

WAM Research Limited (WAX)

ASX Announcement/Media Release

Half Year Results

16 February 2015



WAM Research investment portfolio up 15.1% and delivers record dividend

Highlights

- Operating profit before tax of \$13.8m
- 4.0c fully franked interim dividend – up 6.7%
- Total shareholder return for 2014 of 9.8%
- Investment portfolio increased 15.1% in 2014, outperforming the market by 10.1%

WAM Research Limited (ASX: WAX) ('WAM Research' or the 'Company') announces operating profit before tax of \$13.8 million (\$18.4 million in 2013) and operating profit after tax of \$10.1 million (\$13.5 million in 2013). The investment portfolio rose 15.1% in the 12 months to 31 December 2014. The profit for the period is a reflection of the rate of change in the value of the portfolio over the period. The portfolio increased 11.7% in the six months to December 2014, outperforming the market by 9.4%, after rising 17.0% in the 2013 period. The total shareholder return for calendar 2014 was 9.8%.

The Company will pay a fully franked interim dividend of 4.0 cents per share, an increase of 6.7% on the previous corresponding period, representing an annualised dividend yield of 6.6% on the closing price.

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."

Wilson Asset Management CEO, Kate Thorley, said: "WAM Research continues to provide investors with a diversified portfolio of undervalued growth companies while delivering strong risk-adjusted returns. The Company is committed to delivering a stream of rising fully franked dividends and the investment portfolio's positive performance has allowed the Board to raise the interim dividend."

Performance at 31 December 2014	6 Mths	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	11.7%	15.1%	24.4%	18.6%
S&P/ASX All Ordinaries Accumulation Index	2.3%	5.0%	14.3%	9.7%
Outperformance	+9.4%	+10.1%	+10.1%	+8.9%

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

Record fully franked interim dividend

The Board has declared a fully franked interim dividend of 4.0 cents per share, an increase of 6.7% on the previous corresponding period. The record date for this interim dividend is 20 May 2015. The interim dividend will be paid on 28 May 2015 and shares will trade ex on 18 May 2015. The ex-dividend date has been set later than usual to give full flexibility to shareholders to make a decision around their bonus option holding.

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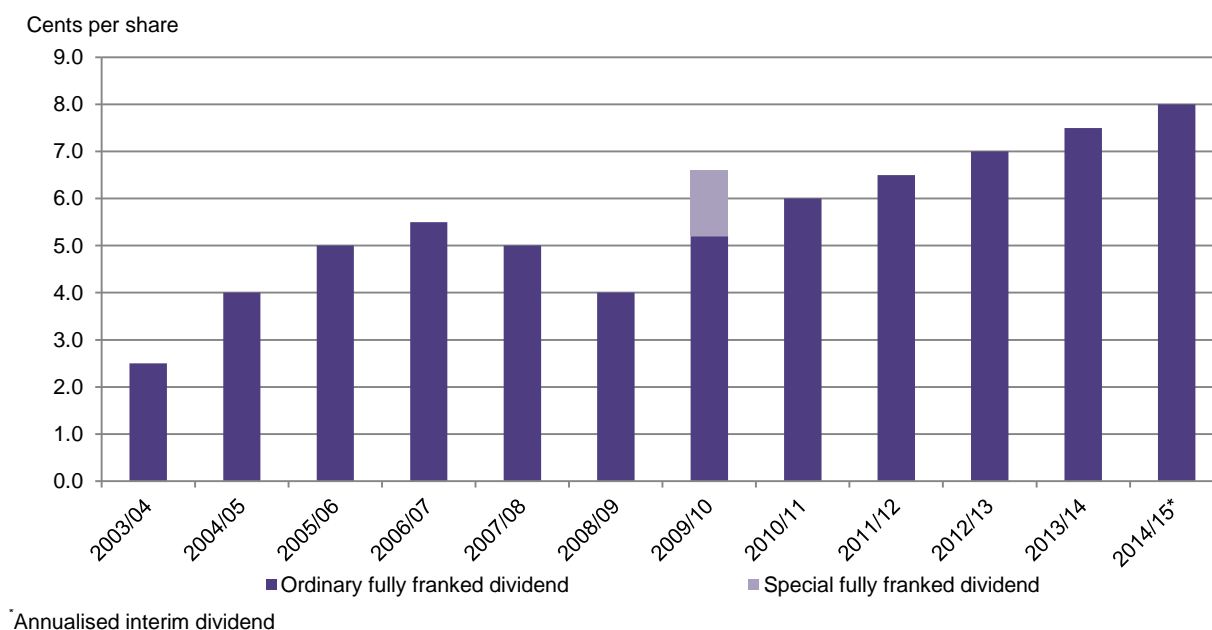
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The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis.

The dividend reinvestment plan ('DRP') is available to shareholders for the interim dividend and will operate at a 2.5% discount. The last election date for the DRP will be 21 May 2015.

WAM Research's dividends since inception



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. If options are exercised before 13 May 2015, then they will be entitled to the 4.0 cents fully franked interim dividend.

As at 31 December 2014, 1,979,382 options had been exercised for a total consideration of \$2,375,258, with the remaining balance of outstanding options being 66,969,509.

WAM Research's continued growth benefits shareholders in a number of ways. As the Company's size increases, the Company's fixed administration expense ratio usually reduces, while liquidity increases. The larger capital base enhances the Company's relevance in the market, improving the prospect of broker and research coverage and interest from financial planners and Self Managed Superannuation Funds ('SMSFs').

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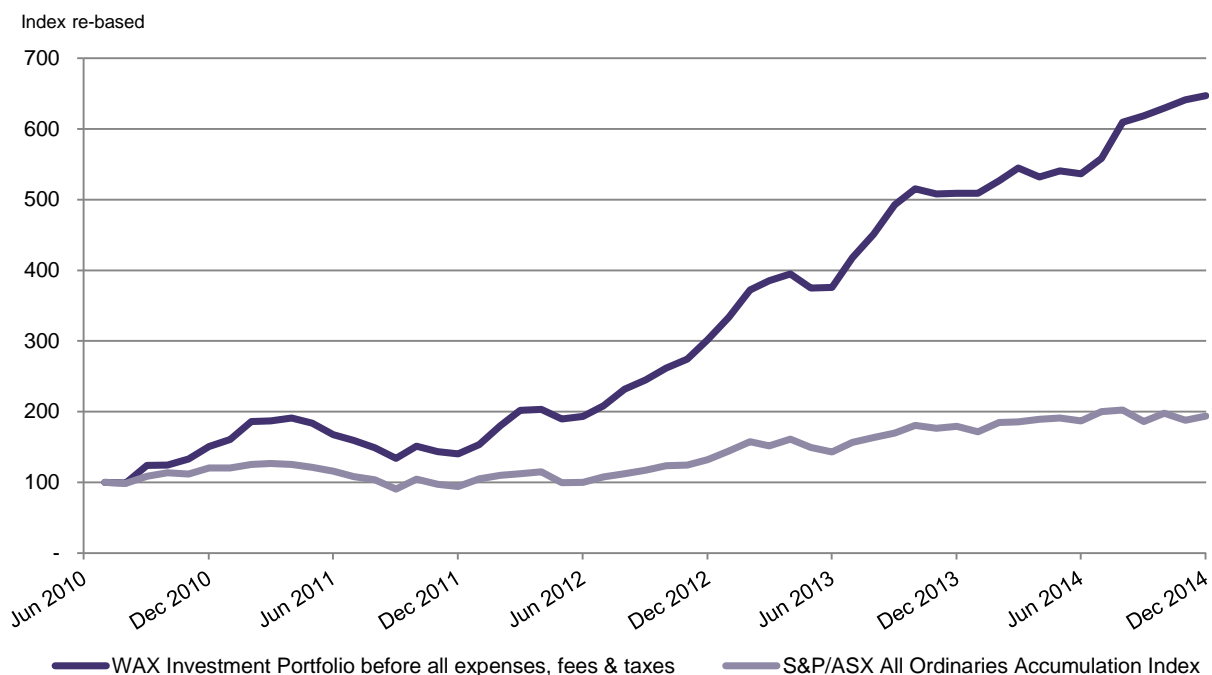
Investment portfolio performance

WAM Research investment portfolio rose 15.1% outperforming the S&P/ASX All Ordinaries Accumulation Index ('Index') by 10.1% for the 12 months to 31 December 2014. For the six months to 31 December 2014, the Company's investment portfolio rose 11.7% as compared with the Index which rose 2.3%.

Throughout the six-month period, WAM Research maintained an average equity weighting of 69.1% and an average cash weighting of 30.9%.

Chief Investment Officer, Chris Stott, said: "The Company's investment portfolio performed strongly in 2014. We have delivered a robust risk-adjusted result, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.1% with an average equity exposure of 65.6% for the year."

Outperformance against sharemarket



The investment portfolio's top performing stocks for the period were: Mantra Group Limited (ASX: MTR), Sirtex Medical Limited (ASX: SRX), Infomedia Limited (ASX: IFM), Corporate Travel Management Limited (ASX: CTD) and Slater & Gordon Limited (ASX: SGH).

Equity market outlook

Equity markets had a subdued performance in 2014 with the S&P/ASX All Ordinaries Accumulation Index rising 5.0%. After a good start to the calendar year, the sharemarket pulled back in September and October on renewed fears around global growth. Uncertainty around Chinese growth, turmoil in Europe's economy and the plunge in the oil price resulted in heightened volatility throughout the year.

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The Australian Dollar continued its decline against the US Dollar in the second half of the calendar year to finish at 81.8 cents – its lowest level since June 2010 – falling 13 cents against the greenback since its highs of July 2014. Overseas, the US economy continued to perform strongly, helping the Dow Jones Industrial Average Index over 18,000 for the first time in history.

Looking forward into 2015, we remain cautious on the Australian economy and sharemarket. Record low interest rates globally are underpinning equity valuations. We believe further interest rate cuts will be forthcoming in Australia on the back of weaker inflation data and the higher unemployment rate. This, together with the lower exchange rate and lower oil prices should provide a stimulus to economic activity in the second half of 2015. We expect that the market for IPOs will stay strong for the next six months along with a heightened level of M&A activity with corporate balance sheets in great shape.

Top holdings (as at 31 December 2014)

Code	Company	Market Value \$	Market Value as % Gross Assets
SGH	Slater & Gordon Limited	6,276,365	3.9%
ASB	Austal Limited	5,170,218	3.2%
CSV	CSG Limited	5,017,009	3.1%
MTR	Mantra Group Limited	4,466,621	2.8%
ALU	Altium Limited	4,363,453	2.7%
IPH	IPH Limited	4,140,276	2.6%
RFG	Retail Food Group Limited	4,112,237	2.5%
SRX	Sirtex Medical Limited	3,858,433	2.4%
CTD	Corporate Travel Management Limited	3,808,682	2.4%
AHD	Amalgamated Holdings Limited	3,689,770	2.3%
CCP	Credit Corp Group Limited	3,687,520	2.3%
ISU	iSelect Limited	3,400,430	2.1%
ENE	Energy Developments Limited	3,379,860	2.1%
IFM	Infomedia Limited	3,362,773	2.1%
VED	Veda Group Limited	3,356,806	2.1%
NVT	Navitas Limited	3,349,874	2.1%
SIQ	Smartgroup Corporation Limited	2,977,068	1.8%
ISD	iSentia Group Limited	2,937,297	1.8%
TPM	TPG Telecom Limited	2,401,259	1.5%
CIW	Clime Investment Management Limited	2,379,675	1.5%

--Ends--

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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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