



WAM Research investment portfolio increases 20.5% Fully franked full year dividend 7.5 cents

Highlights

- Operating profit before tax of \$21.3 million
- Total shareholder return 24.0%
- Fully franked full year dividend of 7.5 cents per share
- Investment portfolio increased 20.5% in FY2014

WAM Research Limited (ASX: WAX) ('WAM Research' or the 'Company') announces an operating profit before tax of \$21.3 million for the year (\$22.2 million in FY2013), and an operating profit after tax of \$15.8 million (\$16.7 million in FY2013). The nominal decrease in profit is attributed to the investment portfolio returning 30.4% in the prior year against 20.5% in FY2014. The investment portfolio, while being on average 63.7% invested in equities, outperformed the S&P/ASX All Ordinaries Accumulation Index.

The Company announces a fully franked final dividend of 3.75 cents per share, bringing the full year dividend to 7.5 cents per share, an increase of 7.1% and representing an annualised dividend yield of 6.6% (based on closing price as at 1 August 2014).

WAM Research Chairman, Geoff Wilson, said: "This result reflects the continuing strong performance of the investment portfolio which has again outperformed the market, and demonstrates the success of the Company's investment process."

CEO Kate Thorley said: "WAM Research continues to provide investors with a diversified portfolio of undervalued growth companies while delivering strong risk-adjusted returns. During the year, the Company issued options with the aim of increasing the capital of the Company, reducing the fixed expense ratio and increasing the liquidity of the Company's shares."

Performance at 30 June 2014	1 Yr	2 Yrs %pa	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio	20.5%	25.4%	18.0%	17.9%
S&P/ASX All Ordinaries Accumulation Index	17.6%	19.2%	9.7%	10.3%
Outperformance	+2.9%	+6.2%	+8.3%	+7.6%

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

4 August 2014



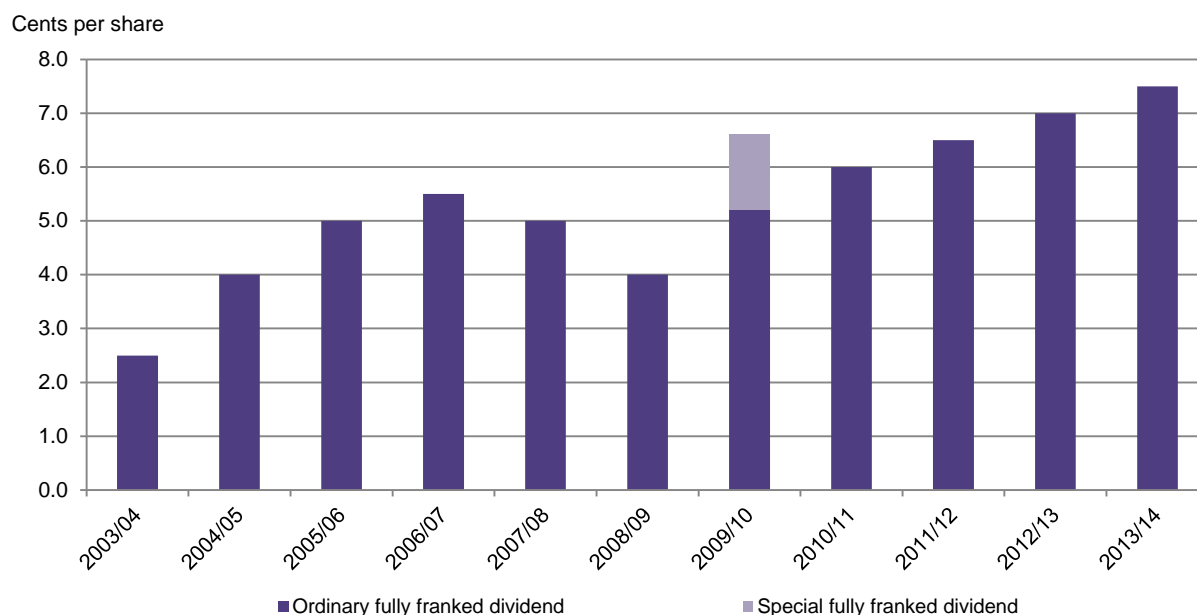
Increased fully franked dividend

The Board announces a fully franked final dividend of 3.75 cents per share, bringing the full year fully franked dividend to 7.5 cents per share, an increase of 7.1% on the previous year. The final dividend will be paid on 24 October 2014 and will trade ex on 13 October 2014.

The dividend reinvestment plan will operate at a 2.5% discount.

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.

WAM Research's Dividends since Inception



Investment portfolio performance

The WAM Research investment portfolio rose 20.5% in FY2014 with an average equity weighting of 63.7%, outperforming both the S&P/ASX All Ordinaries Accumulation Index, which rose 17.6%, and the S&P/ASX Small Industrials Accumulation Index, which rose 13.1%.

Chief Investment Officer, Chris Stott, said: "The Company's investment portfolio performed strongly in FY2014. We have delivered a strong risk-adjusted result, outperforming the S&P/ASX All Ordinaries Accumulation Index by 2.9% while holding an average cash position of 36.3%."

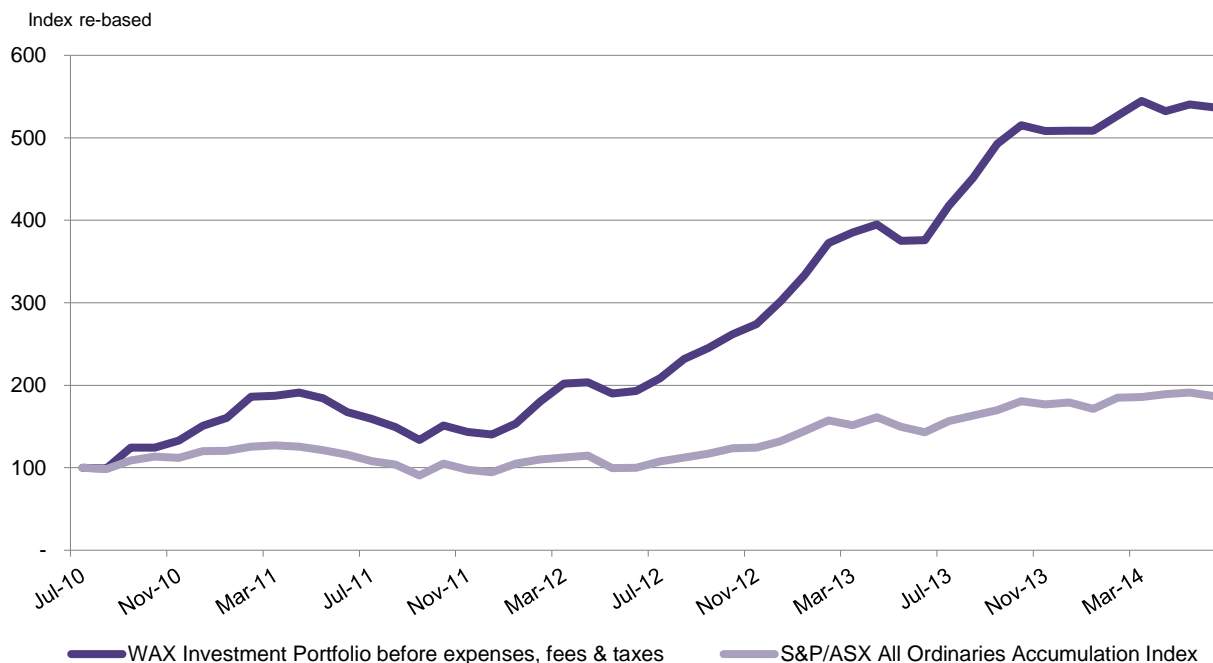
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Outperformance against sharemarket



The investment portfolio's top performing stocks for the period were Slater & Gordon Limited (SGH), iProperty Group Limited (IPP), Vocus Communications Limited (VOC), and Ardent Leisure Group (AAD). During the FY2014 period, the Company has also established new positions in Southern Cross Media Group Limited (SXL), Infomedia Limited (IFM), and Greencross Limited (GXL).

WAM Research growth to benefit shareholders

During the period, shareholders equity grew 22.0% to \$148.6 million, due in part to capital management initiatives. The Company successfully raised \$16.5 million in November 2013 through a DRP Shortfall Placement ('Placement') which was oversubscribed with strong interest from a range of investors. The Placement was offered at a premium to the Company's pre-tax Net Tangible Assets ('NTA') which benefits shareholders.

In October 2013 WAM Research announced a one-for-two bonus option issue to acquire ordinary shares in the Company, with shareholders issued one option for every two shares held. The options were issued at no cost to shareholders. The options have an exercise price of \$1.20 per share and can be exercised at any time on or before 17 June 2015.

Equity market outlook

Domestically, we expect interest rates to remain low in the short to medium term, and this will eventually have a positive impact on Australia's economic growth. The May Federal Budget has thwarted recent growth with consumer confidence dipping below GFC levels.

Globally, the US economy remains in recovery mode six years post recession, with the housing market very strong and the US share-market continuing to hit record highs. The economic recovery will continue to

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4 August 2014



improve but much will depend on how the US stockmarket reacts to the anticipated increase in interest rates in 2015.

The outlook for European economies remains mixed. Continuing high unemployment in several regions, including Spain and Greece, is likely to result in Europe's economic growth remaining well below trend for many years.

Chinese authorities have forecast 7.5% economic growth for the 2014 calendar year which restores the country's growth to a more sustainable level.

"Low interest rates, strong company balance sheets and subdued domestic growth is expected to lead to accelerated mergers and acquisitions activity over the coming year," said Mr Stott.

Company outlook

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

Top holdings (as at 30 June 2014)

Code	Company	Market Value as % Gross Assets
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.8%
SGH	Slater & Gordon Limited	3.8%
FXJ	Fairfax Media Limited	3.1%
DLX	DuluxGroup Limited	3.1%
AHE	Automotive Holdings Group Limited	2.9%
CSV	CSG Limited	2.6%
MTR	Mantra Group	2.6%
TNE	Technology One Limited	2.5%
IIN	iiNet Limited	2.1%
SFW	SFG Australia Limited	2.1%
VOC	Vocus Communications Limited	2.1%
AAD	Ardent Leisure Group	2.1%
ENE	Energy Developments Limited	2.0%
ISD	Isentia Group Limited	2.0%
VET	Vocation Limited	2.0%
AHD	Amalgamated Holdings Limited	1.9%
EQT	Equity Trustees Limited	1.8%
CIW	Clime Investment Management Limited	1.7%
IFM	Infomedia Limited	1.7%

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4 August 2014



Ends

About WAM Research

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. 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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