

Investment update

As at 31 March 2017



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

\$1.28

Fully franked
dividend yield

5.7%

Gross assets

\$234.8m

Performance
(p.a. since July 2010)

19.3%

WAM Research Limited

| | |
|--|-------------|
| ASX code | WAX |
| Listed | Aug 2003 |
| Gross assets | \$234.8m |
| Market cap | \$291.3m |
| Share price | \$1.59 |
| NTA before tax | \$1.28 |
| 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 |

May 2017 Shareholder Presentations

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

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 3.2% for the month. In Australia, the discretionary retail sector underperformed as companies were impacted by fears about the entry of global retail giant Amazon. As widely anticipated, the Australian Prudential Regulation Authority initiated additional supervisory measures to reinforce sound residential mortgage lending practices. Designed to cool the housing market, these measures are unlikely to have a material impact on bank profitability. In the U.S., during his first speech to a joint sitting of congress, President Trump said he would provide significant tax relief and spend US \$1 trillion on infrastructure. Despite rising uncertainty surrounding the President's tax reforms, equity markets continue to rise with global growth also improving. British Prime Minister Theresa May formally notified Brussels of Britain's intention to leave the European Union under Article 50 of the EU's Lisbon Treaty, beginning two years of negotiations on the terms of the split.

Stock news

During the month, software company Reckon (ASX: RKN) announced a proposed demerger of its document management division, which currently represents approximately 15% of 2016 group turnover, with shares to trade on the AIM Market of the London Stock Exchange (AIM). The board of directors said the proposal will place Reckon in a strong position to move forward and allow the document management segment to pursue an independent strategy to develop new global market offerings.

Net tangible asset (NTA) figures

The following NTA figures are before the 4.5 cents per share fully franked interim dividend due to be paid on 21 April 2017. The shares traded ex dividend on 6 April 2017.

| | |
|--|----------|
| NTA before tax | 127.81c* |
| NTA after tax and before tax on unrealised gains | 126.01c |
| NTA after tax | 125.94c |

*The before tax figure is after the payment of \$26k (0.01 cents per share) in tax during the month.

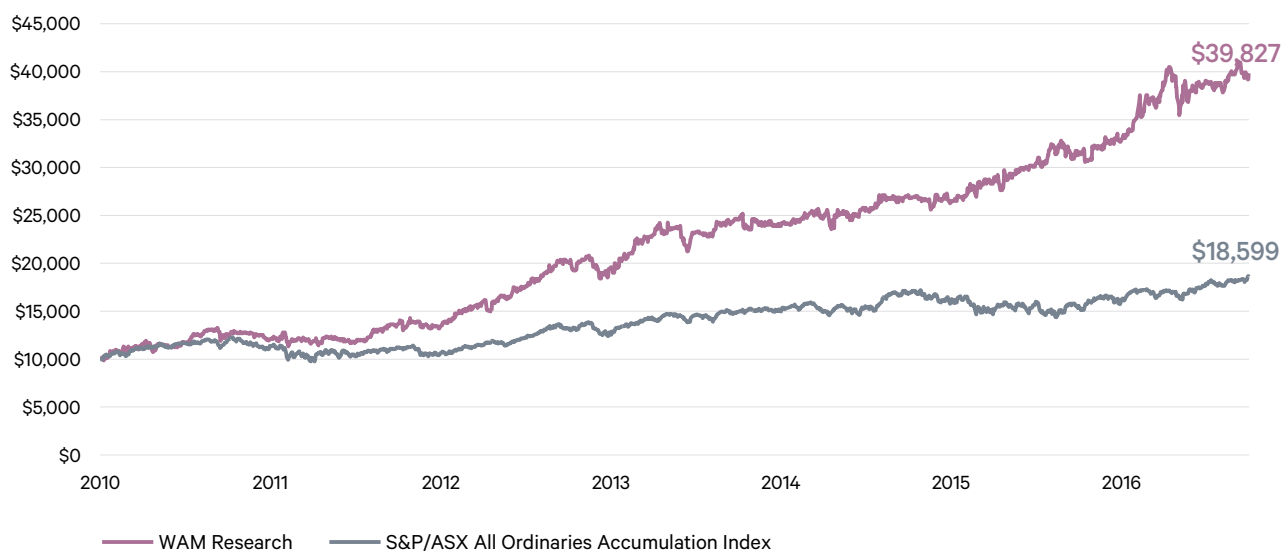
Performance

| Performance at 31 March 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% | -4.7% | 10.7% | 19.0% | 19.2% | 21.5% | 19.3% |
| S&P/ASX All Ordinaries Accumulation Index | 3.2% | 9.1% | 14.9% | 19.5% | 7.6% | 10.7% | 9.4% |
| Outperformance | -1.7% | -13.8% | -4.2% | -0.5% | +11.6% | +10.8% | +9.9% |

*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 | February 2017 | | March 2017 | |
|------------------------------|-----------------|--------------|------------------|--------------|
| | \$m | % | \$m | % |
| Listed equities | 151.5 | 65.4 | 176.8 | 75.3 |
| Fixed interest & cash | 80.1 | 34.6 | 58.0 | 24.7 |
| Gross assets | \$231.6m | 100.0 | \$234.8m* | 100.0 |
| Total shares on issue | 183,229,919 | | 183,229,919 | |

*This figure is after \$26k (0.01 cents per share) paid in tax during the month.

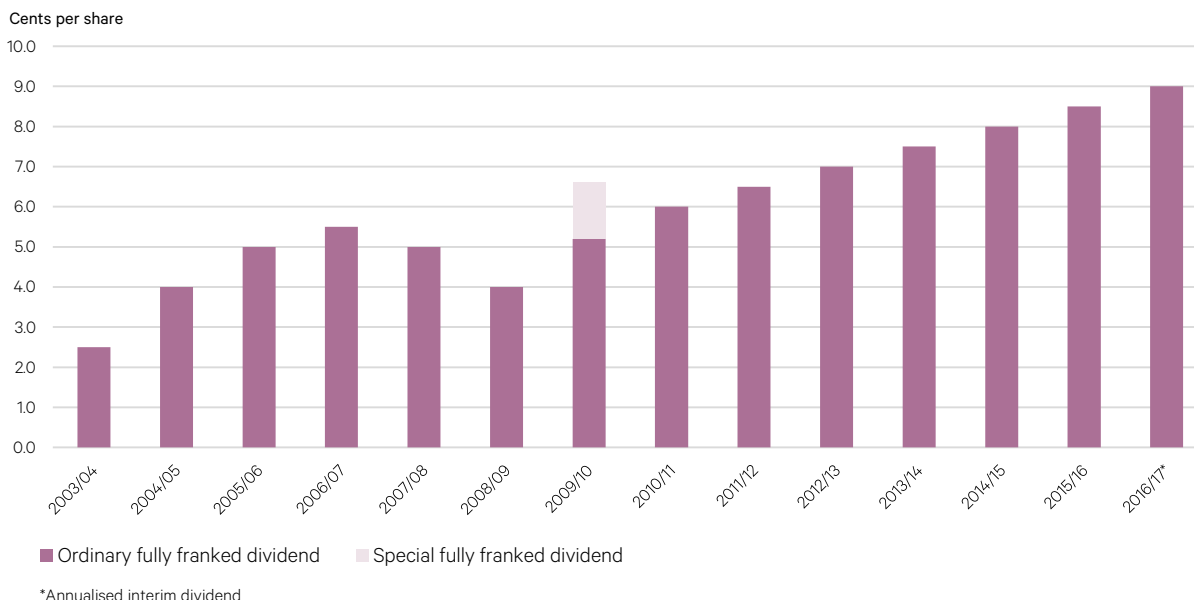
Top 20 holdings

| Code | Company | Code | Company |
|------|-----------------------------------|------|--|
| AHG | Automotive Holdings Group Limited | NHF | NIB Holdings Limited |
| NCK | Nick Scali Limited | SXL | Southern Cross Media Group Limited |
| CGF | Challenger Limited | SLC | Superloop Limited |
| AUB | AUB Group Limited | PSI | PSC Insurance Group Limited |
| ECX | Eclix Group Limited | NXT | NEXTDC Limited |
| NUF | Nufarm Limited | PNI | Pinnacle Investment Management Group Limited |
| GEM | G8 Education Limited | CAR | carsales.com Limited |
| HLO | Helloworld Limited | CL1 | Class Limited |
| ISU | iSelect Limited | SUL | Super Retail Group Limited |
| REA | REA Group Limited | IMD | Imdex 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 traded 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.