

Investment update

As at 31 October 2016



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

129.17c

Fully franked
dividend yield

5.8%

Gross assets

\$246.6m

Performance
(p.a. since July 2010)

21.0%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$246.6m
Market cap	\$269.3m
Share price	\$1.47
NTA before tax	\$1.29
Shares on issue	183,229,919
Fully franked dividends (FY2016)	8.5c
Fully franked dividend yield	5.8%

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	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

Adelaide	16 November
Perth	17 November
Canberra	21 November
Sydney (AGM)	23 November
Brisbane	24 November
Melbourne	25 November

For more information and to RSVP, visit wilsonassetmanagement.com.au

Our national Shareholder Presentations begin on 16 November in Adelaide. To RSVP, visit wilsonassetmanagement.com.au/RSVP

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 2.2% for the month. Australian September labour data released was disappointing, with total employment falling by 10,000 and the full-time job figures falling by 53,000 – the biggest drop since April 2011. Better than expected September quarter consumer price inflation (CPI) data reduced the chance of further interest rate cuts and put downward pressure on local equities. In the US, oil climbed above US\$50 a barrel for the first time since June this year as declines in US crude inventories lifted hopes the global glut may clear. More recently, the surprise US presidential election result has led to market volatility globally. With a high degree of uncertainty regarding if and how election policies are implemented, we expect continued market volatility in the short and medium term.

Stock news

Merger and acquisition activity continued in October for two of the portfolio's holdings. Furniture retailer Fantastic Holdings Limited (ASX: FAN) announced it had received a \$3.50 per share bid from Steinhoff Asia Pacific, the owner of Snooze and Freedom furniture, and commercial printing company PMP Limited (ASX: PMP) announced it will merge with privately owned print and digital services provider IPMG Group.

Net tangible asset (NTA) figures

The following NTA figures are after the 4.25 cents per share fully franked final dividend paid on 28 October 2016.

NTA before tax	129.17c*
NTA after tax and before tax on unrealised gains	126.12c
NTA after tax	126.05c

*The before tax figure is after the payment of \$356k (0.19 cents per share) in tax during the month.

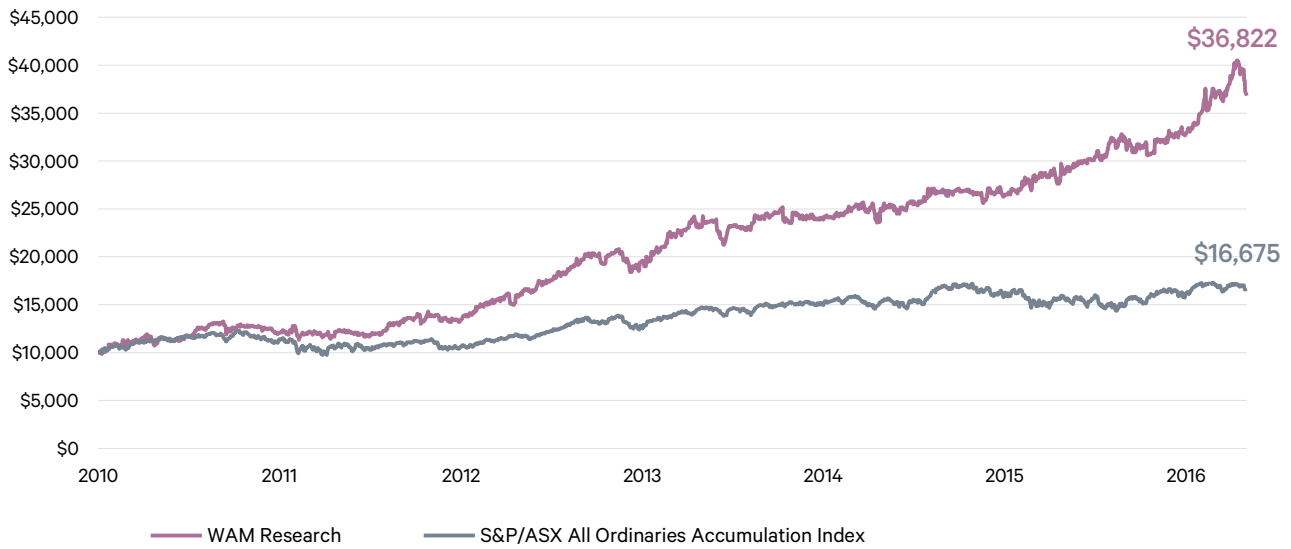
Performance

Performance at 31 October 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
Investment Portfolio*	-3.2%	12.4%	20.8%	26.8%	21.0%	24.0%	21.0%
S&P/ASX All Ordinaries Accumulation Index	-2.2%	3.0%	3.8%	6.6%	4.3%	9.0%	8.2%
Outperformance	-1.0%	+9.4%	+17.0%	+20.2%	+16.7%	+15.0%	+12.8%

*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	September 2016		October 2016	
	\$m	%	\$m	%
Listed equities	186.8	75.0	157.7	64.0
Fixed interest & cash	62.4	25.0	88.9	36.0
Gross assets	\$249.2m		\$246.6m*	
Total shares on issue	174,169,283		183,229,919**	

*This figure is after the 4.25 cents per share (\$5.6m) fully franked final dividend and \$356k (0.19 cents per share) paid in tax during the month.

**During the month, 1.1m shares were issued from the Dividend Reinvestment Plan (DRP) for the final dividend and 7.9m shares were issued via the DRP Shortfall Placement.

Top 20 holdings

Code	Company	Market value \$	Market value as % gross assets
ECX	Eclixp Group Limited	8,837,232	3.6%
NCK	Nick Scali Limited	8,597,520	3.5%
AAD	Ardent Leisure Group	7,962,509	3.2%
HLO	Helloworld Limited	7,104,068	2.9%
CL1	Class Limited	6,789,416	2.8%
RFG	Retail Food Group Limited	5,762,428	2.3%
ONE	Oneview Healthcare PLC	5,652,919	2.3%
RCG	RCG Corporation Limited	5,516,176	2.2%
SLC	Superloop Limited	5,512,106	2.2%
CCP	Credit Corp Group Limited	5,420,194	2.2%
SXL	Southern Cross Media Group Limited	5,117,249	2.1%
WEB	Webjet Limited	5,048,701	2.0%
PSI	PSC Insurance Group Limited	4,999,139	2.0%
LNK	Link Administration Holdings Limited	4,830,055	2.0%
SDF	Steadfast Group Limited	4,584,167	1.9%
FAN	Fantastic Holdings Limited	4,520,190	1.8%
SLK	Sealink Travel Group Limited	4,181,175	1.7%
VTG	Vita Group Limited	3,961,284	1.6%
CVW	ClearView Wealth Limited	3,726,367	1.5%
IMF	IMF Bentham Limited	3,483,773	1.4%

Capital management

On 28 October 2016, the Company paid a fully franked final dividend of 4.25 cents per share. This brings the full year dividend to 8.5 cents per share, an increase of 6.3% on the previous corresponding period.

During the month, the Company successfully raised \$12.5 million (7.9 million ordinary shares) through an oversubscribed placement to professional and sophisticated investors*. The Placement was made at the Dividend Reinvestment Plan (DRP) price of \$1.5766 a 19.1% premium to the Company's 30 September 2016 ex-dividend pre-tax NTA of \$1.3243 per share.

*These terms are defined in the Corporations Act as individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Fully franked dividends since inception

