

Investment Update & Net Tangible Assets Report

AS AT 30 APRIL 2016



Performance

Performance at 30 April 2016	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	0.0%	5.0%	16.8%	16.4%	19.1%	17.7%	19.1%
S&P/ASX All Ordinaries Accumulation Index	3.2%	2.8%	1.3%	-3.7%	5.4%	6.2%	8.2%
Outperformance	-3.2%	+2.2%	+15.5%	+20.1%	+13.7%	+11.5%	+10.9%

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

Net Tangible Assets (NTA) figures

The following NTA figures are after the 4.25 cents per share fully franked interim dividend paid on 29 April 2016.

NTA before tax	116.28c
NTA after tax and before tax on unrealised gains	114.77c*
NTA after tax	114.66c*

*These figures are after the payment of \$98k (0.06 cents per share) in tax during the month.

Market overview

Global equity markets continued to rally in April, led higher by resource stocks, which rebounded on the back of the strong recovery in commodity prices. The S&P/ASX All Ordinaries Accumulation Index rose 3.2% for the month with gains heavily weighted towards the mining sector. Towards the end of April, the share market was caught by surprise when the Australian Bureau of Statistics reported the weakest core inflation rate since 1983. In response, the Australian dollar fell sharply and in early May the Reserve Bank of Australia (RBA) reduced the cash rate by a further 0.25%.

Currently, Australia's economy is being influenced by a range of factors including uncertainty created by the imminent federal election and unseasonably warm weather along the eastern seaboard – a negative for apparel retailers. Other factors including fragile consumer confidence and a slow-down in the housing market, in part due to the banks tightening their lending criteria, are also weighing on the economy. However, we anticipate the RBA's recent decision to cut official interest rates by 25 basis points will have a stimulatory impact on the economy. While rates remain low by historical standards, the central bank has scope to reduce rates further to encourage fiscal growth.

We continue to hold above-average cash levels that ensure we are well placed to take advantage of opportunities as they arise in the market.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$208.9m
Market cap	\$229.9m
Share price	\$1.32
NTA before tax	\$1.16
Shares on issue	174,169,283
Fully franked annualised interim dividend (FY2016)	8.5c
Dividend yield	6.4%

Investment objectives

- Provide 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

Company overview

WAM Research Limited (ASX: WAX) is a Listed Investment Company managed by Wilson Asset Management Group. 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.

Investment & Management Team

Geoff Wilson

Chairman/Portfolio Manager

Kate Thorley

Chief Executive Officer/
Company Secretary

Chris Stott

Chief Investment Officer/
Portfolio Manager

Matthew Haupt

Portfolio Manager

Martin Hickson

Senior Equity Analyst/Dealer

Tobias Yao

Senior Equity Analyst

John Ayoub

Senior Equity Analyst

James McNamara

Head of Corporate Affairs

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Diversified portfolio

Investment Type	March 2016		April 2016	
	\$m	%	\$m	%
Listed Equities	\$137.3	64.0	\$135.2	64.7
Fixed Interest & Cash	\$77.4	36.0	\$73.7	35.3
Gross Assets	\$214.7m	100.0	\$208.9m*	100.0
Total shares on issue	172,768,120		174,169,283**	

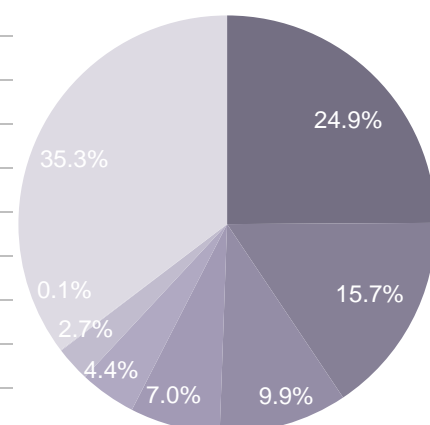
*This figure is after the 4.25 cents per share fully franked interim dividend and \$98k (0.06 cents per share) paid in tax during the month.

**During the month, 1,401,163 shares were issued from the Dividend Reinvestment Plan (DRP) for the interim dividend.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
SIQ	Smartgroup Corporation Limited	6,836,184	3.3%
NCK	Nick Scali Limited	6,696,651	3.2%
MYX	Mayne Pharma Group Limited	6,252,645	3.0%
SXL	Southern Cross Media Group Limited	5,773,131	2.8%
SGF	SG Fleet Group Limited	5,732,265	2.7%
RCG	RCG Corporation Limited	5,442,326	2.6%
VOC	Vocus Communications Limited	5,226,932	2.5%
AAD	Ardent Leisure Group	4,973,028	2.4%
TRS	The Reject Shop Limited	4,919,587	2.4%
VTG	Vita Group Limited	4,916,411	2.4%
ASB	Austal Limited	4,834,236	2.3%
CCP	Credit Corp Group Limited	4,796,313	2.3%
PME	Pro Medicus Limited	4,392,278	2.1%
SDF	Steadfast Group Limited	4,390,595	2.1%
PSI	PSC Insurance Group Limited	4,229,490	2.0%
CL1	Class Limited	4,170,275	2.0%
ECX	Eclix Group Limited	3,448,758	1.7%
CVW	ClearView Wealth Limited	2,988,516	1.4%
CTD	Corporate Travel Management Limited	2,971,684	1.4%
ISU	iSelect Limited	2,948,180	1.4%

Sector allocation



- Consumer Discretionary: 24.9%
- Industrials: 15.7%
- Financials: 9.9%
- Health Care: 7.0%
- Information Technology: 4.4%
- Telecommunication Services: 2.7%
- Consumer Staples: 0.1%
- Cash and Fixed Interest: 35.3%

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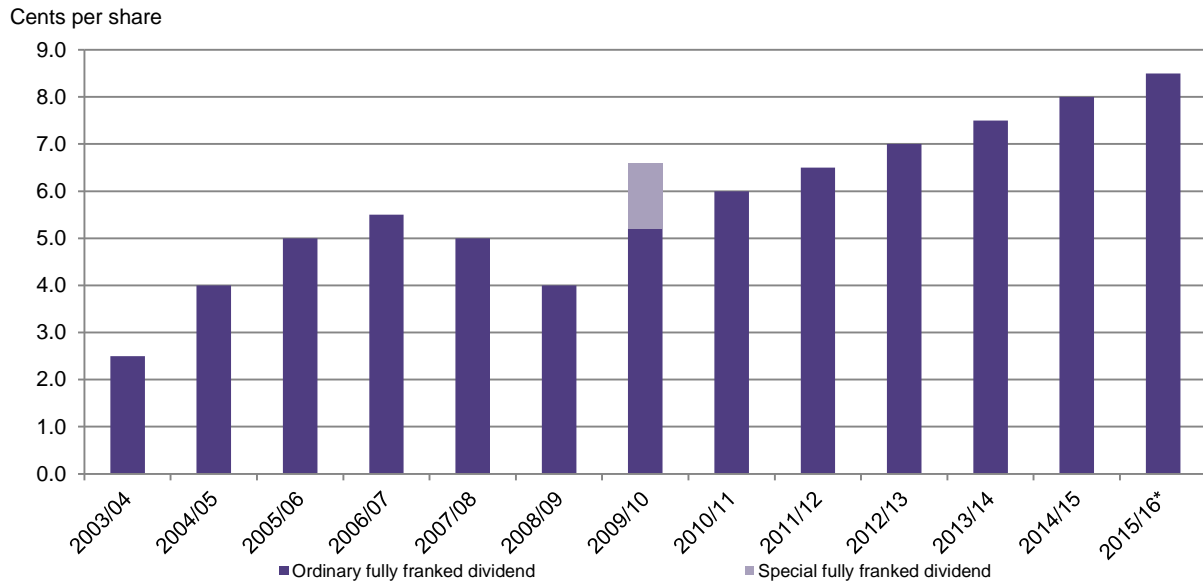
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Dividend growth

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.

WAM Research dividends since inception



*Annualised interim dividend

On 29 April 2016, the Company paid a fully franked interim dividend of 4.25 cents per share, an increase of 6.3% on the previous corresponding period. The dividend reinvestment price was \$1.2645 after the 2.5% discount.