

Investment Update & Net Tangible Assets Report

AS AT 31 DECEMBER 2014



Performance

Performance at 31 December 2014	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	0.6%	11.7%	15.1%	24.4%	18.6%
S&P/ASX All Ordinaries Accumulation Index	1.9%	2.3%	5.0%	14.3%	9.7%
Outperformance	-1.3%	+9.4%	+10.1%	+10.1%	+8.9%

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

Net Tangible Assets (NTA) figures

NTA before tax	110.18c
NTA after tax and before tax on unrealised gains	109.46c
NTA after tax	109.27c

* The above figures have not been adjusted for the remaining options on issue.

Market overview

The Australian equity market closed the year on a high rallying strongly in the final two weeks to finish the calendar year up 5%. Consumer sentiment and unemployment figures released during the month both pointed to weaker conditions domestically, while the Australian Dollar continued its decline to finish at its lowest level since June 2010.

Overseas the S&P500 Index hit new record highs while the Dow Jones Industrial Average Index reached 18,000 for the first time in history. The falling oil price dragged on global markets with no respite to the current oversupply. The lower oil price will be a stimulatory factor for the global economy in the short to medium term.

As we move into 2015, we remain cautious on the Australian economy and sharemarket. We believe interest rate cuts will be forthcoming this year on the back of weaker inflation data and the higher unemployment rate. This could provide stimulus to equity markets to move higher, however the impact on company earnings remains to be seen. We expect once again that the market for IPOs will stay strong for the next six months along with a heightened level of M&A activity in the new year with corporate balance sheets in great shape. Our investment portfolio remains well positioned to take advantage of opportunities as they arise.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$161.9m
Market cap	\$165.1m
Share price	\$1.16
NTA before tax	\$1.10
Shares on issue	142,301,329
Options on issue	66,969,509
Fully franked dividends (FY2014)	7.5c
Dividend yield	6.5%

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

Martin Hickson

Senior Equity Analyst/Dealer

Matthew Haupt

Senior Equity Analyst

Tobias Yao

Equity Analyst

Melanie Shaw

Corporate Affairs

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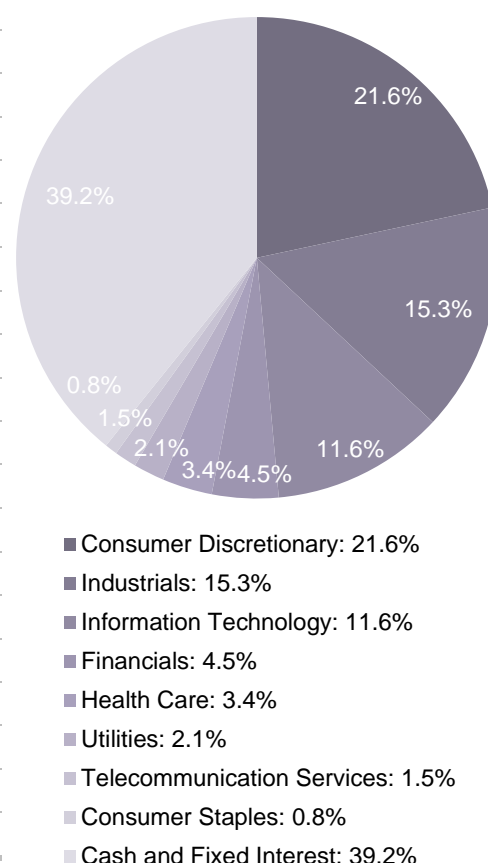
Diversified portfolio

Investment Type	November 2014		December 2014	
	\$m	%	\$m	%
Listed Equities	105.7	65.7	98.4	60.8
Fixed Interest & Cash	55.3	34.3	63.5	39.2
Gross Assets	\$161.0m	100.0%	\$161.9m	100.0%
Total shares on issue	142,296,965		142,301,329	
Total options on issue	66,973,873		66,969,509	

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
SGH	Slater & Gordon Limited	6,276,365	3.9%
ASB	Austal Limited	5,170,218	3.2%
CSV	CSG Limited	5,017,009	3.1%
MTR	Mantra Group Limited	4,466,621	2.8%
ALU	Altium Limited	4,363,453	2.7%
IPH	IPH Limited	4,140,276	2.6%
RFG	Retail Food Group Limited	4,112,237	2.5%
SRX	Sirtex Medical Limited	3,858,433	2.4%
CTD	Corporate Travel Management Limited	3,808,682	2.4%
AHD	Amalgamated Holdings Limited	3,689,770	2.3%
CCP	Credit Corp Group Limited	3,687,520	2.3%
ISU	iSelect Limited	3,400,430	2.1%
ENE	Energy Developments Limited	3,379,860	2.1%
IFM	Infomedia Limited	3,362,773	2.1%
VED	Veda Group Limited	3,356,806	2.1%
NVT	Navitas Limited	3,349,874	2.1%
SIQ	Smartgroup Corporation Limited	2,977,068	1.8%
ISD	iSentia Group Limited	2,937,297	1.8%
TPM	TPG Telecom Limited	2,401,259	1.5%
CIW	Clime Investment Management Limited	2,379,675	1.5%

Sector allocation



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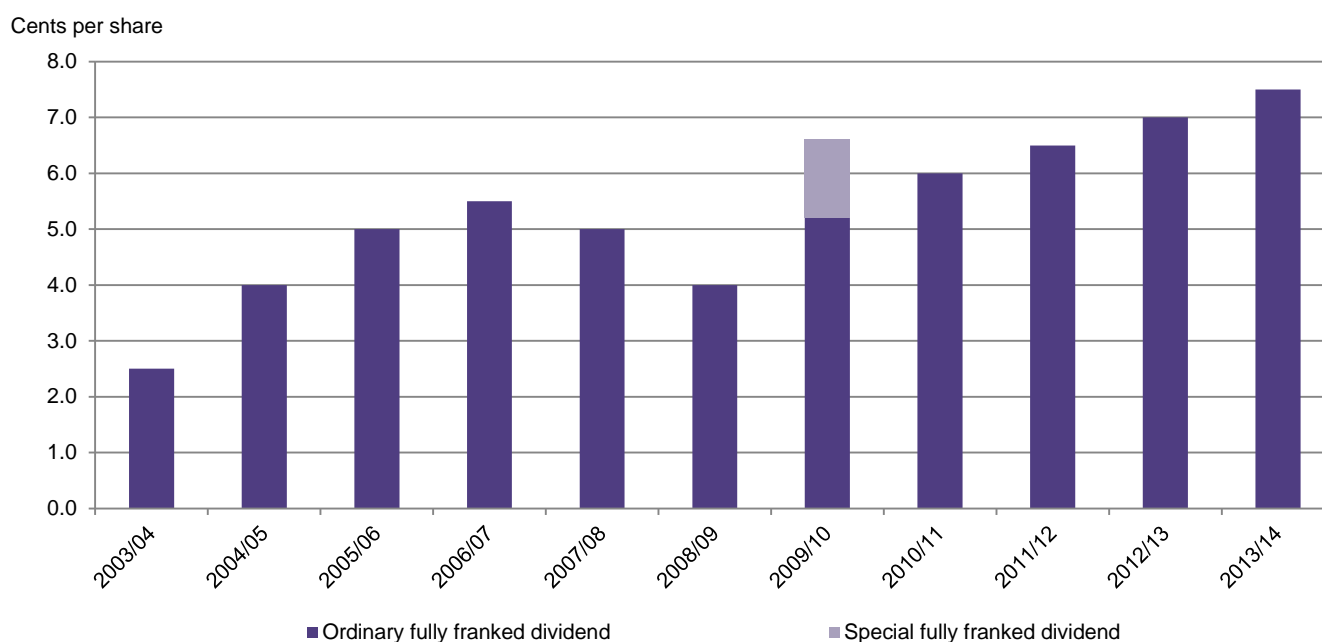


Dividend growth

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.

On 24 October 2014, the Company paid a fully franked final dividend of 3.75 cents per share. This brings the FY2014 full year fully franked dividend to 7.5 cents per share, an increase of 7.1% on the previous corresponding period.

WAM Research dividends since inception



Bonus Option Issue

On 28 October 2013, the Company announced a one for two bonus option issue ('Bonus Option Issue') to all WAM Research shareholders to acquire ordinary shares in the Company. The options have an exercise price of \$1.20 per share and can be exercised at any time on or before 17 June 2015.

As at 31 December 2014, 1,979,382 options had been exercised for a total consideration of \$2,375,258, with the remaining balance of outstanding options being 66,969,509.