

Investment Update & Net Tangible Assets Report

AS AT 31 MAY 2015



Performance

Performance at 31 May 2015	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	1.9%	13.0%	25.5%	25.0%	25.6%	19.7%
S&P/ASX All Ordinaries Accumulation Index	0.6%	11.3%	11.7%	10.1%	16.7%	10.8%
Outperformance	+1.3%	+1.7%	+13.8%	+14.9%	+8.9%	+8.9%

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

Net Tangible Assets (NTA) figures

The following NTA figures are **after** the 4.0 cents per share fully franked interim dividend paid on 28 May 2015.

NTA before tax	117.62c
NTA after tax and before tax on unrealised gains	114.79c
NTA after tax	114.61c

*The above figures have not been adjusted for the remaining options on issue.

Market overview

After a volatile month the S&P/ASX All Ordinaries Accumulation Index closed up 0.6%. The index suffered from continued selling in the major banks which commenced in late April on news of potential regulatory tightening. Further monetary easing from the Reserve Bank of Australia, in the form of a 0.25% rate cut, did little to encourage sentiment as the market interpreted the RBA's minutes as a sign the loosening cycle had perhaps come to an end. The market also responded to poor Australian Bureau of Statistics expenditure data, which showed Australia's business investment is set to drop dramatically over the next two years. This contributed to a 3.3% decline in the Australian dollar over the month.

In other domestic news, the release of the 2015-16 federal budget saw the government's deficit forecast revised up to \$35.1 billion, more than double the estimate from 12 months ago. On the whole the budget was well received, particularly the tax cuts for small businesses along with a \$20,000 tax deductible allowance for businesses earning less than \$2 million in revenue per year, which spurred the retail sector.

Global equity markets were mixed this month. Importantly, US Federal Reserve Chairman Janet Yellen commented the US economy was "well positioned" for continued growth and indicated it would take initial steps towards normalising monetary policy at some point this year.

We continue to believe valuations are full and remain well positioned to seize on opportunities in the market when they arise.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$199.2m
Market cap	\$196.5m
Share price	\$1.19
NTA before tax	\$1.18
Shares on issue	165,159,969
Options on issue	45,511,804
Fully franked annualised interim dividend (FY2015)	8.0c
Dividend yield	6.7%

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

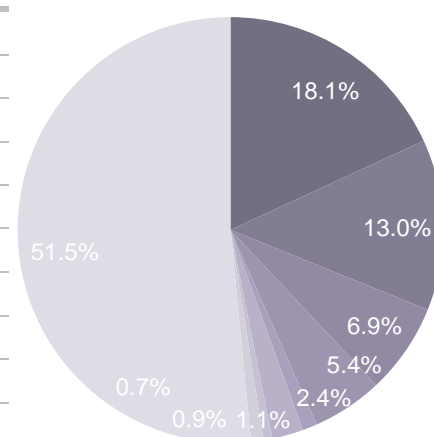
Investment Type	April 2015		May 2015	
	\$m	%	\$m	%
Listed Equities	103.9	56.1	96.5	48.5
Fixed Interest & Cash	81.2	43.9	102.7	51.5
Gross Assets	\$185.1m	100.0%	\$199.2m*	100.0%
Total shares on issue	150,772,215		165,159,969	
Total options on issue	58,498,623		45,511,804	

*This is after the payment of the 4.0 cent fully franked interim dividend paid during the month.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
ASB	Austal Limited	7,189,300	3.6%
ECX	Eclixp Group Limited	6,845,481	3.4%
MTR	Mantra Group Limited	5,537,519	2.8%
IPH	IPH Limited	5,081,099	2.6%
RFG	Retail Food Group Limited	5,071,782	2.5%
ISU	iSelect Limited	4,879,279	2.4%
CSV	CSG Limited	4,843,293	2.4%
ENE	Energy Developments Limited	4,723,820	2.4%
AHD	Amalgamated Holdings Limited	4,539,249	2.3%
CTD	Corporate Travel Management Limited	4,458,605	2.2%
CCP	Credit Corp Group Limited	4,082,658	2.0%
SIQ	Smartgroup Corporation Limited	4,029,862	2.0%
CKF	Collins Foods Limited	2,591,420	1.3%
TGA	Thorn Group Limited	2,381,124	1.2%
APE	AP Eagers Limited	2,324,069	1.2%
CIW	Clime Investment Management Limited	2,293,267	1.2%
SDA	SpeedCast International Limited	2,053,676	1.0%
RHP	Rhype Limited	2,046,686	1.0%
ELD	Elders Limited	1,885,249	0.9%
RCG	RCG Corp Limited	1,700,994	0.9%

Sector allocation



- Consumer Discretionary: 18.1%
- Industrials: 13.0%
- Financials: 6.9%
- Information Technology: 5.4%
- Telecommunication Services: 1.1%
- Utilities: 2.4%
- Health Care: 0.7%
- Consumer Staples: 0.9%
- Cash and Fixed Interest: 51.5%

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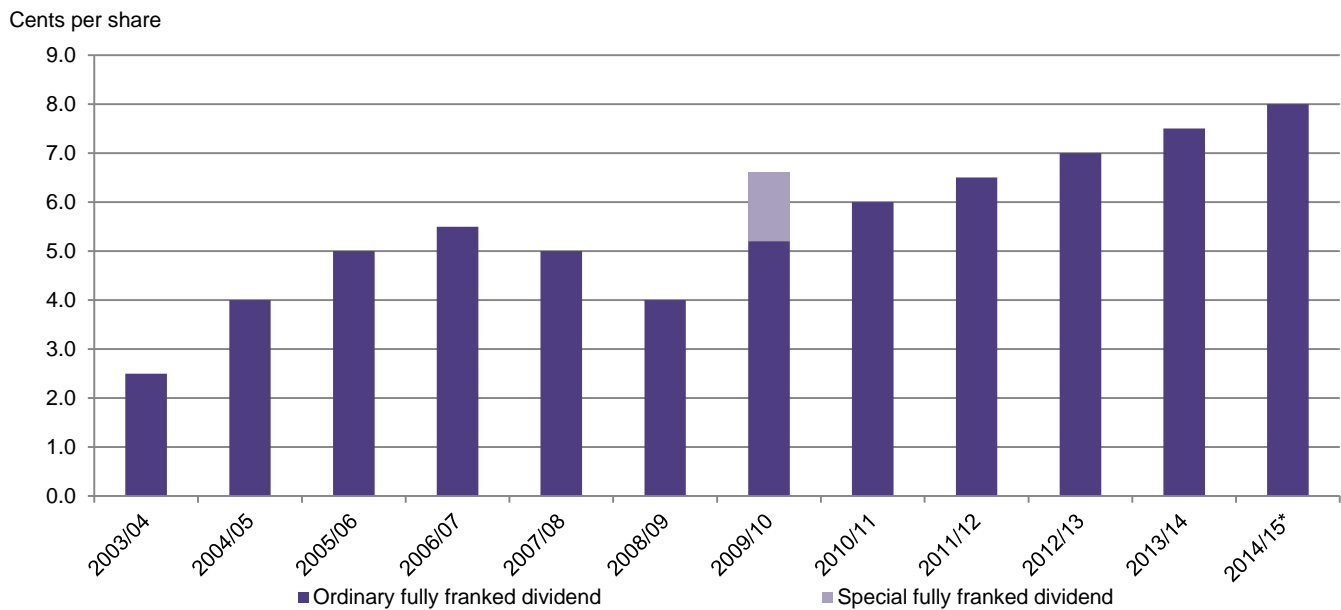
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Dividend growth

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.

Bonus Option Issue

On 28 October 2013, the Company announced a one for two bonus option issue ('Bonus Option Issue') to all WAM Research shareholders to acquire ordinary shares in the Company. The options have an exercise price of \$1.20 per share and can be exercised at any time on or before 17 June 2015.

As at 31 May 2015, 23,437,087 options had been exercised for a total consideration of \$28,124,504, with the remaining balance of outstanding options being 45,511,804.