



Record interim profit, strong investment return +30.7% and record fully franked interim dividend

Highlights

- Increased operating profit before tax 97.0% to \$27.1m
- Fully franked interim dividend, increased to 4.25 cents per share
- Investment portfolio increased 30.7% in the 12 months to December 2015, outperforming market by 26.9%

WAM Research Limited (ASX: WAX) ('WAM Research' or the 'Company') announces a 97.0% increase in operating profit before tax to \$27.1 million (2014: \$13.8 million) and a 92.8% increase on operating profit after tax to \$19.5 million (2014: \$10.1 million).

The increase in profit was driven by the strong performance of the investment portfolio, which increased 30.7% in the 12 months to December 2015, outperforming the S&P/ASX All Ordinaries Accumulation Index by 26.9%.

WAM Research Chairman Geoff Wilson said the Company's investment research methodology led to its continued outperformance.

"Our absolute bias, bottom-up, fundamental investment methodology has again delivered strong results for WAM Research's shareholders," Mr Wilson said.

"The 30.7% increase in the investment portfolio was achieved with an average 58.5% exposure to equities and an average 41.5% cash weighting," he said.

Chief Executive Officer Kate Thorley said the Company was pleased to announce a record interim dividend.

"The Company announces a fully franked interim dividend of 4.25 cents per share, an increase of 6.3% on the previous corresponding period, representing an annualised fully franked dividend yield of 6.3% based on the current share price," Ms Thorley said.

"The Company is committed to delivering a stream of increasing fully franked dividends and the investment portfolio's strong performance has allowed the Board to achieve this," Ms Thorley said.

Performance at 31 December 2015	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio	18.9%	30.7%	24.8%	19.8%	20.7%
S&P/ASX All Ordinaries Accumulation Index	0.4%	3.8%	9.3%	6.5%	8.6%
Outperformance	+18.5%	+26.9%	+15.5%	+13.3%	12.1%

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

WAM Research Limited (WAX)

ASX Announcement/Media Release

16 February 2016

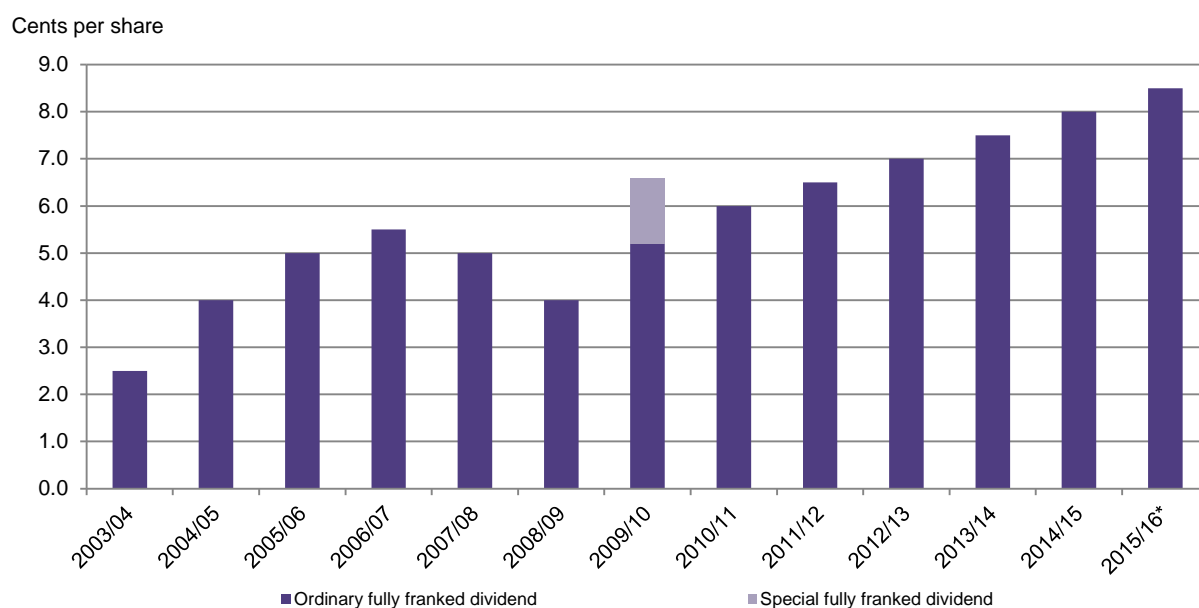


Record fully franked interim dividend

The Board announces a fully franked interim dividend of 4.25 cents per share, an increase of 6.3% on the previous corresponding period. The record date for this interim dividend is 14 April 2016. The interim dividend will be paid on 29 April 2016 and shares will trade ex on 13 April 2016. The dividend reinvestment plan will operate at a 2.5% discount. The last election date for the DRP will be 18 April 2016.

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. Dividends are paid on a six-monthly basis.

WAM Research's Dividends since Inception



*Annualised interim dividend

Investment portfolio performance

For the 12 months to 31 December 2015 WAM Research's investment portfolio rose 30.7%, outperforming the S&P/ASX All Ordinaries Accumulation Index's 3.8% increase by 26.9%.

For the six months to 31 December 2015, the Company's investment portfolio increased 18.9%, outperforming the Index, which rose 0.4%. WAM Research maintained an average equity weighting of 59.8% and an average cash weighting of 40.2% in the six-month period.

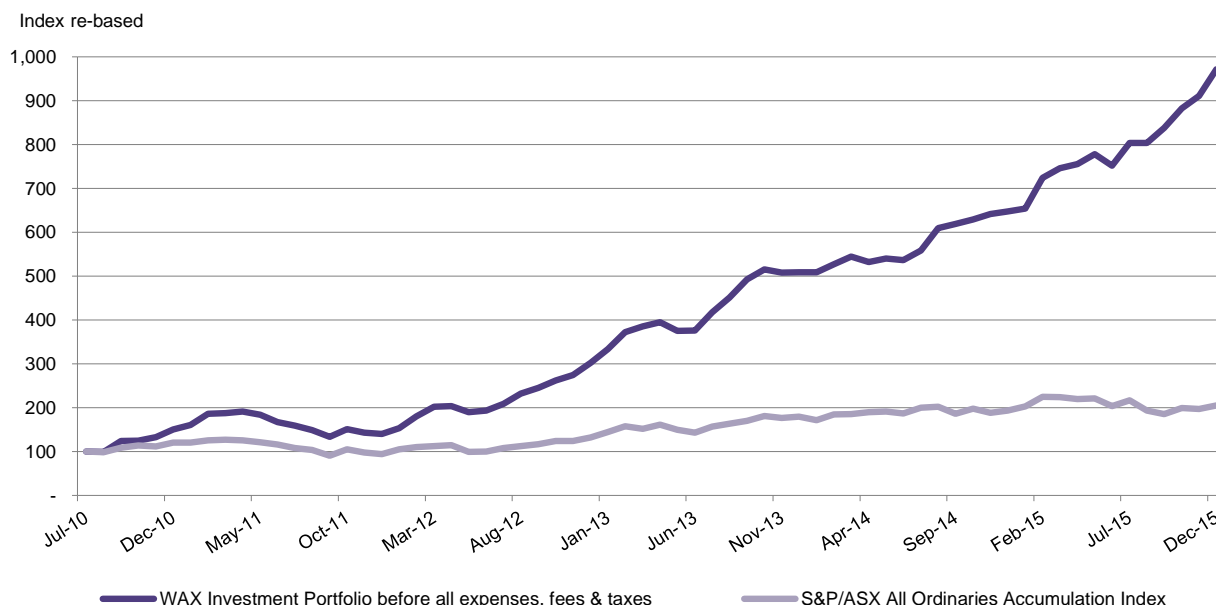
Chief Investment Officer Chris Stott said the Company held a high cash weighting that allowed the manager to rapidly invest in undervalued growth companies with a catalyst for revaluation.

"Our high cash weighting provides the dual benefits of protection against falling markets and the flexibility to promptly invest in companies that meet our stringent rating requirements," he said.

Mr Stott said contributors to the increase in the investment portfolio were: Smartgroup Corporation Limited (ASX: SIQ), The A2 Milk Company Limited (ASX: A2M), IPH Limited (ASX: IPH), Mantra Group Limited (ASX: MTR) and The Reject Shop Limited (ASX: TRS).



Outperformance against share market



Equity market performance and outlook

The S&P/ASX All Ordinaries Accumulation Index recovered ground rising 6.6% in the second quarter to post a 0.4% rise in the six months to December 2015, after recording losses during the first quarter of the 2016 financial year. The slight overall increase masked the sharemarket's volatility during the period, particularly during the month of December when Australian equities fell steeply as commodity prices collapsed and markets globally anticipated the United States' first rate rise in almost a decade. However, the market rallied in the final two weeks of the calendar year with the Index surging almost 8.0% amid early signs of strong Christmas retail sales.

Overall, economic data released during the December quarter was positive, including better-than-expected labour force figures showing unemployment falling and very strong jobs growth. During the quarter, business confidence remained robust buoyed by the appointment of new Prime Minister Malcolm Turnbull in September. In January 2016, 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. The trend has continued into February and we have now entered a bear market.

Corporate earnings season is now underway and so far the results have been mixed and outlook 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. In the near to mid-term, we expect to find these opportunities in the tourism, health products, pharmaceutical, medical technology and banking sectors.

Company outlook

With a high cash weighting, a flexible mandate, no debt and a disciplined investment approach, WAM Research is well positioned to quickly capitalise on opportunities when they arise in the market. The investment team remains committed to identifying undervalued growth companies as they present themselves in the coming year.

WAM Research Limited (WAX)

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Top holdings (as at 31 December 2015)

Code	Company	Market Value \$	Market Value as % Gross Assets
SIQ	Smartgroup Corporation Limited	11,513,305	5.2%
A2M	The A2 Milk Company Limited	10,265,646	4.7%
IPH	IPH Limited	7,659,715	3.5%
ECX	Eclix Group Limited	7,270,713	3.3%
MTR	Mantra Group Limited	6,338,003	2.9%
CSV	CSG Limited	6,305,452	2.9%
RCG	RCG Corporation Limited	6,001,575	2.7%
FXL	FlexiGroup Limited	4,579,758	2.1%
SRX	Sirtex Medical Limited	4,283,508	1.9%
BBN	Baby Bunting Group Limited	4,221,053	1.9%
TRS	The Reject Shop Limited	4,157,478	1.9%
EVT	Event Hospitality and Entertainment Limited	3,763,612	1.7%
SXL	Southern Cross Media Group Limited	3,700,541	1.7%
CKF	Collins Foods Limited	3,465,428	1.6%
ASB	Austal Limited	3,427,605	1.6%
BLX	Beacon Lighting Group Limited	3,406,040	1.5%
PME	Pro Medicus Limited	3,267,376	1.5%
PSI	PSC Insurance Group Limited	3,008,864	1.4%
CCP	Credit Corp Group Limited	2,260,658	1.0%
CIW	Clime Investment Management Limited	2,213,986	1.0%

--Ends--

About WAM Research

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 Australian Securities Exchange. WAX's investment objectives are: to provide a rising stream of fully franked dividends; and to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the Directors.

For more information visit www.wamfunds.com.au

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