

Investment update

As at 30 June 2017



Snapshot

Pre-tax net tangible assets

\$1.23

Fully franked
dividend yield

6.0%

Gross assets

\$228.2m

Performance
(p.a. since July 2010)

18.6%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$228.2m
Market cap	\$277.5m
Share price	\$1.505
NTA before tax	\$1.23
Shares on issue	184,404,085
Annualised fully franked interim dividend (FY2017)	9.0c
Fully franked dividend yield	6.0%

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	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

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 closed up 0.3% for the month, to finish the financial year up 13.1%, the best year for the market since 2014. The sectors that drove the advance during FY2017 were materials (+20.6%), utilities (+14.7%), banks (+11.9%) and healthcare (+11.8%).

Global equity markets ended the month down as central banks foreshadowed the end of easy monetary policy. The US Federal Reserve raised interest rates for the third consecutive time to between 1% to 1.25% in response to improving confidence in the US economy.

In Australia, the unemployment rate fell to a lower than expected 5.5% from 5.7% the previous month, the lowest level since February 2013. The political attack on banks continued with the South Australian Government announcing it would introduce a bank tax in addition to the Federal Government's levy. The policy was met by widespread criticism across the industry. In July, the SA opposition announced it would block the tax in parliament.

Stock news

During the month, Alliance Aviation Services Limited (ASX: AQZ) announced its contract to supply dedicated charter flights for BHP Billiton's iron ore operations had been extended. The announcement follows a series of contract agreements including one with Virgin Australia airlines, which we believe should allow Alliance Aviation Services to take market share in key mining routes.

Net tangible asset (NTA) figures

NTA before tax	123.45c*
NTA after tax and before tax on unrealised gains	121.75c
NTA after tax	121.67c

*The before tax figure is after the payment of \$10k (0.01 cents per share) in tax during the month.

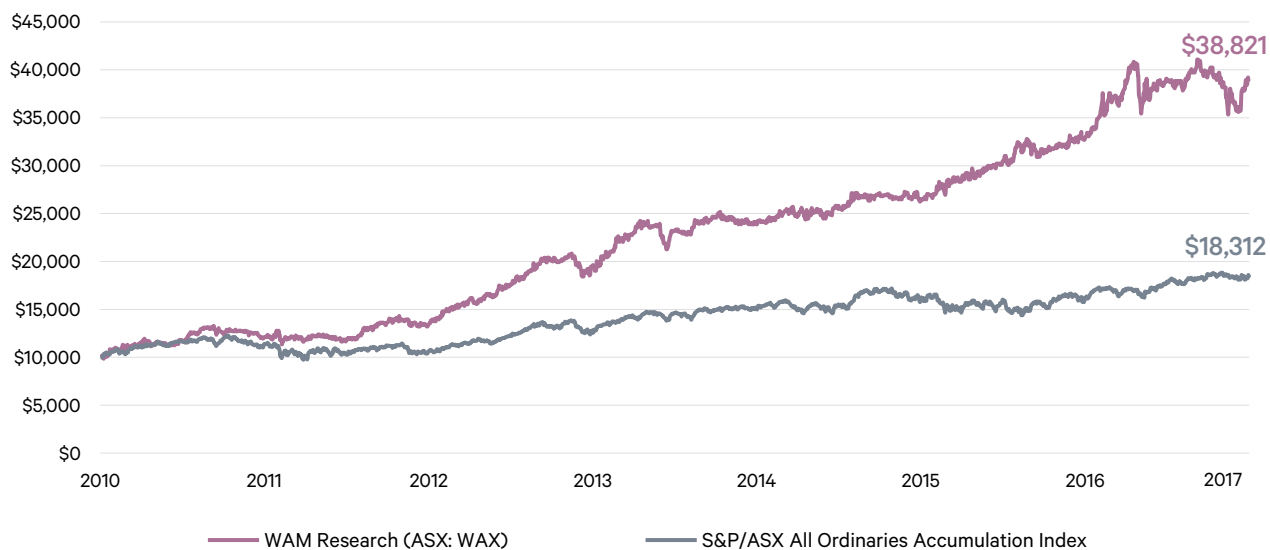
Performance

Performance at 30 June 2017	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	2.6%	-0.2%	11.1%	19.6%	21.9%	18.6%
S&P/ASX All Ordinaries Accumulation Index	0.3%	2.9%	13.1%	6.8%	11.6%	8.8%
Outperformance	+2.3%	-3.1%	-2.0%	+12.8%	+10.3%	+9.8%

*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



Notes:

1. The above graph reflects the period from the change in investment strategy in July 2010 to 30 June 2017.
2. WAM Research's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Research portfolio.

Diversified portfolio

Investment type	May 2017		June 2017	
	\$m	%	\$m	%
Listed equities	133.1	59.8	124.8	54.7
Fixed interest & cash	89.6	40.2	103.4	45.3
Gross assets	\$222.7m	100.0	\$228.2m[*]	100.0
Total shares on issue	184,404,085		184,404,085	

^{*}This figure is after \$10k (0.01 cents per share) paid in tax during the month.

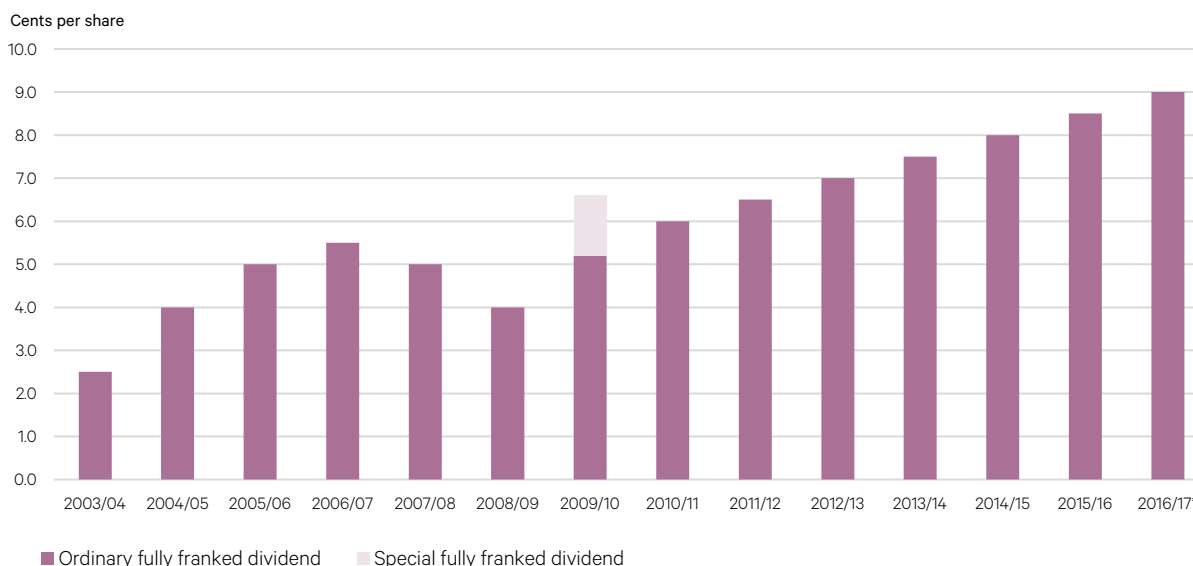
Top 20 holdings

Code	Company	Code	Company
ALQ	ALS Limited	NXT	NEXTDC Limited
CGF	Challenger Limited	IMD	Imdex Limited
AUB	AUB Group Limited	RKN	Reckon Limited
SXL	Southern Cross Media Group Limited	PSI	PSC Insurance Group Limited
ISU	iSelect Limited	NUF	Nufarm Limited
NCK	Nick Scali Limited	CVW	ClearView Wealth Limited
SLC	Superloop Limited	ONE	Oneview Healthcare PLC
CL1	Class Limited	PEA	Pacific Energy Limited
PNI	Pinnacle Investment Management Group Limited	RBD	Restaurant Brands New Zealand Limited
HT1	HT&E Limited	NBL	Noni B Limited

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



*Annualised interim dividend