

Investment Update & Net Tangible Assets Report

AS AT 31 JANUARY 2016



Performance

Performance at 31 January 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*	-1.8%	11.8%	16.8%	27.6%	22.3%	19.0%	20.0%
S&P/ASX All Ordinaries Accumulation Index	-5.4%	-8.8%	-5.0%	-4.7%	5.5%	5.4%	7.4%
Outperformance	+3.6%	+20.6%	+21.8%	+32.3%	+16.8%	+13.6%	+12.6%

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

Net Tangible Assets (NTA) figures

NTA before tax	121.18c
NTA after tax and before tax on unrealised gains	118.90c
NTA after tax	118.75c

Market overview

The Australian equity market experienced its worst start to the calendar year since January 2010, with the S&P/ASX All Ordinaries Accumulation Index falling 5.4%. Concerns around global economic growth and a continued slowdown in China drove the decline in equity markets. China's equity market was particularly volatile during the month and fell 22.7% as investors reacted poorly to the unexpected devaluation of the Yuan, softer economic data and tighter capital controls.

The continued deterioration in commodity prices placed downward pressure on the Australian equity market during the month. Oil prices fell 4.7% in January following on from a 15.6% fall in December. The falling commodity prices hurt also the Australian dollar, which fell to a seven-year low during the month. Unsurprisingly, the defensive sectors – utilities, telecommunications and consumer staples – outperformed the index in January.

Corporate earnings season is now underway and so far the results have been mixed and outlooks statements guarded. We expect the difficult conditions will continue and have taken profits on a number of positions throughout January and February to increase our cash weighting. This provides us with the ability to act on opportunities as they emerge.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$216.0m
Market cap	\$233.2m
Share price	\$1.35
NTA before tax	\$1.21
Shares on issue	172,768,120
Fully franked dividends (FY2015)	8.0c
Dividend yield	5.9%

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
Equity Analyst

James McNamara
Head of Corporate Affairs

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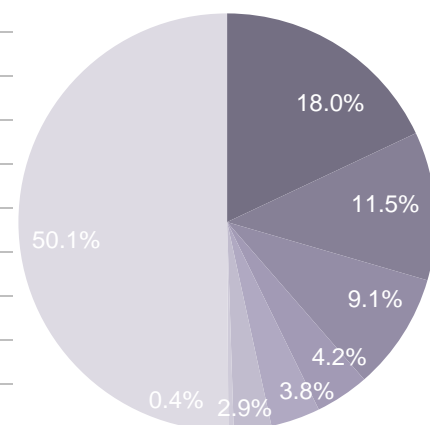
Diversified portfolio

Investment Type	December 2015		January 2016	
	\$m	%	\$m	%
Listed Equities	\$129.8	58.9	\$108.2	50.1
Fixed Interest & Cash	\$90.6	41.1	\$107.9	49.9
Gross Assets	\$220.4m	100.0	\$216.1m	100.0
Total shares on issue	172,768,120		172,768,120	

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
SIQ	Smartgroup Corporation Limited	10,008,902	4.6%
IPH	IPH Limited	6,752,908	3.1%
ECX	Eclipx Group Limited	6,511,086	3.0%
MTR	Mantra Group Limited	6,061,892	2.8%
RCG	RCG Corp Limited	6,060,279	2.8%
A2M	The A2 Milk Company Limited	4,790,092	2.2%
SRX	Sirtex Medical Limited	4,739,669	2.2%
CSV	CSG Limited	4,441,239	2.1%
BBN	Baby Bunting Group Limited	4,405,891	2.0%
FXL	FlexiGroup Limited	4,261,298	2.0%
TRS	The Reject Shop Limited	4,004,910	1.9%
PSI	PSC Insurance Group Limited	3,745,952	1.7%
SXL	Southern Cross Media Group Limited	3,651,850	1.7%
BLX	Beacon Lighting Group Limited	3,259,368	1.5%
PME	Pro Medicus Limited	3,043,048	1.4%
CCP	Credit Corp Group Limited	3,038,917	1.4%
CKF	Collins Foods Limited	2,769,163	1.3%
EVT	Event Hospitality and Entertainment Limited	2,370,850	1.1%
CIW	Clime Investment Management Limited	2,357,337	1.1%
PMP	PMP Limited	1,702,960	0.8%

Sector allocation



- Consumer Discretionary: 18.0%
- Industrials: 11.5%
- Financials: 9.1%
- Health Care: 4.2%
- Information Technology: 3.8%
- Consumer Staples: 2.9%
- Telecommunication Services: 0.4%
- Cash and Fixed Interest: 50.1%

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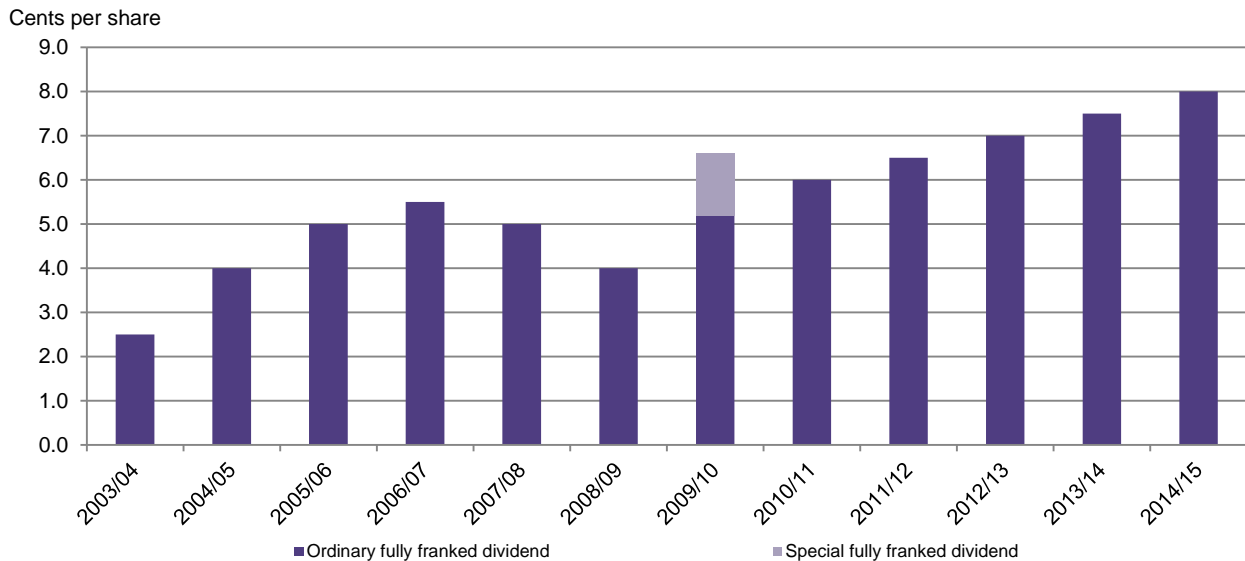
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Dividend growth

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



On 23 October 2015, the Company paid a fully franked final dividend of 4.0 cents per share. This brings the full year fully franked dividend to 8.0 cents per share, an increase of 6.7% on the previous corresponding period.