



13 August 2014

Dear fellow shareholder

Shareholder Update

I would like to thank you for your continued support of WAM Research Limited and provide you with an overview of the Company's recent results. Please also see below an update on various matters including upcoming shareholder presentations and the Dividend Reinvestment Plan ('DRP').

WAM Research FY2014 Financial Results

The Company was pleased to recently announce a full year before tax profit of \$21.3 million and a fully franked final dividend of 3.75 cents per share. In 2014 WAM Research's investment portfolio increased 20.5% and the total shareholder return was 24.0%. Full details of the Company's FY2014 results are enclosed.

Dividend Reinvestment Plan – discount 2.5%

The DRP subscription price on the final dividend will operate with a 2.5% discount. Please find further details about the DRP enclosed.

If you would like to participate in the DRP, please complete the enclosed form and return it to our share registry Boardroom Pty Limited in the reply paid envelope by 16 October 2014. If you are a registered user, you can elect to participate in the DRP online via InvestorServe – a secure website operated by Boardroom that allows you to view and manage details relating to your shareholding. See www.investorserve.com.au

Dividend Timetable – 3.75 cent dividend per share

Dividend ex date	13 October 2014
Dividend record date	15 October 2014
Elect to participate in the DRP	(no later than) 16 October 2014
Dividend payment date	24 October 2014

DRP Rules Updated

The WAM Research DRP Rules were recently amended to reflect changes to the ASX Listing Rules requiring companies shorten the ex period on dividends. Under the new DRP Rules, the subscription price for shares allotted under the DRP will be 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, less any discount (i.e. a 4 day VWAP ex dividend share price). Previously, the subscription price was calculated using the VWAP for the three days *preceding* the record date (i.e. a 4 day VWAP ex dividend share price)

The updated DRP Rules are available on our website www.wamfunds.com.au or alternatively, if you would like to receive a copy please contact the office – details below.

Weekly Investor Update – gain valuable market insights

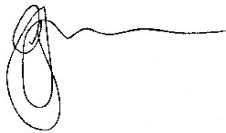
Every week we share our investment team's market insights with our shareholders in a Weekly Investor Update. The email by our Chief Investment Officer Chris Stott includes topical market news, our current market outlook, latest news on companies in the investment portfolio, recent articles we've written and upcoming media appearances. If you would like to subscribe to our complimentary Weekly Investor Update, you can subscribe through the 'subscribe here' button on our website www.wamfunds.com.au or please contact the office – details below.

Upcoming Investor Presentations

Our upcoming Investor Presentations will provide shareholders with the opportunity to meet our investment team and gain a deeper insight into our investment approach and current views on the equity market. Investor Presentations will be held in November and December in capital cities around the country. You will receive a formal invitation in October, however, presentation dates and details are provided below so you can mark your diaries now.

If we can help you with any information, please contact our office on (02) 9247 6755.

Yours sincerely



Geoff Wilson
Chairman

Investor Presentation Details**Perth**

Thursday, 20 November 2014
10.00am – 12.00pm
Rydges
Cnr King & Hays St
Perth

Sydney

Friday, 28 November 2014
10.00am – 10.30am (AGM)
11.30am – 12.30pm (Presentation)
Wesley Conference Centre
220 Pitt Street
Sydney

Adelaide

Monday 1 December 2014
10.00am – 12.00pm
National Wine Centre of Australia
Cnr Botanic & Hackney Rd
Adelaide

Melbourne

Tuesday 2 December 2014
10.00am – 12.00pm
Rydges
180 Exhibition St
Melbourne

Brisbane

Wednesday 3 December 2014
10.00am – 12.00pm
Brisbane Convention & Exhibition Centre
Cnr Merivale & Glenelg St
South Bank

Canberra

Thursday 4 December 2014
10.00am – 12.00pm
Belconnen Premier Inn
110 Benjamin Way
Belconnen



ABN 15 100 504 541

All correspondence to:

BoardRoom
Smart Business Solutions

Boardroom Pty Limited
ABN 14 003 209 836
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Australia)
Tel: +61 2 9290 9600 (outside Australia)
Fax: +61 2 9279 0664

www.boardroomlimited.com.au
enquiries@boardroomlimited.com.au

Dividend Reinvestment Plan (DRP) – Application

This form is to be completed where the securityholder wishes to have their payments reinvested under the rules of the Dividend Reinvestment Plan. DRP rules are available at www.wamfunds.com.au

Option 1 Full Participation in the DRP

☐

All securities held will participate in DRP. No cash distribution will be issued

Option 2 Partial Participation in the DRP

Please write in the box the number of securities you would like to participate in the DRP. The distribution on the balance of your securities (if any) will be issued in cash.

Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments of dividends/distributions to which I/we am/are entitled to be paid in cash and that these instructions do not override any previous Reinvestment Plan instructions unless I/we have so indicated by marking in the relevant box above.

Individual or Securityholder 1

**Sole Director and
Sole Company Secretary**

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Day		Month		Year			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Privacy Statement

The personal information in this form is collected by Boardroom Pty Limited ("Boardroom"), as registrar for the issuer of the securities you hold. Boardroom Pty Limited's privacy policy can be viewed on our website (www.boardroomlimited.com.au).

Your personal information is required for administration of the register of securityholdings. Should some or all of the requested information not be provided correct administration of your securityholding may not be possible. Your personal information may be disclosed to the issuer of the securities you hold, its or our related bodies corporate, external service companies such as print or mail service providers or otherwise as permitted by law. If, in accordance with the provisions of the Corporations Act the issuer of the securities you hold approves, you may be sent marketing material in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited.

You can obtain access to your personal information and (if required) advise of any incorrect, inaccurate or out of date data information held, by contacting Boardroom Pty Limited on 1300 737 760

DIVIDEND REINVESTMENT PLAN (DRP) INFORMATION

What is a DRP?

A Dividend Reinvestment Plan ('DRP') is the opportunity to invest all or part of your dividends in new shares in the Company. By participating in the DRP you will receive shares instead of a cash dividend without paying any brokerage. The Company's DRP is currently operating at a 2.5% discount. This means you have the opportunity to buy new shares in the Company at a discount to the market price without paying any brokerage.

How does the DRP work?

You can participate in the DRP and therefore elect to receive shares as part, or all, of your dividend. If you decide to participate fully in the DRP, the Company issues new shares to you in lieu of cash. These shares are newly issued shares which will contribute to an increase in the size of the Company.

What is the subscription price?

The price at which the DRP shares are issued is called the subscription price. The subscription price at which shares will be issued under the DRP is a 2.5% discount to the average price of the shares over the four trading days from the ex date. This average price incorporates the volume traded in the market over this period.

The subscription price is announced to the Australian Securities Exchange ('ASX') and included on our website on the record date.

How do I participate in the DRP?

To participate in the DRP, please complete and return the enclosed form in the reply paid envelope by the deadline to our share register, Boardroom Pty Limited.

What are the tax implications?

The Australian Taxation Office ('ATO') treats dividends the same whether a shareholder participates in the DRP or not. You will receive a dividend statement explaining the dividend and franked component to lodge with your annual tax return.

The shares acquired via the DRP are simply new shares purchased at the subscription price at the issue date.

Further information

For more information, please refer to the DRP rules by following the links on our website at: www.wamfunds.com.au. You can also contact the office on (02) 9247 6755 for a copy of the DRP rules.

Disclaimer

The information provided in this document is general only. It does not take into account the investment objectives, financial situation or particular needs of any person and may not be appropriate for your requirements. We strongly suggest that investors consult a financial adviser prior to making any investment decision.



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.

WAM Research Limited (WAX)

ASX Announcement/Media Release

August 2014



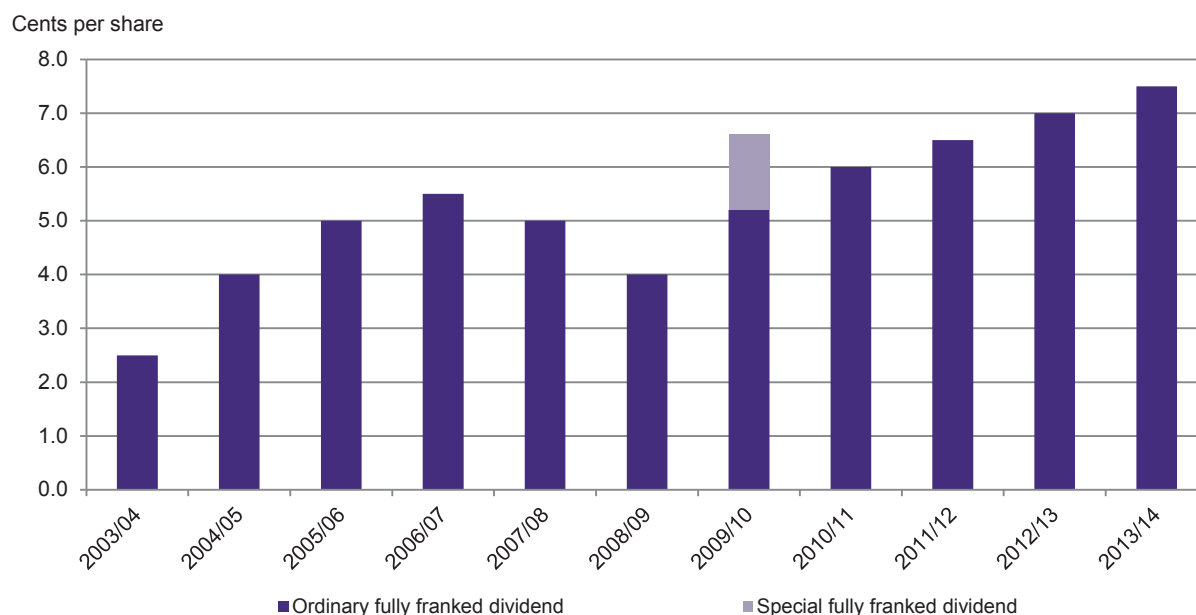
Increased fully franked dividend

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%."

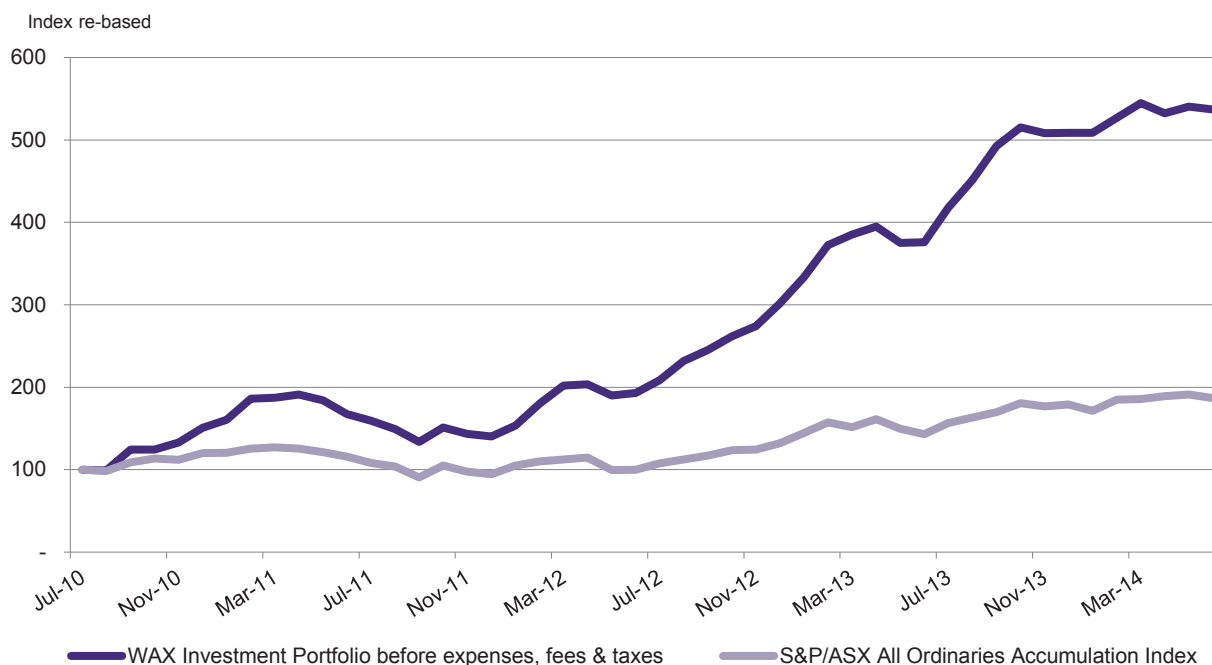
WAM Research Limited (WAX)

ASX Announcement/Media Release

August 2014



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

WAM Research Limited (WAX)

ASX Announcement/Media Release

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%

WAM Research Limited (WAX)

ASX Announcement/Media Release

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

For further information, please contact:

Geoff Wilson

Chairman/ Portfolio
Manager
(02) 9247 6755

Judith Buchan

Corporate Affairs
(02) 9258 4902
0411 597 326