

# Investment update

As at 28 February 2018



## Snapshot

Pre-tax net tangible assets

**\$1.29**

Fully franked  
dividend yield

**6.0%**

Gross assets

**\$242.7m**

Performance  
(p.a. since July 2010)

**18.4%**

## WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$242.7m
Market cap	\$295.8m
Share price	\$1.58
NTA before tax	\$1.29
Shares on issue	187,221,984
Annualised fully franked interim dividend (FY2018)	9.5c
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 AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	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.

## Save the date: Shareholder Presentations

Hobart	11 May
Launceston	11 May
Canberra	14 May
Sydney	15 May
Brisbane	16 May
Toowoomba	17 May
Perth	21 May
Adelaide	22 May
Melbourne	24 May

## FY2018 interim results

WAM Research **announced** its FY2018 interim results to the market on Thursday 22 February. Highlights from the announcement include:

- Interim profit before tax of \$20.4 million
- 9.8% investment portfolio performance, outperforming the index
- Increased fully franked interim dividend of 4.75 cents per share.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 0.2% in February, an almost flat close to a volatile month.

Global equity markets started the month with turbulence. Data released on US wage growth sparked expectations of higher inflation, which in turn saw bonds sell off on concerns about the pace of interest rate increases. Equity markets around the world followed suit, Australia included. As the month continued, heightened volatility dissipated, and a slightly positive reporting season provided Australian investors with some reassurance.

Overall, it was a satisfactory reporting period with earnings estimates increasing marginally. Improved economic performance translated to increased earnings that are being reinvested and returned to shareholders in the form of higher dividend payout ratios.

During the month we made meaningful changes to the portfolio as we capitalised on several new investment opportunities discovered during the reporting period.

Chief Investment Officer Chris Stott recently shared his thoughts on reporting season in an article in the [Australian Financial Review](#).

## Net tangible asset (NTA) figures

NTA before tax	129.08c*
NTA after tax and before tax on unrealised gains	127.66c
NTA after tax	126.20c

\*The NTA before tax figure is after the payment of \$70k (0.04 cents per share) in tax during the month.

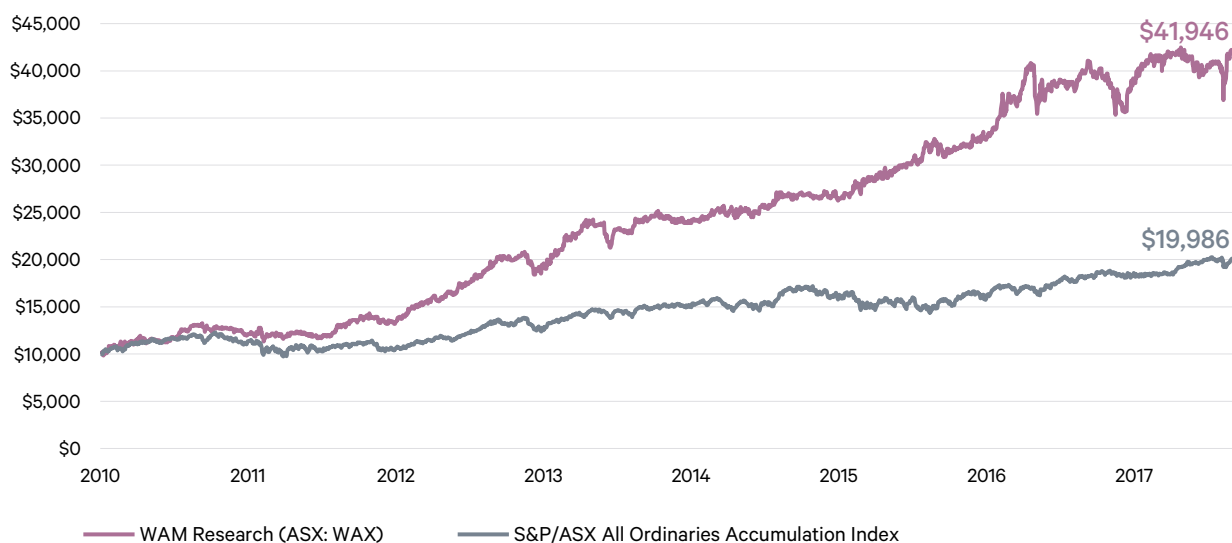
## Performance

Performance at	1	6	Fin	1	3 yrs	5 yrs	Since change
28 February 2018	mth	mths	YTD	yr	%pa	%pa	in investment strategy %pa (Jul-10)
WAX Investment Portfolio*	-0.8%	8.8%	10.7%	12.8%	16.5%	18.1%	18.4%
S&P/ASX All Ordinaries Accumulation Index	0.2%	8.1%	9.1%	10.8%	5.7%	8.1%	9.2%
<b>Outperformance</b>	<b>-1.0%</b>	<b>+0.7%</b>	<b>+1.6%</b>	<b>+2.0%</b>	<b>+10.8%</b>	<b>+10.0%</b>	<b>+9.2%</b>

\*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 28 February 2018.
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	January 2018		February 2018	
	\$m	%	\$m	%
Listed equities	175.9	71.8	174.2	71.8
Fixed interest & cash	69.2	28.2	68.5	28.2
<b>Gross assets</b>	<b>\$245.1m</b>	<b>100.0</b>	<b>\$242.7m*</b>	<b>100.0</b>
<b>Total shares on issue</b>	187,221,984		187,221,984	

\*This figure is after the payment of \$70k in tax during the month.

## Top 20 holdings

Code	Company	Code	Company
NEC	Nine Entertainment Co. Holdings Limited	SDA	SpeedCast International Limited
ASL	Ausdrill Limited	NGI	Navigator Global Investments Limited
IMD	Imdex Limited	SCO	Scottish Pacific Group Limited
APT	Afterpay Touch Group Limited	AUB	AUB Group Limited
EHL	Emeco Holdings Limited	CVW	ClearView Wealth Limited
PSI	PSC Insurance Group Limited	PAC	Pacific Current Group Limited
SIQ	Smartgroup Corporation Limited	RKN	Reckon Limited
CTD	Corporate Travel Management Limited	WOR	WorleyParsons Limited
PRY	Primary Health Care Limited	LIC	Lifestyle Communities Limited
FLT	Flight Centre Travel Group Limited	MYO	MYOB Group Limited

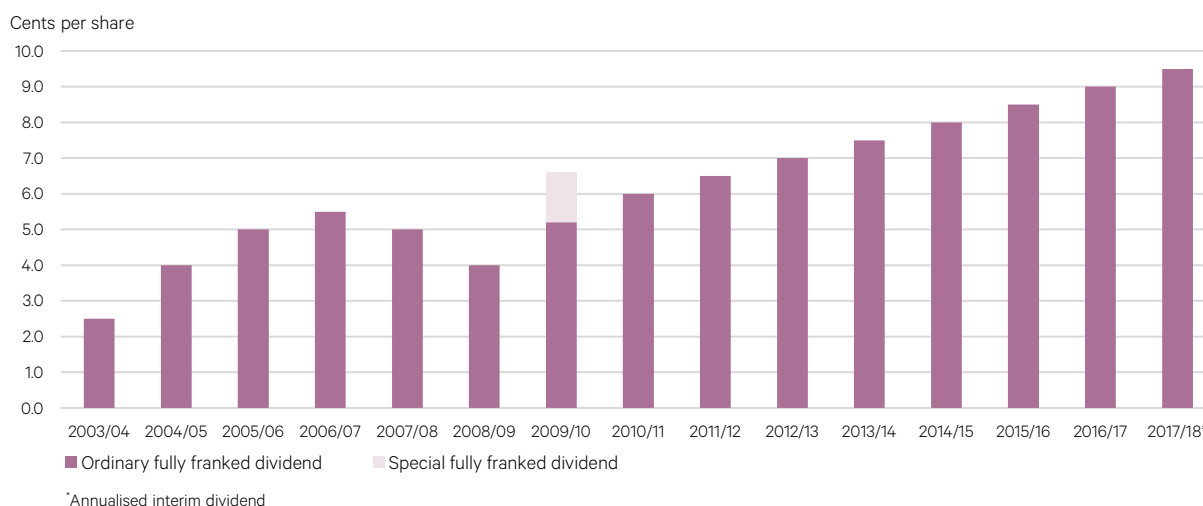
## Fully franked dividends

On 22 February 2018, the Board announced a fully franked interim dividend of 4.75 cents per share, an increase of 5.6% on the previous year. The dividend will be paid on 27 April 2018 and will trade ex on 12 April 2018. The 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 17 April 2018.

### Key dividend dates

Ex dividend date	12 April 2018
Record date	13 April 2018
Last election date for DRP	17 April 2018
Payment date	27 April 2018

### 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.