

Investment update

As at 31 December 2016



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

\$1.29

Fully franked
dividend yield

5.5%

Gross assets

\$237.0m

Performance
(p.a. since July 2010)

20.2%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$237.0m
Market cap	\$284.9m
Share price	\$1.555
NTA before tax	\$1.29
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.

Market overview

The S&P/ASX All Ordinaries Accumulation Index finished the month up 4.2% to end the calendar year up a very solid 11.6%. With investors continuing to focus on the potentially stimulatory impact of US President-elect Donald Trump's proposed policies, the so-called 'Trump Rally' continued strongly in December across markets globally, including the US where the Dow Jones index reached an all time high. Australian September quarter Gross Domestic Product (GDP) data released in December fell a worse-than-expected 0.5%. This reading is the steepest decline in GDP since the global financial crisis of late 2008 and dragged down the annual growth rate to 1.8%. During the month, the US Federal Reserve raised interest rates for only the second time in 10 years with the funds rate target range increased by 0.25% to 0.5-0.75%.

Stock news

In December, Ardent Leisure Group (ASX: AAD) announced the sale of its d'Albora Marinas portfolio for \$126 million, representing an 11.0% premium to the net tangible asset value of the marina business. The divestment of these assets strengthens Ardent's capital position allowing the company to reinvest in its US Main Event Entertainment business. Main Event generates the vast majority of Ardent's earnings and is a key driver of growth for the company. The transaction is expected to be completed by June 2017.

Net tangible asset (NTA) figures

NTA before tax	128.78c*
NTA after tax and before tax on unrealised gains	126.31c
NTA after tax	126.29c

*The before tax figure is after the payment of \$153k (0.1 cents per share) in tax during the month.

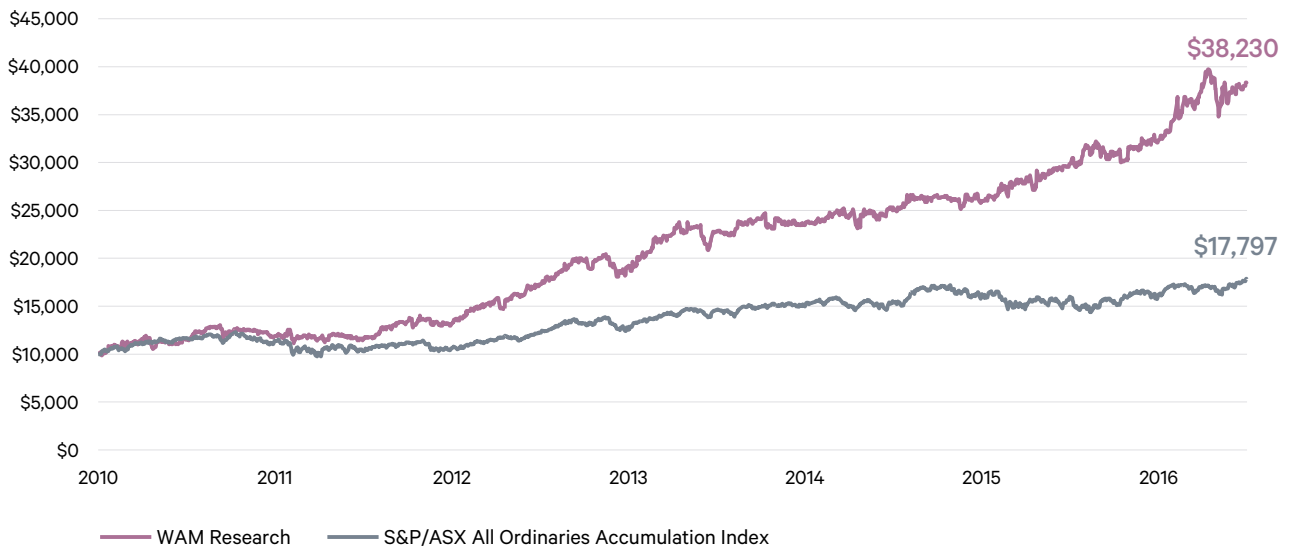
Performance

Performance at 31 December 2016	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	0.8%	11.3%	17.5%	20.9%	24.2%	20.2%
S&P/ASX All Ordinaries Accumulation Index	4.2%	9.9%	11.6%	6.8%	11.6%	9.0%
Outperformance	-3.4%	+1.4%	+5.9%	+14.1%	+12.6%	+11.2%

*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	November 2016		December 2016	
	\$m	%	\$m	%
Listed equities	139.8	59.4	127.9	54.0
Fixed interest & cash	95.7	40.6	109.1	46.0
Gross assets	\$235.5m	100.0	\$237.0m*	100.0
Total shares on issue	183,229,919		183,229,919	

*This figure is after \$153k (0.1 cents per share) paid in tax during the month.

Top 20 holdings

Code	Company	Market value \$	Market value as % gross assets
AAD	Ardent Leisure Group	9,580,522	4.0%
NCK	Nick Scali Limited	9,154,539	3.9%
ECX	Eclix Group Limited	7,029,090	3.0%
RCG	RCG Corp Limited	6,940,679	2.9%
SLC	Superloop Limited	6,668,541	2.8%
ONE	Oneview Healthcare PLC	5,936,307	2.5%
SXL	Southern Cross Media Group Limited	5,490,382	2.3%
HLO	Helloworld Limited	5,341,554	2.3%
SLK	Sealink Travel Group Limited	5,319,167	2.2%
CL1	Class Limited	5,213,062	2.2%
PNI	Pinnacle Investment Management Group Limited	4,941,279	2.1%
CCP	Credit Corp Group Limited	4,863,893	2.1%
RFG	Retail Food Group Limited	4,751,361	2.0%
PSI	PSC Insurance Group Limited	4,682,250	2.0%
CVW	ClearView Wealth Limited	4,156,447	1.8%
IMF	IMF Bentham Limited	3,598,228	1.5%
RKN	Reckon Limited	2,683,459	1.1%
SDF	Steadfast Group Limited	2,594,595	1.1%
ENN	Elanor Investors Group	2,517,721	1.1%
ADH	Adairs Limited	2,372,874	1.0%

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

