

Investment Update & Net Tangible Assets Report

AS AT 31 JULY 2014



Performance

Performance at 31 July 2014	1 Mth	6 Mths	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	+2.3%	+5.4%	+17.0%	+19.4%	18.1%
S&P/ASX All Ordinaries Accumulation Index	+4.5%	+10.3%	+16.6%	+12.6%	11.3%
Outperformance	-2.2%	-4.9%	+0.4%	+6.8%	+6.8%

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

Net Tangible Assets (NTA) figures

NTA before tax	108.37c
NTA after tax and before tax on unrealised gains	107.78c
NTA after tax	107.48c

* This is after the provision of \$1.6m (1.1 cents a share) in tax to be paid for FY2014.

The above figures are after 5,090 options exercised during the month and have not been adjusted for the remaining options on issue.

Market overview

The new financial year got off to a strong start with the S&P/ASX All Ordinaries Accumulation Index ('Index') rising 4.5% in July. After hitting a six year high, the Index recorded its strongest monthly gain since July 2013.

The market was driven higher primarily by the strong performance of local mining stocks. Investor confidence in the sector was bolstered following confirmation by Chinese authorities that the world's second largest economy was on track to achieve growth of 7.5% and allaying concerns of a 'hard landing'. The local Index has now risen 50% over the last 25 months since its low in June 2012.

The United States' recovery continues to gather pace with figures out during the month showing their economy had expanded in the second quarter while unemployment had fallen to 6.1%, its lowest level since September 2008.

The June US Federal Reserve Board minutes (out in July) revealed that the US Central Bank plans to stop its program of quantitative easing in October, reflecting improved economic conditions. US investors are now grappling with the growing expectation that interest rates will move higher in early 2015.

We continue to be cautious in our short term view of Australia's equity market. Reporting season, which has commenced, will provide a good opportunity to discuss current conditions with corporates along with their outlook for the next 12 months. While the May Federal Budget dampened consumer confidence and stifled growth, we expect historically low interest rates to stimulate economic activity over the longer term.

WAM Research Limited

ASX Code	WAX
Listed	Aug 2003
Gross assets	\$155.1m
Market cap	\$160.3m
Share price	\$1.145
NTA before tax	\$1.08
Shares on issue	140,031,763
Options on issue	67,985,138
Fully franked dividends (FY2014)	7.5c
Dividend yield	6.6%

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

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

Judith Buchan
Head of Corporate Affairs

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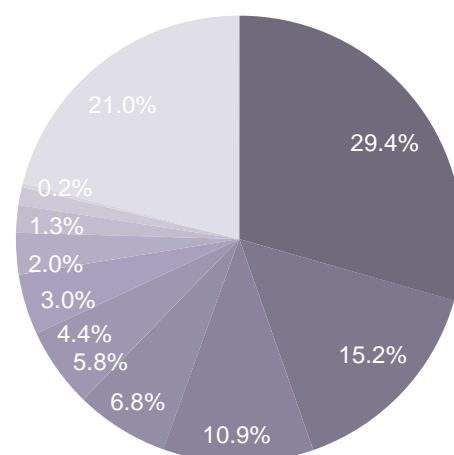
Diversified portfolio

Investment Type	June 2014		July 2014	
	\$m	%	\$m	%
Listed Equities	110.7	73.0	122.6	79.0
Fixed Interest & Cash	41.0	27.0	32.5	21.0
Gross Assets	\$151.7m	100.0%	\$155.1m	100.0%
Total shares on issue	140,026,673		140,031,763	
Total options on issue	67,990,228		67,985,138	

Top holdings

Code	Company	Market Value as % Gross Assets
SGH	Slater & Gordon Limited	3.7%
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.6%
AHE	Automotive Holdings Group Limited	3.1%
SXL	Southern Cross Media Group Limited	3.0%
DLX	DuluxGroup Limited	2.9%
FXJ	Fairfax Media Limited	2.9%
CSV	CSG Limited	2.7%
MTR	Mantra Group Limited	2.6%
TNE	Technology One Limited	2.6%
GXL	Greencross Limited	2.3%
VOC	Vocus Communications Limited	2.2%
IIN	iiNet Limited	2.2%
SFW	SFG Australia Limited	2.2%
ISD	Isentia Group Limited	2.1%
TPN	3P Learning Limited	2.0%
SRX	Sirtex Medical Limited	2.0%
ENE	Energy Developments Limited	2.0%
AHD	Amalgamated Holdings Limited	2.0%
VET	Vocation Limited	2.0%
IFM	Infomedia Limited	2.0%

Sector allocation



- Consumer Discretionary: 29.4%
- Financials: 15.2%
- Information Technology: 10.9%
- Industrials: 6.8%
- Health Care: 5.8%
- Telecommunication Services: 4.4%
- Materials: 3.0%
- Utilities: 2.0%
- Consumer Staples: 1.3%
- Energy: 0.2%
- Cash and Fixed Interest: 21.0%

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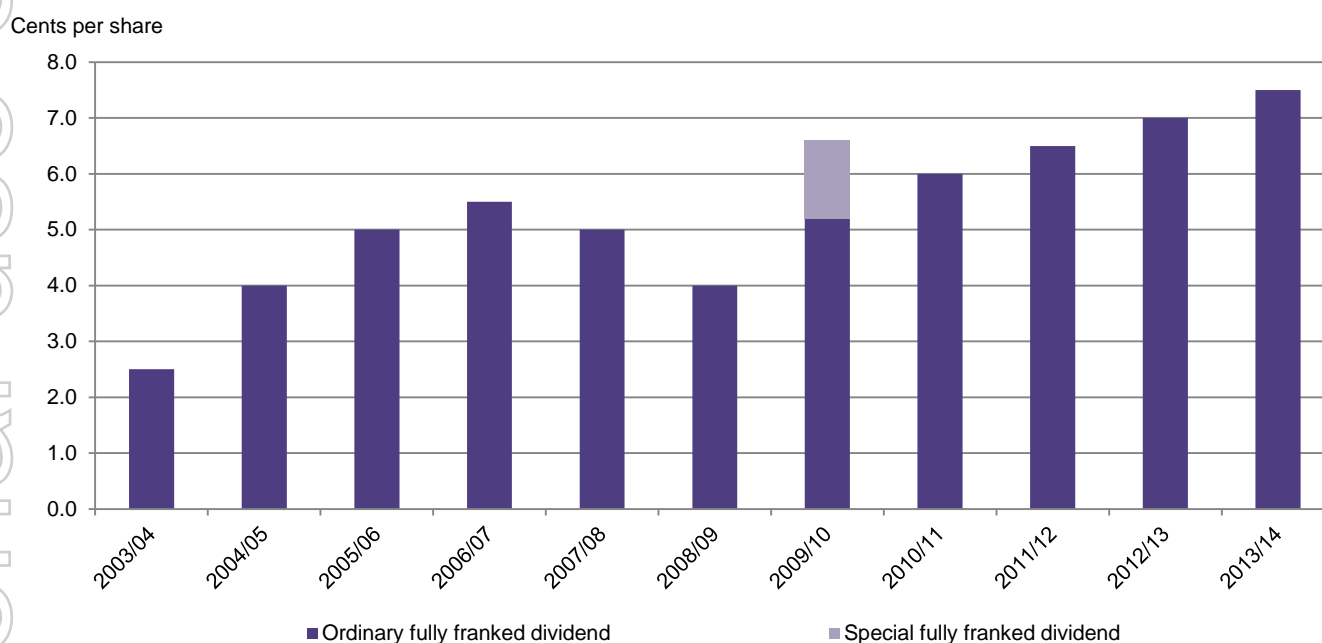
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Dividend growth

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 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



On 4 August 2014, the Company announced a fully franked final dividend of 3.75 cents per share. This brings the full year fully franked dividend to 7.5 cents per share, an increase of 7.1%.

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 election to the Company's share registrar (Boardroom) no later than 16 October 2014.

Key dividend dates

Ex date:	13 October 2014
Record date:	15 October 2014
Last election date for the DRP:	16 October 2014
Payment date:	24 October 2014

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 July 2014, 963,753 options had been exercised for a total consideration of \$1,156,504, with the remaining balance of outstanding options being 67,985,138.

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Priority offer to WAM Research shareholders in Future Generation Investment Fund Limited

WAM Research shareholders are entitled to a priority allocation to invest in the new Future Generation Investment Fund Limited. In a first for the Australian market, investors can now gain unprecedented access to Australia's best fund managers for 0.0% performance fees and 0.0% management fees. As fund managers, and many service providers, will be providing their services on a pro bono basis, this will allow the company to donate 1.0% of assets each year to children's charities to invest in Australia's future generation. Where the balance of the forgone fees is greater than the amount paid to charities, the balance will be for the benefit of shareholders.

The priority allocation closes on 28 August 2014.

For further information, including the prospectus and online application form, visit www.futuregeninvest.com.au. If you have any queries relating to the Offer, call (02) 9247 6755 or email info@wamfunds.com.au.

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