

Investment update

As at 31 May 2018



Snapshot

Pre-tax net tangible assets

\$1.27

Fully franked
dividend yield

6.4%

Gross assets

\$239.8m

Performance
(p.a. since July 2010)

18.1%

WAM Research Limited

ASX code	WAX
Listed	Aug 2003
Gross assets	\$239.8m
Market cap	\$281.7m
Share price	\$1.495
NTA before tax	\$1.27
Shares on issue	188,406,337
Annualised fully franked interim dividend (FY2018)	9.5c
Fully franked dividend yield	6.4%

Investment objectives

- Provide shareholders 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

Wilson Asset Management investment & management team

Geoff Wilson AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

Company overview

WAM Research Limited (ASX: WAX) is a listed investment company managed by 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 ASX.

Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 1.4% in May, with strong quarterly results in the United States translating to increased investor appetite for equities domestically. During the month the federal budget was handed down by Treasurer Scott Morrison, focusing on minor adjustments rather than sweeping reforms.

Globally, US President Donald Trump announced that the US would be withdrawing from the Iran nuclear deal, potentially impacting global oil supply and pushing oil prices to near four-year highs. These highs were short lived with oil prices falling 9.9% as Saudi Arabia and Russia discussed easing production cuts to make up for potential losses from other members, most notably Venezuela and Iran. European political risks resurfaced at the end of May, with the threat of Italy's withdrawal from the eurozone and a no-confidence vote for the Spanish Prime Minister weighing on equity markets.

Net tangible asset (NTA) figures

NTA before tax	126.52c*
NTA after tax and before tax on unrealised gains	124.25c
NTA after tax	123.45c

*The NTA before tax figure is after the payment of \$18k (0.01 cents per share) in tax during the month.

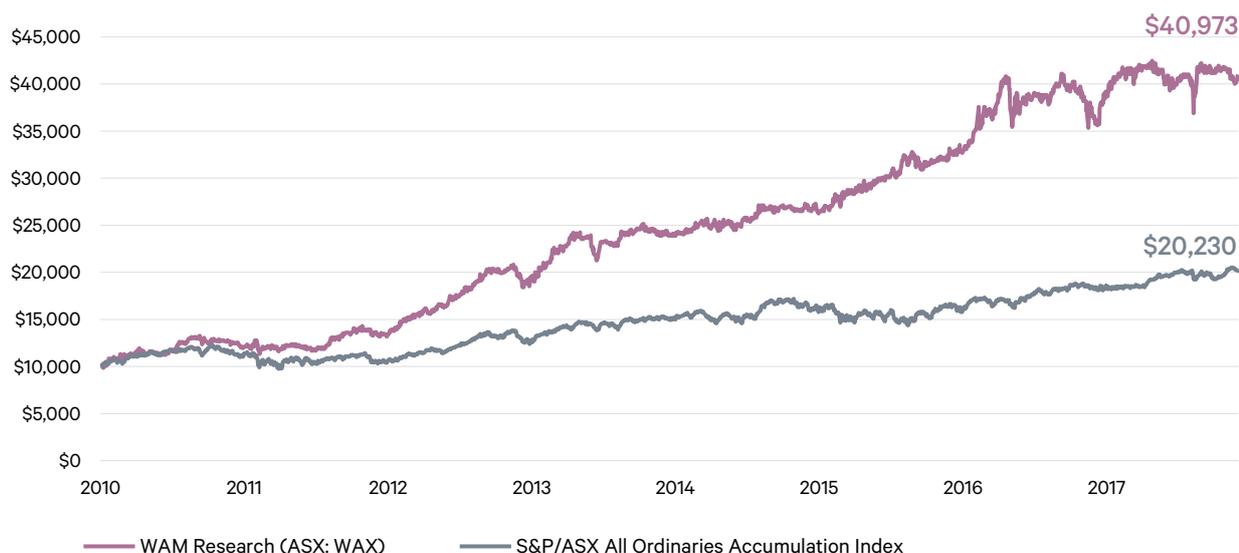
Performance

Performance at 31 May 2018	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio*	2.4%	4.4%	13.2%	16.2%	15.6%	18.5%	18.1%
S&P/ASX All Ordinaries Accumulation Index	1.4%	3.1%	10.5%	10.8%	6.4%	9.1%	9.1%
Outperformance	+1.0%	+1.3%	+2.7%	+5.4%	+9.2%	+9.4%	+9.0%

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

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

WAM Research versus the Index



Notes:

1. The above graph reflects the period from the change in investment strategy in July 2010 to 31 May 2018.
2. WAM Research's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Research portfolio.

Diversified portfolio

Investment type	April 2018		May 2018	
	\$m	%	\$m	%
Listed equities	153.1	65.3	153.8	64.1
Fixed interest & cash	81.2	34.7	86.0	35.9
Gross assets	\$234.3m	100.0	\$239.8m*	100.0
Total shares on issue	188,406,337		188,406,337	

*This figure is after the payment of \$18k in tax during the month.

Top 20 holdings

Code	Company	Code	Company
ADH	Adairs Limited	LIC	Lifestyle Communities Limited
ASL	Ausdrill Limited	NBL	Noni B Limited
AUB	AUB Group Limited	NEC	Nine Entertainment Co. Holdings Limited
AX1	Accent Group Limited	PAC	Pacific Current Group Limited
CTD	Corporate Travel Management Limited	PRY	Primary Health Care Limited
CVW	ClearView Wealth Limited	PSI	PSC Insurance Group Limited
EHL	Emeco Holdings Limited	REH	Reece Limited
FLT	Flight Centre Travel Group Limited	RKN	Reckon Limited
FXL	FlexiGroup Limited	SCO	Scottish Pacific Group Limited
IMD	Imdex Limited	SDA	SpeedCast International Limited

The top 20 holdings are presented in alphabetical order.

Fully franked dividends

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. Since inception, WAM Research has paid 89.9 cents per share in fully franked dividends to shareholders.

Fully franked dividends since inception

