

## WAM Research announces record fully franked interim dividend and strong performance

15 February 2017  
ASX announcement  
& media release

### Highlights

<b>\$22.3m</b>	<b>4.5 cents</b>	<b>11.3%</b>	<b>5.7%</b>
Operating profit before tax	Increased fully franked interim dividend	Investment portfolio performance	Annualised fully franked dividend yield

WAM Research Limited (ASX: WAX) today reported an operating profit before tax of \$22.3 million (2015: \$27.1 million) and an operating profit after tax of \$16.4 million (2015: \$19.5 million) for the six months to 31 December 2016. The reduction in operating profit was due to the change in value of the investment portfolio between the periods. In the six months to 31 December 2015, the investment portfolio increased 18.9%, while in the six months to 31 December 2016, the investment portfolio increased 11.3%.

WAM Research's investment portfolio rose 17.5% in the 12 months to 31 December 2016, outperforming the S&P/ASX All Ordinaries Accumulation Index by 5.9% and returning 11.3% in the six months to 31 December 2016, again outperforming the market.

WAM Research Chairman Geoff Wilson said the Company would deliver a record increased fully franked interim dividend of 4.5 cents per share, representing an annualised fully franked dividend yield of 5.7%.

"Our research-driven investment methodology, which is focused on identifying undervalued growth companies with a catalyst for revaluation, has again delivered strong results for WAM Research shareholders," Mr Wilson said.

"We are pleased to deliver an increased dividend and a total shareholder return of 18.3% for the period. The 11.3% increase in the investment portfolio was achieved with an average 66% exposure to equities," he said.

One of the measures of financial results for listed investment companies is the change in net tangible assets (NTA), adjusted for dividends paid during the period, as this shows the change in the value of the assets that belong to WAM Research shareholders.

The post-tax NTA, adjusted for the 4.25 cents fully franked final dividend, increased by 9.2% from \$1.20 per share to \$1.26 per share, after tax paid during the period.

Performance at 31 December 2016	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
<b>WAX Investment Portfolio**</b>	<b>11.3%</b>	<b>17.5%</b>	<b>20.9%</b>	<b>24.2%</b>	<b>20.2%</b>
<b>S&amp;P/ASX All Ordinaries Accumulation Index</b>	<b>9.9%</b>	<b>11.6%</b>	<b>6.8%</b>	<b>11.6%</b>	<b>9.0%</b>
<b>Outperformance</b>	<b>+1.4%</b>	<b>+5.9%</b>	<b>+14.1%</b>	<b>+12.6%</b>	<b>+11.2%</b>

\*Based on the 14 February 2017 closing price of \$1575.

\*\*Investment performance and Index returns are before expenses, fees and taxes.

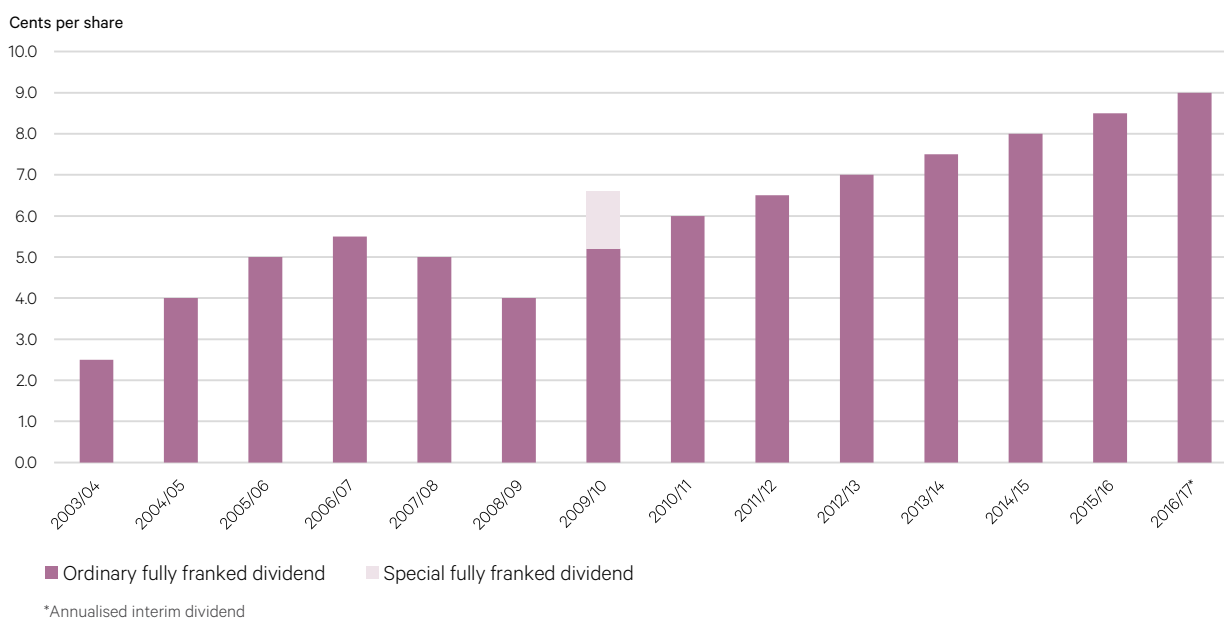
## Increased fully franked dividends

The Board announces 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.

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 is within prudent business practices.

### WAM Research dividends since inception



## Investment portfolio performance

WAM Research's investment portfolio increased 11.3% in the six months to 31 December 2016 and 17.5% in the 12-month period.

"We are focused on identifying undervalued growth companies. Many of these companies are small-to-medium sized industrial firms, which underperformed the broader equities market during the period. The S&P/ASX Small Ordinaries Index increased 5.7% in the six months to 31 December 2016, while the S&P/ASX All Ordinaries Accumulation Index rose by 9.9%," Wilson Asset Management Chief Investment Officer Chris Stott said.

"Our research-driven investment process delivered an 11.3% increase while maintaining an average cash weighting of 34%," he said.

"Our best performing investments for the period to 31 December 2016 were Nick Scali Limited (ASX: NCK), Ardent Leisure Group (ASX: AAD), Oneview Healthcare PLC (ASX: ONE), iSelect Limited (ASX: ISU) and Credit Corp Group Limited (ASX: CCP)," Mr Stott said.

## Equity market outlook

With the Australian and global economies strengthening, Chief Investment Officer Chris Stott said the Wilson Asset Management investment team was more positive in its overall outlook for the equities market in 2017.

“Towards the end of 2016, the Australian economy started to show signs of strength and in 2017 we expect continued economic growth, albeit modest,” Mr Stott said.

“With the rise in commodity prices increasing the taxable income of many mining and mining-related companies, the government is set to receive a fiscal boost this year. Similarly, we expect the residential property market will remain strong. One factor we believe could lead shares higher is the return of company earnings per share growth in select sectors such as resources and retail.

“With this growth, we see an end to the interest rate loosening cycle. While official rates are set to remain at or around record lows in the near-term, we are expecting the next move for interest rates will be up and believe the RBA will not raise rates until later this year or early next year.

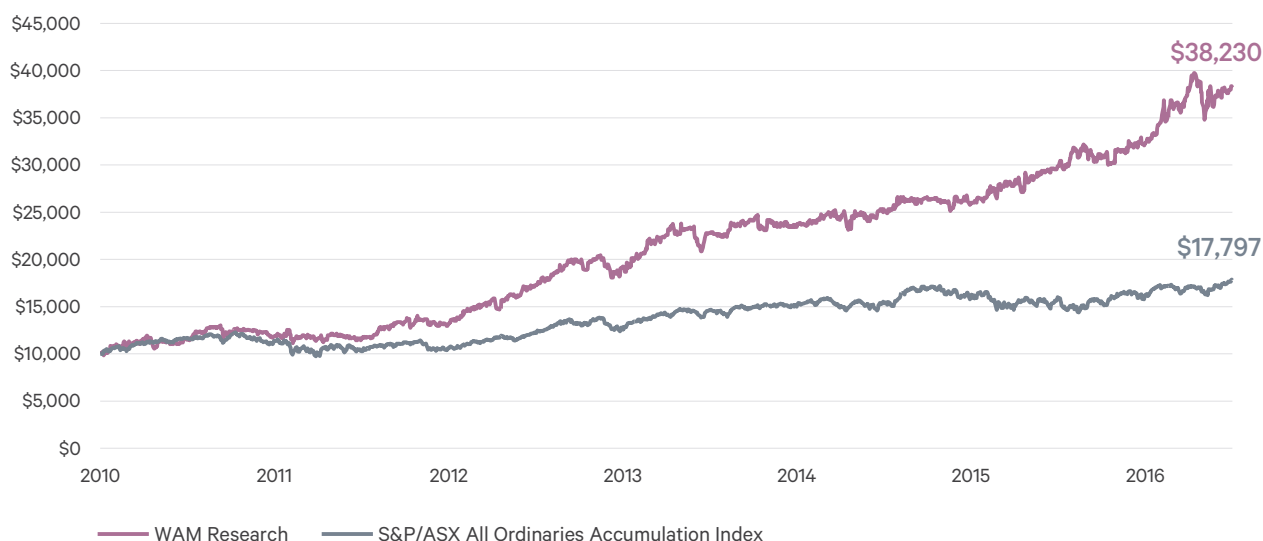
“Looking ahead, we expect the market will continue to be heavily influenced by global events and despite our generally positive view, we anticipate further volatility given the high degree of uncertainty regarding the development and implementation of the new US administration’s policies.

“Even with a slightly more positive outlook it is worth noting we are in the mature stages of an eight-year bull market that is showing signs of fatigue,” Mr Stott said.

## Top Holdings as at 31 December 2016

Code	Company	Market value \$	Market value as % gross assets
AAD	Ardent Leisure Group	9,580,522	4.0%
NCK	Nick Scali Limited	9,154,539	3.9%
ECX	Eclix Group Limited	7,029,090	3.0%
RCG	RCG Corp Limited	6,940,679	2.9%
SLC	Superloop Limited	6,668,541	2.8%
ONE	Oneview Healthcare PLC	5,936,307	2.5%
SXL	Southern Cross Media Group Limited	5,490,382	2.3%
HLO	Helloworld Limited	5,341,554	2.3%
SLK	Sealink Travel Group Limited	5,319,167	2.2%
CL1	Class Limited	5,213,062	2.2%
PNI	Pinnacle Investment Management Group Limited	4,941,279	2.1%
CCP	Credit Corp Group Limited	4,863,893	2.1%
RFG	Retail Food Group Limited	4,751,361	2.0%
PSI	PSC Insurance Group Limited	4,682,250	2.0%
CVW	ClearView Wealth Limited	4,156,447	1.8%
IMF	IMF Bentham Limited	3,598,228	1.5%
RKN	Reckon Limited	2,683,459	1.1%
SDF	Steadfast Group Limited	2,594,595	1.1%
ENN	Elanor Investors Group	2,517,721	1.1%
ADH	Adairs Limited	2,372,874	1.0%

## Growth of \$10,000 since change in investment strategy



## About WAM Research

WAM Research Limited (ASX: WAX) is a listed investment company with an investment management agreement with 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 Australian Securities Exchange. WAM Research's investment objectives are to provide a rising stream of fully franked dividends and achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the Directors.

For further information, visit [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au) or contact:

### Geoff Wilson

Chairman &  
Portfolio Manager  
(02) 9247 6755

### Kate Thorley

Chief Executive Officer  
(02) 9247 6755  
0405 115 644

### Chris Stott

Chief Investment Officer  
& Portfolio Manager  
(02) 9258 4906

### James McNamara

Head of Corporate Affairs  
(02) 9247 4902  
0416 734 080