

# Investment Update & Net Tangible Assets Report

AS AT 30 JUNE 2015



## Performance

Performance at 30 June 2015	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	-2.2%	9.9%	22.8%	22.8%	24.5%	19.4%
S&P/ASX All Ordinaries Accumulation Index	-5.4%	3.3%	5.7%	5.7%	14.5%	10.6%
<b>Outperformance</b>	<b>+3.2%</b>	<b>+6.6%</b>	<b>+17.1%</b>	<b>+17.1%</b>	<b>+10.0%</b>	<b>+8.8%</b>

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

## Net Tangible Assets (NTA) figures

NTA before tax	<b>114.27c</b>
NTA after tax and before tax on unrealised gains	<b>112.44c</b>
NTA after tax	<b>112.27c</b>

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 5.4% in June leading to a below average return for the financial year of 6%. The index suffered from a fall in oil and iron ore prices, earnings downgrades and international uncertainty arising from the ongoing Greek debt crisis. Having fallen 8% since the late April highs, the Australian market is approaching a technical correction.

International equity markets were highly volatile over the month as the Eurozone instability forced a global sell off in equities. Greece and its European Union and International Monetary Fund (IMF) creditors failed to break their deadlock in the lead up to a 30 June 2015 payment deadline. Greece then became the first developed nation to default on an IMF loan when it missed the deadline. European markets fared worst as a result with the FTSE100 losing 6.7% and the German DAX down 4.1% for the month. In the US the S&P500 fell 2.1% while the Dow Jones dropped 2.2% despite the release of positive economic data and the potential further delay of monetary tightening from the US Federal Reserve.

Notwithstanding the market's recent weakness, we believe valuations remain full. With our above average cash levels, we remain well positioned to seize on opportunities as they arise.

## Future Generation Global priority offer to WAM Research shareholders

Future Generation Global Investment Company Limited was launched recently with the prospectus to invest in the company now available at [www.futuregeninvest.com.au/global](http://www.futuregeninvest.com.au/global). See further details below.

### WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$195.4m
Market cap	\$191.8m
Share price	\$1.16
NTA before tax	\$1.14
Shares on issue	165,303,976
Fully franked annualised interim dividend (FY2015)	8.0c
Dividend yield	6.9%

### 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

**Martin Hickson**  
Senior Equity Analyst/Dealer

**Matthew Haupt**  
Senior Equity Analyst

**Tobias Yao**  
Equity Analyst

**James McNamara**  
Communications Manager

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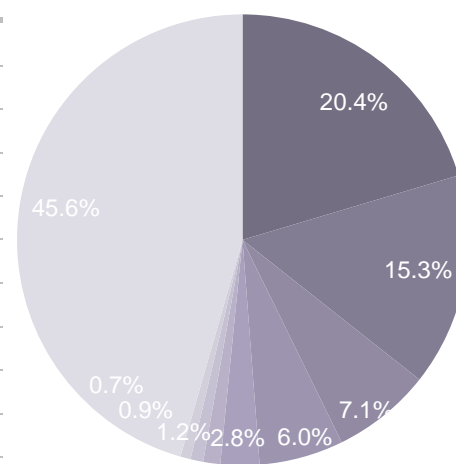
## Diversified portfolio

Investment Type	May 2015		June 2015	
	\$m	%	\$m	%
Listed Equities	96.5	48.5	106.4	54.4
Fixed Interest & Cash	102.7	51.5	89.0	45.6
Gross Assets	\$199.2m	100.0%	\$195.4m	100.0%
Total shares on issue	165,159,969		165,303,976	
Total options on issue	45,511,804		-	

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
ASB	Austal Limited	7,646,674	3.9%
ECX	Eclipx Group Limited	7,332,256	3.8%
IPH	IPH Limited	6,000,993	3.1%
ENE	Energy Developments Limited	5,445,055	2.8%
MTR	Mantra Group Limited	5,348,299	2.7%
SIQ	Smartgroup Corporation Limited	5,293,631	2.7%
RFG	Retail Food Group Limited	5,203,401	2.7%
ISU	iSelect Limited	5,112,765	2.6%
CSV	CSG Limited	4,941,884	2.5%
CCP	Credit Corp Group Limited	4,849,368	2.5%
AHD	Amalgamated Holdings Limited	4,660,629	2.4%
CTD	Corporate Travel Management Limited	4,114,463	2.1%
CKF	Collins Foods Limited	3,457,572	1.8%
RCG	RCG Corporation Limited	3,451,968	1.8%
APE	AP Eagers Limited	2,392,927	1.2%
CIW	Clime Investment Management Limited	2,389,193	1.2%
SDA	SpeedCast International Limited	2,384,979	1.2%
TRS	The Reject Shop Limited	2,362,977	1.2%
TGA	Thorn Group Limited	2,184,678	1.1%
HSN	Hansen Technologies Limited	2,121,571	1.1%

## Sector allocation



- Consumer Discretionary: 20.4%
- Industrials: 15.3%
- Financials: 7.1%
- Information Technology: 6.0%
- Utilities: 2.8%
- Telecommunication Services: 1.2%
- Consumer Staples: 0.9%
- Health Care: 0.7%
- Cash and Fixed Interest: 45.6%

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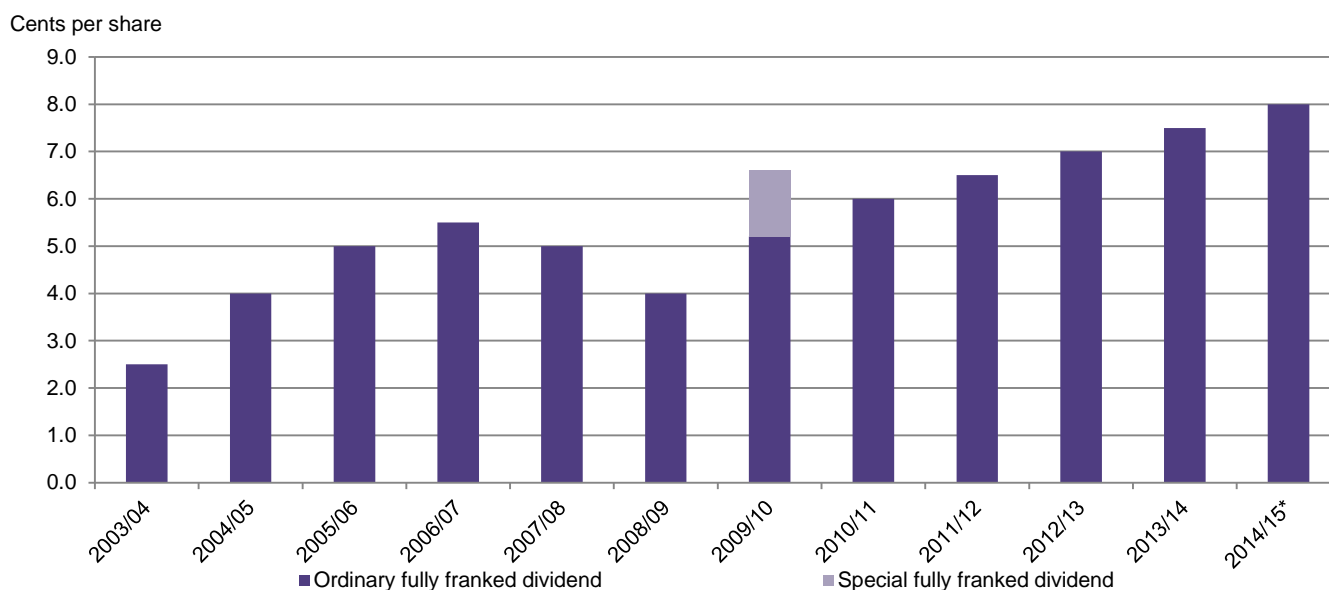
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## Dividend growth

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 28 May 2015, the Company paid a fully franked interim dividend of 4.0 cents per share, an increase of 6.7% on the previous corresponding period. The dividend reinvestment price was \$1.1362 after the 2.5% discount.

## Priority offer to WAM Research shareholders in Future Generation Global Investment Company Limited

WAM Research shareholders are entitled to share in the \$110 million priority allocation to the Future Generation Global Investment Company Limited (FGG) initial public offering (IPO). FGG will be Australia's first internationally focused listed investment company with the dual objectives of providing shareholders with diversified exposure to selected global equities and changing the lives of young Australians affected by mental illness. FGG will charge shareholders 0.0% management fees and 0.0% performance fees as the participating fund managers will manage the capital on a pro bono basis. This arrangement allows the company to donate 1.0% of its net tangible assets each year to selected Australian non-profits working to improve the mental health of young Australians. Further information, including the prospectus and online application form, is available at [www.futuregeninvest.com.au/global](http://www.futuregeninvest.com.au/global).

WAM Research shareholders are invited to attend the final FGG presentations this week in Brisbane and Canberra.

**Brisbane:** Wednesday 15 July 2015, 10am – 11am, Mercure Hotel, 85-87 North Quay, Brisbane

**Canberra:** Friday 17 July 2015, 10am – 11am, Belconnen Premier Hotel, 110 Benjamin Way, Belconnen

To RSVP, call (02) 9247 9202 or email [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au).

## Bonus Option Issue – Expired on 17 June 2015

The Company raised a total of \$28,297,313 through the one-for-one Bonus Option Issue announced on 28 October 2013. These options expired on 17 June 2015 with 23,581,094 options (34.2%) exercised.