

Investment update

As at 28 February 2017



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

\$1.26

Fully franked
dividend yield

5.7%

Gross assets

\$231.6m

Performance
(p.a. since July 2010)

19.6%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$231.6m
Market cap	\$291.3m
Share price	\$1.59
NTA before tax	\$1.26
Shares on issue	183,229,919
Annualised fully franked interim dividend (FY2017)	9.0c
Fully franked dividend yield	5.7%

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	Head of Trading
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.

Key dividend dates

Ex date	6 April 2017
Record date	7 April 2017
Last election date for DRP	11 April 2017
Payment date	21 April 2017

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 2.1% for the month. Company reporting season was the most positive for many years with a return to earnings growth, particularly in the resources sector. Overall, domestic economic conditions are improving, the housing market remains strong and the short-term outlook for the sharemarket is positive. However, our positive market outlook is tempered by the potential for further volatility caused by geopolitical risks over the calendar year.

Stock news

During the month, furniture retailer Nick Scali Limited (ASX: NCK) announced its half year results, reporting a net profit after tax (NPAT) of \$20.5 million, a 45% increase on the prior corresponding period. This is well ahead of the upgraded guidance of 30-35% growth provided in November. The Company said the result was driven by a 15.5% increase in sales revenue to \$118.4 million. We believe Nick Scali will continue to win market share through successful new store launches.

Net tangible asset (NTA) figures

NTA before tax	126.06c*
NTA after tax and before tax on unrealised gains	124.51c
NTA after tax	124.49c

*The before tax figure is after the payment of \$133k (0.07 cents per share) in tax during the month.

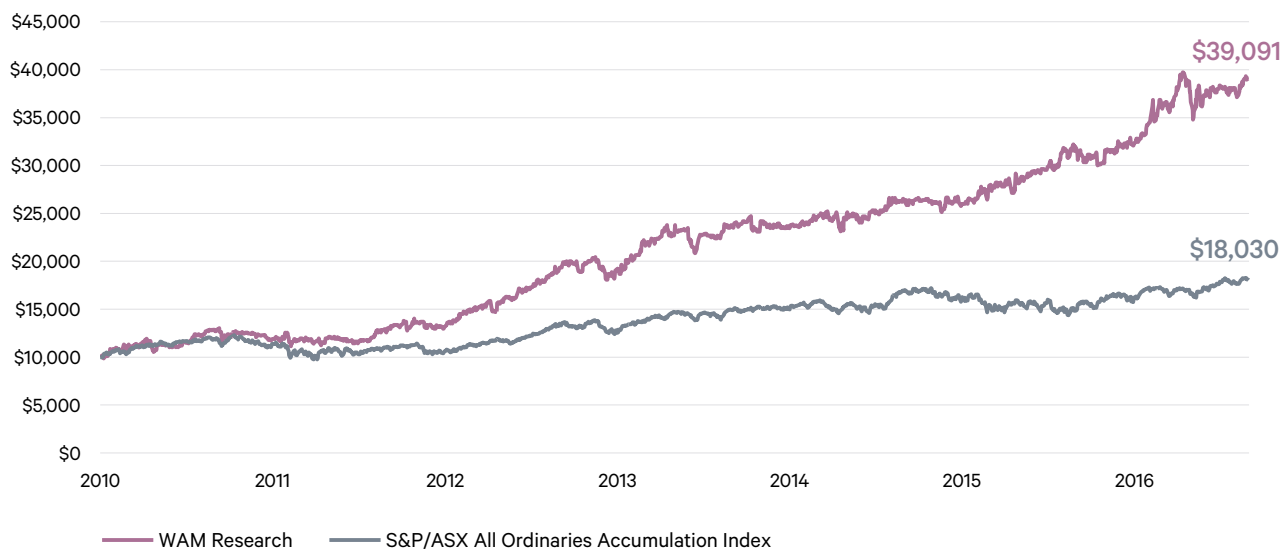
Performance

Performance at 28 February 2017	1 Mth	6 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	-1.5%	-3.6%	9.1%	21.6%	19.3%	22.0%	19.6%
S&P/ASX All Ordinaries Accumulation Index	2.1%	6.2%	11.4%	21.3%	6.5%	10.2%	9.1%
Outperformance	-3.6%	-9.8%	-2.3%	+0.3%	+12.8%	+11.8%	+10.5%

*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	January 2017		February 2017	
	\$m	%	\$m	%
Listed equities	123.5	52.4	151.5	65.4
Fixed interest & cash	112.1	47.6	80.1	34.6
Gross assets	\$235.6m	100.0	\$231.6m*	100.0
Total shares on issue	183,229,919		183,229,919	

*This figure is after \$133k (0.07 cents per share) paid in tax during the month.

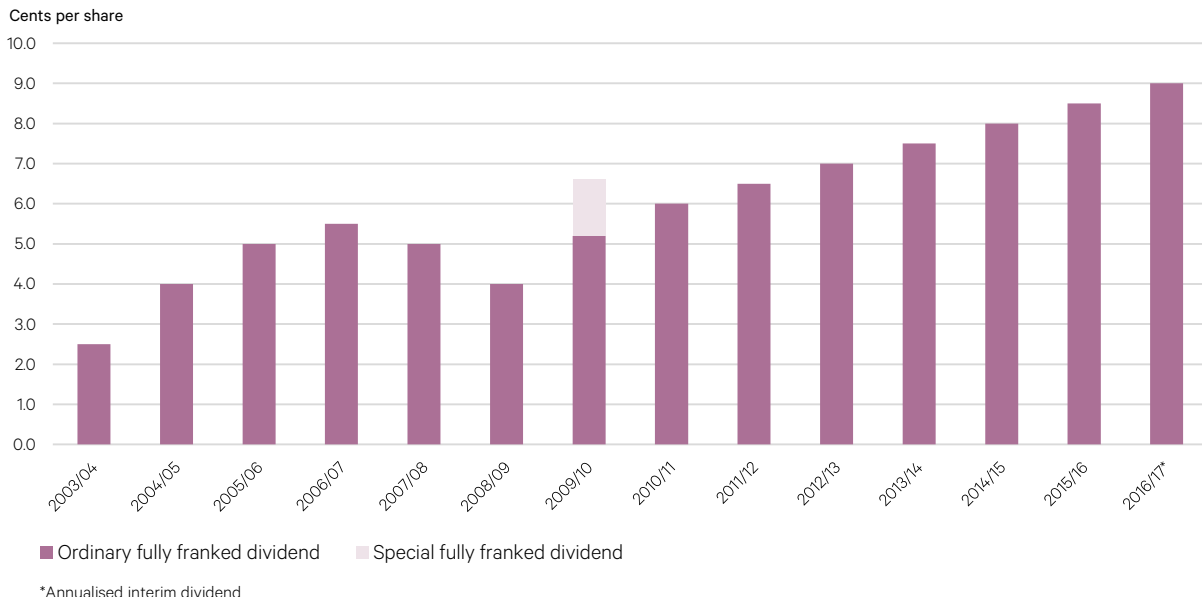
Top 20 holdings

Code	Company	Code	Company
NCK	Nick Scali Limited	NUF	Nufarm Limited
AUB	AUB Group Limited	SLK	Sealink Travel Group Limited
CGF	Challenger Limited	CAR	Carsales.Com Limited
AHG	Automotive Holdings Group Limited	ONE	Oneview Healthcare PLC
ECX	Eclix Group Limited	PNI	Pinnacle Investment Management Group Limited
SLC	Superloop Limited	PSI	PSC Insurance Group Limited
RCG	RCG Corporation Limited	IMD	Imdex Limited
HLO	Helloworld Limited	CVW	ClearView Wealth Limited
CL1	Class Limited	SXL	Southern Cross Media Group Limited
SUL	Super Retail Group Limited	RKN	Reckon Limited

Fully franked dividends

On 15 February 2017, the Board announced a fully franked interim dividend of 4.5 cents per share, an increase on last year's fully franked 4.25 cents per share interim dividend. The interim dividend will be paid on 21 April 2017 and will trade ex on 6 April 2017. The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend. The dividend reinvestment plan will operate at a 2.5% discount. The last election date for the DRP will be 11 April 2017.

Fully franked dividends since inception



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.