

# Strong investment portfolio outperformance and interim dividend

23 February 2024  
ASX announcement  
and media release

## Highlights

**+13.4%**

Investment portfolio performance in the financial year to 31 December 2023<sup>\*</sup>

**+7.0%**

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in the six months to 31 December 2023

**+5.4%**

Investment portfolio outperformance of the S&P/ASX All Ordinaries Accumulation Index in the six months to 31 December 2023

**5.0 cps**

Interim dividend, 60% franked

**3.9 years**

Dividend coverage

**39.4 cps**

Profits reserve as at 31 December 2023, before the payment of the interim dividend of 5.0 cps

**144.0 cps**

Dividends paid since inception

## Q&A Webinar

*Tuesday 12  
March 2024 at  
2:00pm  
(Sydney time)*

Register to join the investment team for our WAM Capital, WAM Microcap, WAM Research and WAM Active FY2024 Interim Results Q&A webinar.

**Register *now***

The WAM Research Limited (ASX: WAX) investment portfolio increased 13.4%<sup>\*</sup>, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 7.0% and the S&P/ASX All Ordinaries Accumulation Index by 5.4% in the six months to 31 December 2023.

Since the change in investment strategy in 2010, the WAM Research investment portfolio has increased 14.1%<sup>\*</sup> per annum, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.1% per annum and the S&P/ASX All Ordinaries Accumulation Index by 5.2% per annum. The investment portfolio performance contributed to an operating profit before tax of \$20.8 million and an operating profit after tax of \$15.1 million in the Company's FY2024 interim result.

Chairman Geoff Wilson AO said, "I would like to congratulate the WAM Research investment team for their exceptional stock picking and strong outperformance in a challenging market."

The WAM Research Board of Directors has declared an interim dividend of 5.0 cents per share, partially franked at 60%, representing an annualised interim dividend yield of 9.0%<sup>†</sup> and a grossed-up yield of 11.3%<sup>#</sup> when including the value of franking credits.

The Board's decision to maintain the interim dividend of 5.0 cents per share was made having consideration to the Company's annualised pre-tax dividend yield (including franking credits) of 12.9%<sup>#</sup> on the Company's net assets as at 31 December 2023. The interim dividend was made possible by the strong investment portfolio performance over the period, the listed investment company (LIC) structure and the profits reserve available. The return on any equity investment for shareholders can be made up of a combination of capital profit or loss and income through franked or unfranked dividends. If the dividends paid to shareholders on a pre-tax basis (including franking credits) exceeds the increase in assets then the net tangible assets (NTA) of the Company declines. Over the past 12 months, the investment portfolio increased 20.7%<sup>\*</sup>, strongly outperforming the S&P/ASX Small Ordinaries Accumulation Index, which was up 7.8% and the S&P/ASX All Ordinaries Accumulation Index which was up 13.0%.

The Company has 3.9 years of dividend coverage, supported by the profits reserve of 39.4 cents per share as at 31 December 2023, before the payment of the interim dividend of 5.0 cents per share. Since inception, WAM Research has paid 144.0 cents per share in dividends to shareholders, 204.9 cents per share including the value of franking credits.

The franking account balance of WAM Research at the end of the period enabled the Company to declare a partially franked interim dividend for shareholders. The level of franking in FY2024 and beyond is dependent on the performance of the investment portfolio and the payment of tax on realised profits. The WAM Research Board of Directors expects the final dividend to also be partially franked at 60%.

WAM Research Lead Portfolio Manager Oscar Oberg said, "We are pleased to have delivered investment portfolio outperformance for shareholders in the first half of the financial year, despite a challenging environment characterised by increased volatility and interest rate uncertainty. Over the past five years, the S&P/ASX Small Ordinaries Accumulation Index, which reflects the majority of companies that WAM Research invests in, has underperformed the S&P/ASX All Ordinaries Accumulation Index by 4.6% per annum representing one of the toughest periods of underperformance for small-cap companies WAM Research has experienced.

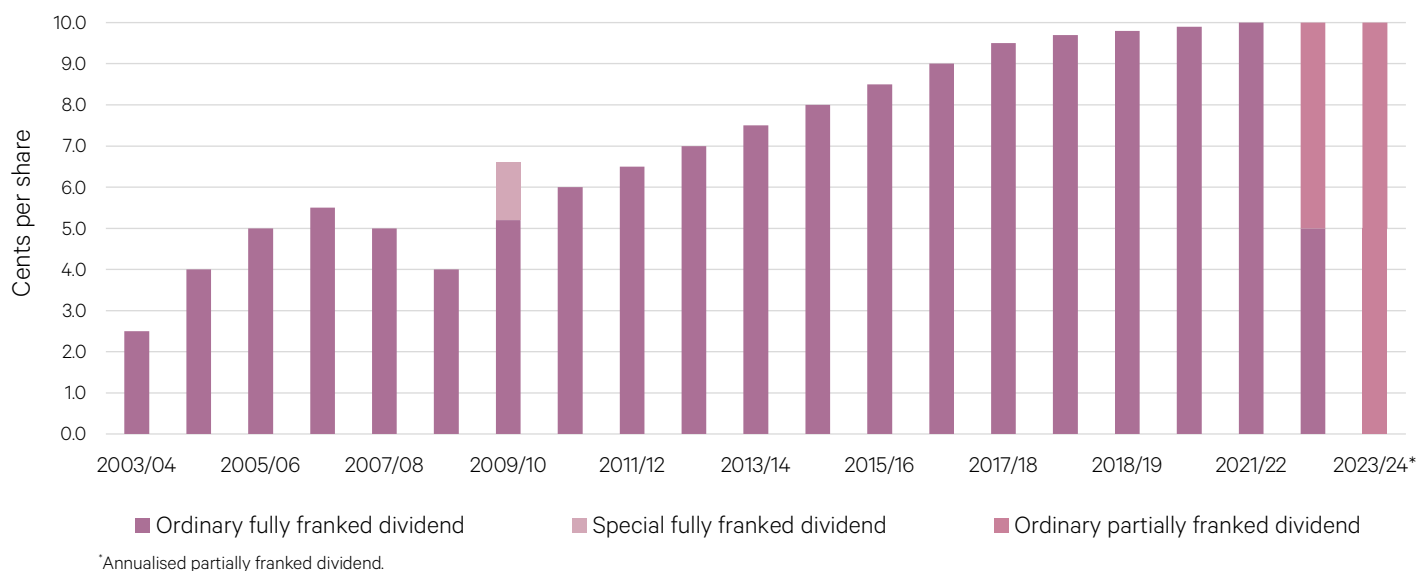
"As we move into the second half of the 2024 financial year we believe that a more favourable macroeconomic environment will benefit small-cap companies, providing compelling opportunities that fit our proven investment process of finding undervalued growth companies with a catalyst," he added.

<sup>\*</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

<sup>†</sup>Based on the 22 February 2024 share price of \$1.115 per share.

<sup>#</sup>Pre-tax dividend yield and grossed-up yield include the benefits of franking credits and is based on a tax rate of 30.0%.

## Dividends since inception



## Key dividend dates

Ex dividend date	<b>19 April 2024</b>
Dividend record date (7:00pm Sydney time)	<b>22 April 2024</b>
Last election date for DRP	<b>24 April 2024</b>
Payment date	<b>30 April 2024</b>

The Dividend Reinvestment Plan (DRP) is in operation and the recommended partially franked interim dividend of 5.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price, calculated as the volume weighted average market price (VWAP) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date.

## Investment portfolio performance since change in investment strategy

Performance as at 31 December 2023	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAM Research investment portfolio	13.4%	20.7%	8.4%	12.0%	12.2%	14.1%
S&P/ASX All Ordinaries Accumulation Index	8.0%	13.0%	8.9%	10.7%	8.2%	8.9%
<b>Outperformance</b>	<b>+5.4%</b>	<b>+7.7%</b>	<b>-0.5%</b>	<b>+1.3%</b>	<b>+4.0%</b>	<b>+5.2%</b>
S&P/ASX Small Ordinaries Accumulation Index	6.4%	7.8%	0.9%	6.4%	6.0%	5.0%
<b>Outperformance</b>	<b>+7.0%</b>	<b>+12.9%</b>	<b>+7.5%</b>	<b>+5.6%</b>	<b>+6.2%</b>	<b>+9.1%</b>

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

**Top 20 holdings with portfolio weightings**  
As at 31 December 2023

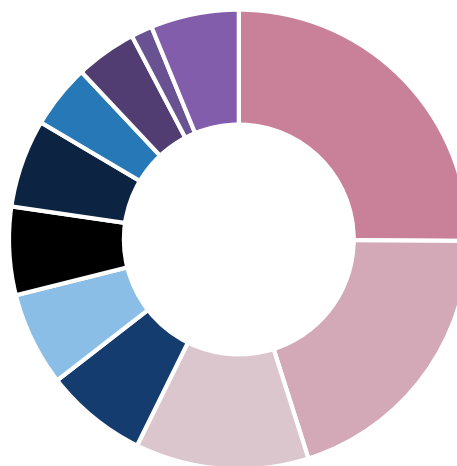
Code	Company name	%
TUA	Tuas Limited	6.2%
LNW	Light & Wonder Inc.	5.6%
SIG	Sigma Healthcare Limited	5.4%
TNE	Technology One Limited	5.1%
VEA	Viva Energy Group Limited	4.5%
GEM	G8 Education Limited	4.5%
MGH	Maas Group Holdings Limited	4.1%
KLS	Kelsian Group Limited	3.5%
MND	Monadelphous Group Limited	3.4%
SGF	SG Fleet Group Limited	3.1%
TYR	Tyro Payments Limited	3.0%
THL	Tourism Holdings Rentals Limited	2.9%
RIC	Ridley Corporation Limited	2.6%
HMC	HMC Capital Limited	2.6%
TPW	Temple & Webster Group Limited	2.5%
GUD	GUD Holdings Limited	2.4%
JIN	Jumbo Interactive Limited	2.3%
GTK	Gentrack Group Limited	2.2%
WEB	Webjet Limited	2.0%
LOV	Lovisa Holdings Limited	2.0%

**Portfolio composition by market capitalisation**  
As at 31 December 2023

	WAM Research*	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	58.0%	0.0%
ASX 21-50	0.0%	15.1%	0.0%
ASX 51-100	5.5%	12.6%	0.0%
ASX 101-300	62.7%	11.9%	100.0%
Ex ASX 300	25.6%	2.4%	0.0%

\*Investment portfolio held 6.2% in cash.

**Diversified investment portfolio by sector**  
As at 31 December 2023



- Consumer discretionary: 25.1%
- Industrials: 20.0%
- Health care: 12.2%
- Information technology: 7.2%
- Financials: 6.6%
- Communication services: 6.2%
- Consumer staples: 6.2%
- Energy: 4.5%
- Real estate: 4.3%
- Materials: 1.5%
- Cash: 6.2%

## About WAM Research

WAM Research (ASX: WAX) 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. WAM Research’s investment objectives are to provide a stream of fully franked dividends and achieve a high real rate of return, comprising both income and capital growth, within acceptable risk parameters.

All major platforms provide access to WAM Research, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

### About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years and is the investment manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX), WAM Active (ASX: WAA) - and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.

Listed  
August 2003



WAM Research receives coverage from the following independent investment research providers:



This announcement has been authorised by the Board of WAM Research Limited.



**\$5 billion**  
in funds under management

**>200 Years**  
combined investment experience

**+25 Years**  
making a difference for shareholders

**10**  
investment products

For more information visit [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au) or contact:

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