

Investment update

As at 31 December 2017



Snapshot

Pre-tax net tangible assets

\$1.28

Fully franked
dividend yield

5.9%

Gross assets

\$241.2m

Performance
(p.a. since July 2010)

18.7%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$241.2m
Market cap	\$286.4m
Share price	\$1.53
NTA before tax	\$1.28
Shares on issue	187,221,984
Fully franked dividends (FY2017)	9.0c
Fully franked dividend yield	5.9%

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 increased 2.0% in December 2017, to close the calendar year up 12.5%.

During the month, the Reserve Bank of Australia (RBA) left the cash rate unchanged, while reiterating its upbeat outlook for 3% gross domestic product (GDP) growth and rising inflation for the next few years. The Westpac-Melbourne Institute index of consumer sentiment increased to a four-year high, rising 3.6% in December and data from the Australian Bureau of Statistics reported continued and strong growth in Australia's population.

After months of speculation, Amazon officially launched its Australian operations during the month. Domestic retail stocks rallied as the launch failed to inspire confidence in the online retailer.

Net tangible asset (NTA) figures

NTA before tax	128.45c*
NTA after tax and before tax on unrealised gains	128.29c
NTA after tax	125.72c

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

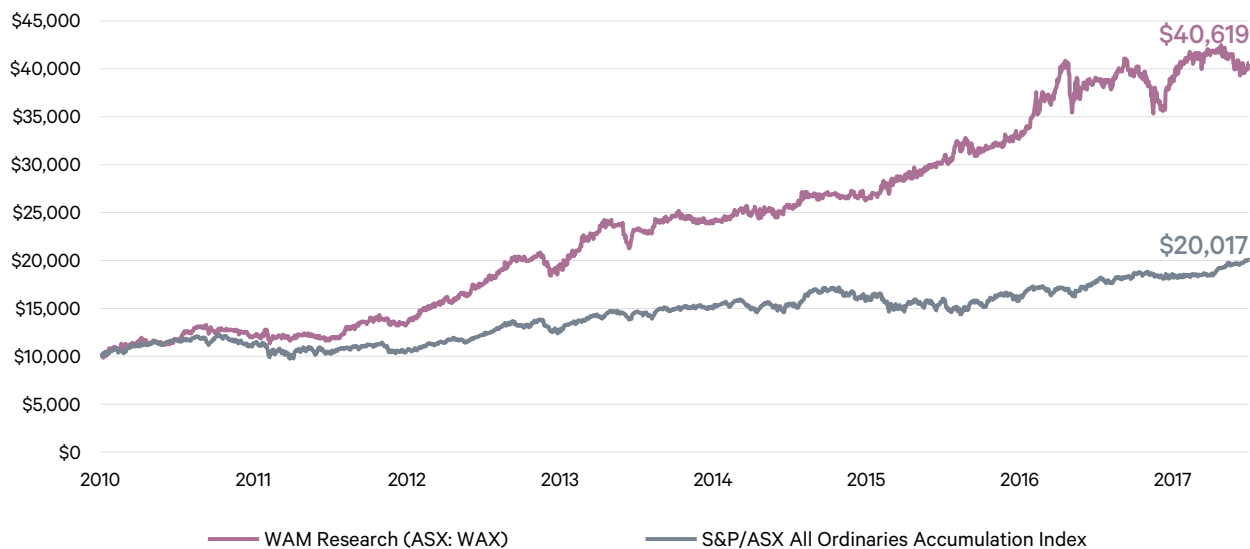
Performance

Performance at 31 December 2017	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	1.2%	9.8%	9.6%	18.9%	20.1%	18.7%
S&P/ASX All Ordinaries Accumulation Index	2.0%	9.3%	12.5%	9.2%	10.4%	9.5%
Outperformance	-0.8%	+0.5%	-2.9%	+9.7%	+9.7%	+9.2%

*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



Notes:

1. The above graph reflects the period from the change in investment strategy in July 2010 to 31 December 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	November 2017		December 2017	
	\$m	%	\$m	%
Listed equities	180.7	74.8	174.1	72.2
Fixed interest & cash	61.1	25.2	67.1	27.8
Gross assets	\$241.8m	100.0	\$241.2m*	100.0
Total shares on issue	187,221,984		187,221,984	

*This figure is after the payment of \$26k in tax during the month.

Top 20 holdings

Code	Company	Code	Company
APT	Afterpay Touch Group Limited	SGF	SG Fleet Group Limited
SIQ	Smartgroup Corporation Limited	CCP	Credit Corp Group Limited
ASL	Ausdrill Limited	PNI	Pinnacle Investment Management Group Limited
PSI	PSC Insurance Group Limited	NXT	NEXTDC Limited
MTR	Mantra Group Limited	RKN	Reckon Limited
SDA	SpeedCast International Limited	PAC	Pacific Current Group Limited
IMD	Imdex Limited	SGR	Star Entertainment Group Limited
MYO	MYOB Group Limited	NGI	Navigator Global Investments Limited
MLB	Melbourne IT Limited	EHL	Emeco Holdings Limited
SCO	Scottish Pacific Group Limited	IPH	IPH 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.

Fully franked dividends since inception

