

# Investment Update & Net Tangible Assets Report

AS AT 31 JANUARY 2015



## Performance

Performance at 31 January 2015	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	0.7%	9.9%	12.4%	15.9%	23.7%	18.4%
S&P/ASX All Ordinaries Accumulation Index	3.0%	0.8%	5.4%	11.3%	13.5%	10.2%
<b>Outperformance</b>	<b>-2.3%</b>	<b>+9.1%</b>	<b>+7.0%</b>	<b>+4.6%</b>	<b>+10.2%</b>	<b>+8.2%</b>

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

## Net Tangible Assets (NTA) figures

NTA before tax	<b>111.32c</b>
NTA after tax and before tax on unrealised gains	<b>110.29c</b>
NTA after tax	<b>110.08c</b>

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

## Market overview

The Australian equity market closed up 3.0% this month, after rallying 5.2% in the last two weeks of January. This was mainly driven by the European Central Bank's announcement of further stimulus. The quantitative easing programme will see the ECB buy over €1 trillion of government bonds until September 2016, an announcement that came at the top end of market expectations.

Locally, the CPI figure announced 28 January was weaker than expected, which contributed to the Reserve Bank of Australia's decision to reduce the cash rate to 2.25% in February. As expected, this has been positive for equity markets where at the time of writing the market has rallied 12% since mid December.

As we enter into corporate earnings season, we will be meeting with over 100 companies to get a updated understanding of their businesses and the broad economic conditions, which will help shape our decision making for the year ahead. We expect to see the positive impact of the looser monetary policy on company earnings and the wider economy in the later part of 2015. 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	\$163.0m
Market cap	\$170.1m
Share price	\$1.195
NTA before tax	\$1.11
Shares on issue	142,369,025
Options on issue	66,901,813
Fully franked annualised interim dividend (FY2015)	8.0c
Dividend yield	6.7%

### 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

#### James McNamara

Communications Manager

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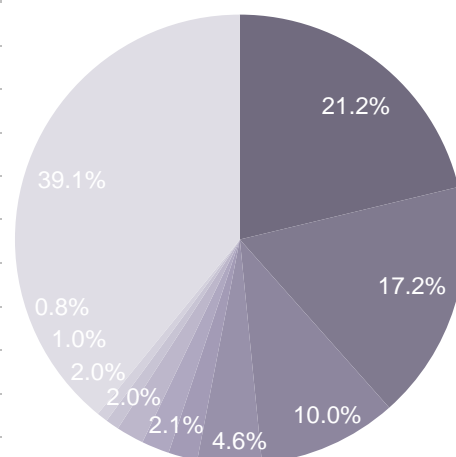
## Diversified portfolio

Investment Type	December 2014		January 2015	
	\$m	%	\$m	%
Listed Equities	98.4	60.8	99.3	60.9
Fixed Interest & Cash	63.5	39.2	63.7	39.1
Gross Assets	\$161.9m	100.0%	\$163.0m	100.0%
Total shares on issue	142,301,329		142,369,025	
Total options on issue	66,969,509		66,901,813	

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
SGH	Slater & Gordon Limited	5,151,790	3.2%
ASB	Austal Limited	5,086,139	3.1%
CSV	CSG Limited	5,059,169	3.1%
CCP	Credit Corp Group Limited	4,415,966	2.7%
IPH	IPH Limited	4,408,976	2.7%
RFG	Retail Food Group Limited	4,404,948	2.7%
MTR	Mantra Group Limited	4,230,886	2.6%
AHD	Amalgamated Holdings Limited	4,162,558	2.6%
CTD	Corporate Travel Management Limited	4,030,451	2.5%
NVT	Navitas Limited	3,541,107	2.2%
ENE	Energy Developments Limited	3,411,155	2.1%
VED	Veda Group Limited	3,371,464	2.1%
TPM	TPG Telecom Limited	3,358,469	2.1%
ISU	iSelect Limited	3,348,802	2.1%
SIQ	Smartgroup Corporation Limited	3,027,871	1.9%
ISD	iSentia Group Limited	3,011,525	1.8%
ALU	Altium Limited	2,778,546	1.7%
CIW	Clime Investment Management Limited	2,480,225	1.5%
IFM	Infomedia Limited	2,413,312	1.5%
CMG	Chandler Macleod Group Limited	2,182,927	1.3%

## Sector allocation



- Consumer Discretionary: 21.2%
- Industrials: 17.2%
- Information Technology: 10.0%
- Financials: 4.6%
- Utilities: 2.1%
- Telecommunication Services: 2.0%
- Health Care: 2.0%
- Consumer Staples: 1.0%
- Materials: 0.8%
- Cash and Fixed Interest: 39.1%

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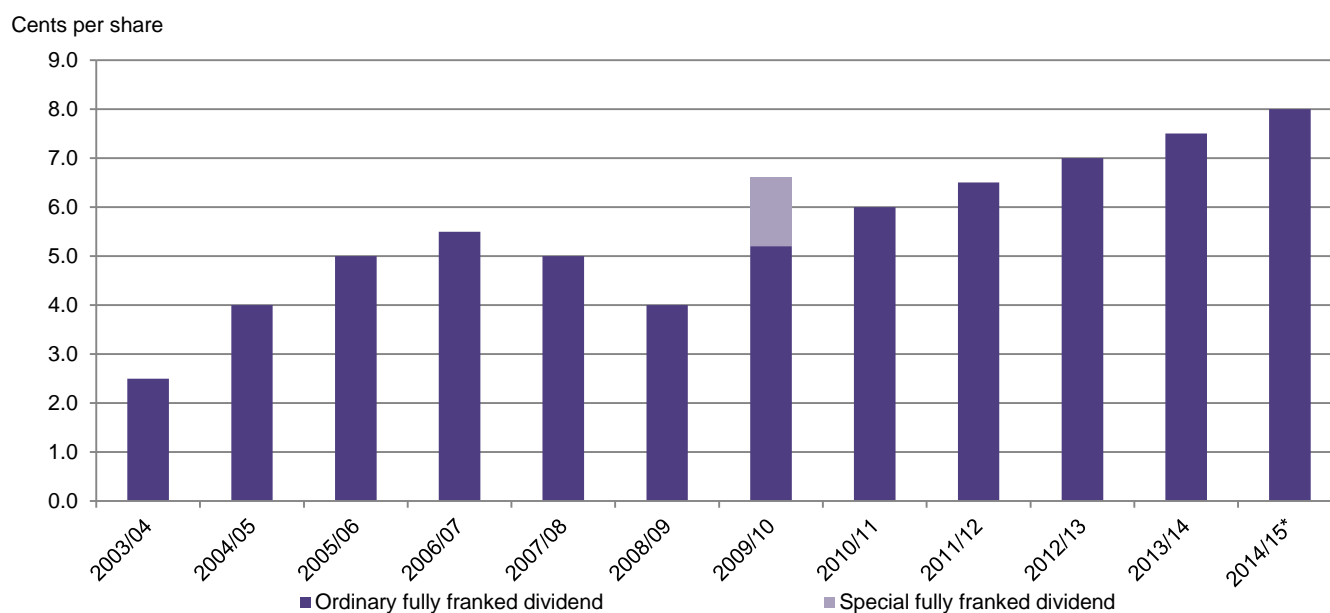
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## Dividend growth

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 27 January 2015, the Company announced a fully franked interim dividend of 4.0 cents per share, an increase of 6.7% on the previous corresponding period.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the interim dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 21 May 2015. Option holders are required to exercise their options by 13 May 2015 to be eligible for the 4.0 cent fully franked interim dividend.

## Key dividend dates

Ex date:	18 May 2015
Record date:	20 May 2015
Last election date for DRP:	21 May 2015
Payment date:	28 May 2015
Last day for Option holders to exercise options in order to be eligible for the dividend:	13 May 2015

## 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 January 2015, 2,047,078 options had been exercised for a total consideration of \$2,456,494, with the remaining balance of outstanding options being 66,901,813.