

Investment update

As at 31 August 2016



wilsonassetmanagement.com.au
ABN 15 100 504 541

Snapshot

Pre-tax net tangible assets

133.71C

Dividend yield

5.6%

Gross assets

\$243.2m

Performance
(p.a. since July 2010)

21.7%

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$243.2m
Market cap	\$264.7m
Share price	\$1.52
NTA before tax	\$1.34
Shares on issue	174,169,283
Fully franked dividends (FY2016)	8.5c
Dividend yield	5.6%

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

Wilson Asset Management investment & management team

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

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.

Key dividend dates

Ex date	17 October 2016
Record date	18 October 2016
Last election date for DRP	20 October 2016
Payment date	28 October 2016

Market overview

The S&P/ASX All Ordinaries Accumulation Index ended the month down 1.3% on the back of a mixed company reporting season. The extended federal election campaign brought the economy to a halt, which was reflected in company results.

Consumer stocks provided mixed results, with electronics and furniture retailers performing well and some fashion retailers posting poor results. Positively, mining services companies are now positioned more favourably after in many cases deleveraging their balance sheets. During the August reporting season, many companies provided guarded outlook statements and were cautious in their guidance. We will approach the coming months with caution as we enter the Annual General Meeting confession season.

Portfolio overview

Debt purchasing and consumer lending company Credit Corp (ASX: CCP) released its FY16 results in August with net profit after tax increasing 20% from last year driven by strong growth in its core receivables business. We have been long-term supporters of Credit Corp with the strong management team consistently creating significant shareholder value. Shares closed the month up 25%.

During the month, furniture retailer Nick Scali (ASX: NCK) reported its full year results. Net profit came in at \$26.2 million, which exceeded market expectations of \$25.2 million. Management cited 11.1% like for like sales growth for the year and pleasingly they improved their margins even with the fall in the Australian dollar. Shares closed the month up 23%.

Net tangible asset (NTA) figures

NTA before tax	133.71c
NTA after tax and before tax on unrealised gains	129.37c*
NTA after tax	129.27c*

*These figures are after the payment of \$104k (0.06 cents per share) in tax during the month.

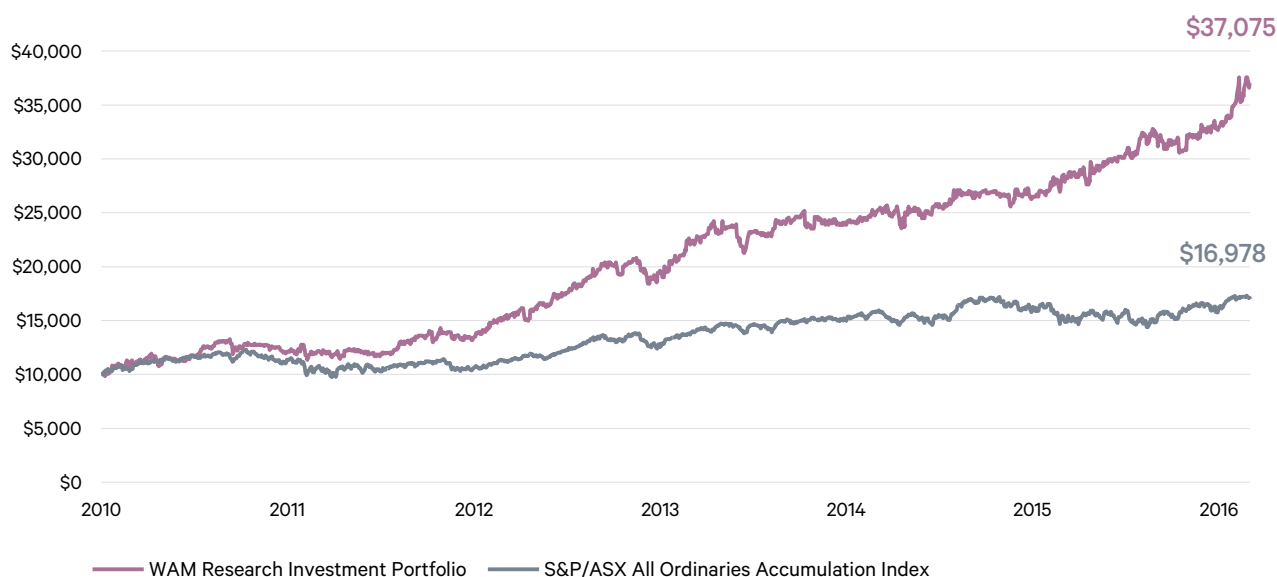
Performance

Performance at 31 August 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	7.7%	13.1%	26.1%	35.9%	24.2%	24.2%	21.7%
S&P/ASX All Ordinaries Accumulation Index	-1.3%	4.9%	14.2%	10.7%	7.1%	9.5%	8.7%
Outperformance	+9.0%	+8.2%	+11.9%	+25.2%	+17.1%	+14.7%	13.0%

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

Growth of \$10,000 investment since inception

WAM Research versus the index



Diversified portfolio

Investment type	July 2016		August 2016	
	\$m	%	\$m	%
Listed equities	175.1	74.4	173.8	71.5
Fixed interest & cash	60.1	25.6	69.4	28.5
Gross assets	\$235.2m		\$243.2m*	
Total shares on issue	174,169,283		174,169,283	

* This figure is after the payment of \$104k (0.06 cents per share) in tax and \$9.1m for the FY2016 performance fee during the month.

Top 20 holdings

Code	Company	Market value \$	Market value as % Gross assets
SIQ	Smartgroup Corporation Limited	10,697,507	4.4%
NCK	Nick Scali Limited	10,093,338	4.2%
CCP	Credit Corp Group Limited	8,353,552	3.4%
RCG	RCG Corp Limited	8,218,871	3.4%
SGF	SG Fleet Group Limited	7,724,722	3.2%
AAD	Ardent Leisure Group	7,250,358	3.0%
VTG	Vita Group Limited	7,238,902	3.0%
ECX	Eclix Group Limited	7,068,752	2.9%
CL1	Class Limited	6,945,177	2.9%
PME	Pro Medicus Limited	6,278,029	2.6%
HLO	Helloworld Limited	6,191,742	2.5%
ONE	Oneview Healthcare PLC	5,577,260	2.3%
PSI	PSC Insurance Group Limited	5,462,267	2.2%
SXL	Southern Cross Media Group Limited	4,991,889	2.1%
SDF	Steadfast Group Limited	4,808,692	2.0%
WEB	Webjet Limited	4,586,863	1.9%
FAN	Fantastic Holdings Limited	4,131,460	1.7%
SLC	Superloop Limited	4,092,634	1.7%
CVW	ClearView Wealth Limited	3,774,861	1.6%
BBN	Baby Bunting Group Limited	3,200,948	1.3%

Dividends

On 8 August 2016, the Company announced a fully franked final dividend of 4.25 cents per share. This brings the full year dividend to 8.5 cents per share, an increase of 6.3% on the previous corresponding period.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 20 October 2016.

Dividends since inception

