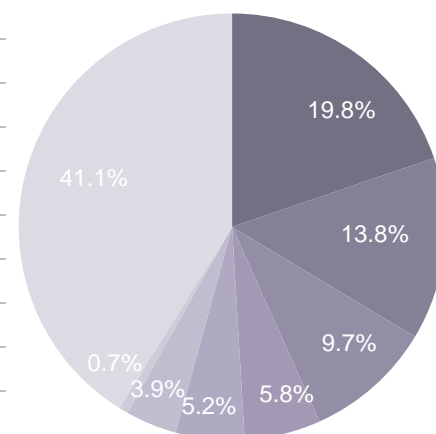
Investment Type	November 2015		December 2015	
	\$m	%	\$m	%
Listed Equities	\$126.9	60.2	\$129.8	58.9
Fixed Interest & Cash	\$83.9	39.8	\$90.6	41.1
Gross Assets	\$210.8m	100.0	\$220.4m*	100.0
Total shares on issue	172,768,120		172,768,120	

*This figure is after the payment of \$10k (0.006 cents per share) in tax during the month.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
SIQ	Smartgroup Corporation Limited	11,513,305	5.2%
A2M	The A2 Milk Company Limited	10,265,646	4.7%
IPH	IPH Limited	7,659,715	3.5%
ECX	Eclipx Group Limited	7,270,713	3.3%
MTR	Mantra Group Limited	6,338,003	2.9%
CSV	CSG Limited	6,305,452	2.9%
RCG	RCG Corporation Limited	6,001,575	2.7%
FXL	FlexiGroup Limited	4,579,758	2.1%
SRX	Sirtex Medical Limited	4,283,508	1.9%
BBN	Baby Bunting Group Limited	4,221,053	1.9%
TRS	The Reject Shop Limited	4,157,478	1.9%
EVT	Event Hospitality and Entertainment Limited	3,763,612	1.7%
SXL	Southern Cross Media Group Limited	3,700,541	1.7%
CKF	Collins Foods Limited	3,465,428	1.6%
ASB	Austal Limited	3,427,605	1.6%
BLX	Beacon Lighting Group Limited	3,406,040	1.5%
PME	Pro Medicus Limited	3,267,376	1.5%
PSI	PSC Insurance Group Limited	3,008,864	1.4%
CCP	Credit Corp Group Limited	2,260,658	1.0%
CIW	Clime Investment Management Limited	2,213,986	1.0%

Sector allocation



- Consumer Discretionary: 19.8%
- Industrials: 13.8%
- Financials: 9.7%
- Information Technology: 5.8%
- Consumer Staples: 5.2%
- Health Care: 3.9%
- Telecommunication Services: 0.7%
- Cash and Fixed Interest: 41.1%

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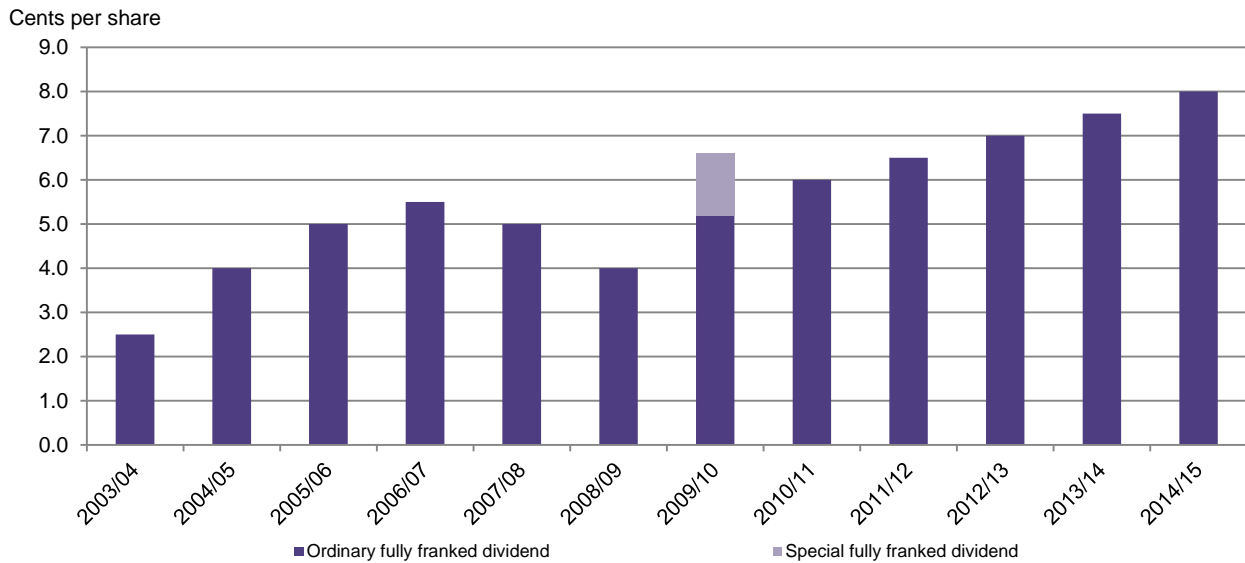
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Dividend growth

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.

WAM Research dividends since inception



On 23 October 2015, the Company paid a fully franked final dividend of 4.0 cents per share. This brings the full year fully franked dividend to 8.0 cents per share, an increase of 6.7% on the previous corresponding period.