



### WAX portfolio increases 22.8%, outperforms the market by 17.1% and increases dividend in FY2015

#### Highlights

- Investment portfolio increased 22.8%, outperforming the market by 17.1%
- Operating profit before tax of \$26.6m, up 25%
- Fully franked full year dividend of 8.0 cents per share
- Total shareholder return 10.9%
- Successful option issue raised \$28.3m

WAM Research Limited (ASX: WAX) ('WAM Research' or the 'Company') today announces a 24.7% increase in operating profit before tax to \$26.6 million for the year ended 30 June 2015 (\$21.3 million in FY2014), and a 23.1% increase in operating profit after tax to \$19.5 million (\$15.8 million in FY2014).

The increase in profit reflects the investment portfolio returning 22.8% in the year, against 20.5% in FY2014 over an increased capital base.

WAM Research achieved record outperformance of 17.1% against the S&P/ASX All Ordinaries Accumulation Index, while being on average 63.1% invested in equities.

WAM Research Chairman Geoff Wilson said the portfolio's significant outperformance demonstrated the success of the Company's investment style.

"The WAX investment portfolio generated outstanding returns for shareholders in FY2015 delivering the largest portfolio outperformance in the Company's history. This result reconfirms our rigorous investment process and flexible mandate," Mr Wilson said.

"Our 17.1% in outperformance has almost doubled our previous record of 9.7% outperformance achieved in FY2013," he said.

The Company announces a fully franked final dividend of 4.0 cents per share, bringing the full year fully franked dividend to 8.0 cents per share, an increase of 6.7% and representing an annualised dividend yield of 6.7% (based on closing price as at Friday 21 August 2015).

"WAM Research continues to deliver on its commitment to providing shareholders with an increasing stream of fully franked dividends," Mr Wilson said.

The Company raised a total of \$28.3 million through the option issue announced in October 2013. These options expired on the 17 June 2015 with 23.6 million options exercised.

Performance at 30 June 2015	1 Yr	2 Yrs %pa	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAX Investment Portfolio*	22.8%	21.7%	24.5%	19.4%
S&P/ASX All Ordinaries Accumulation Index	5.7%	11.5%	14.5%	10.6%
<b>Outperformance</b>	<b>+17.1%</b>	<b>+10.2%</b>	<b>+10.0%</b>	<b>+8.8%</b>

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



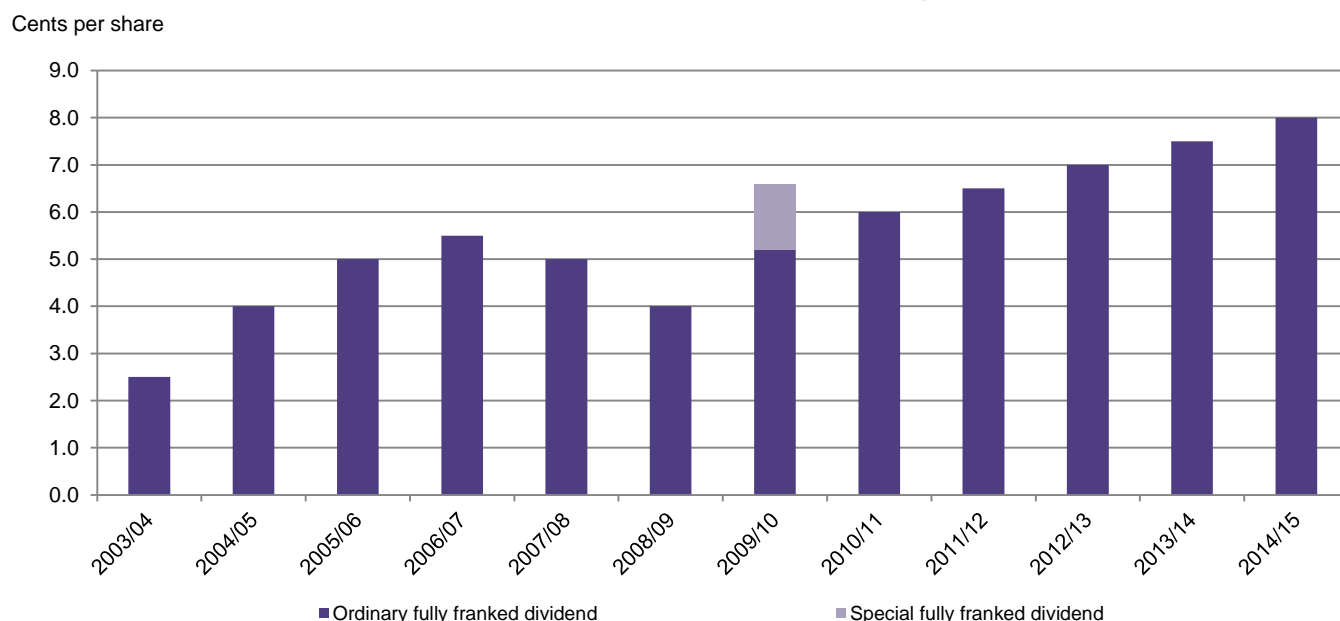
### Increased fully franked dividend

The Board announces a fully franked final dividend of 4.0 cents per share. This brings the full year fully franked dividend to 8.0 cents per share, an increase of 6.7% on the previous year. The final dividend will be paid on 23 October 2015 and will trade ex on 12 October 2015.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. The last election date for the DRP will be 15 October 2015.

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 is within prudent business practices.

### WAM Research's dividends since inception



### Investment portfolio performance

The WAM Research investment portfolio grew 22.8% in FY2015 with an average equity weighting of 63.1%, significantly outperforming both the S&P/ASX All Ordinaries Accumulation Index, which rose 5.7%, and the S&P/ASX Small Industrials Accumulation Index, which increased 7.2%.

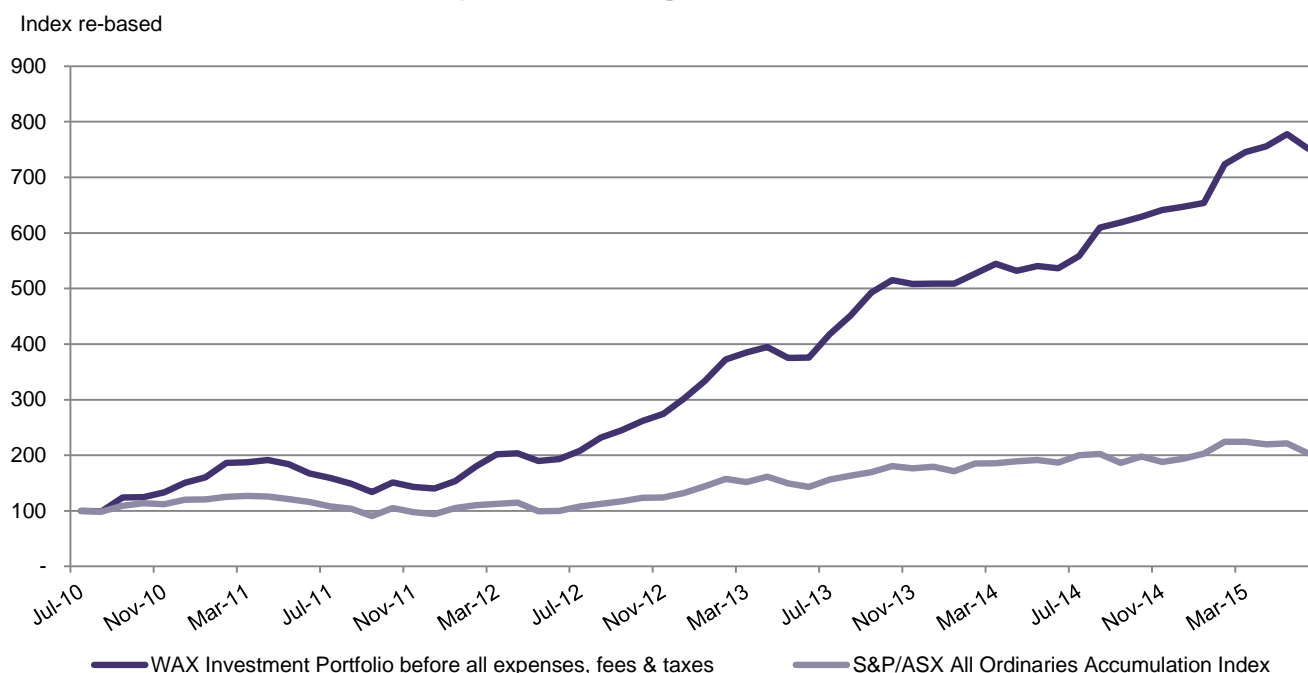
Chief Investment Officer Chris Stott said he was very pleased with the result.

"The strong FY2015 result was achieved despite challenging market conditions. We were able to significantly outperform the S&P/ASX All Ordinaries Accumulation Index by 17.1% while holding an average cash position of 36.9%," Mr Stott said.

The Company's investment portfolio performed strongly in financial year 2015. The best performing stocks for FY2015 were: Mantra Group Limited (MTR), IPH Limited (IPH), and CSG Limited (CSV).



### Outperformance against share market



### WAX growth to benefit shareholders

The Company raised a total of \$28.3 million through the one-for-two Bonus Option Issue announced on 28 October 2013. These options expired on 17 June 2015 with 23.6 million options exercised. The Company's increased size presents numerous benefits to shareholders, including a reduction in administration costs as a percentage of assets, increased liquidity and increasing the relevance of the Company in the market, which can increase investment opportunities.

### Equity market outlook

Chief Investment Officer Chris Stott said the equity market outlook for the next 12 months remains mixed.

"In FY2016, we expect the Australian equity market will continue to benefit from low interest rates and improving domestic economic conditions," he said.

"In our opinion we are in the mature stages of this six-year bull market, which followed the early 2009 lows.

"The current reporting season is delivering mixed results. We believe strong corporate earnings are needed to see equities trade higher.

"Despite mixed conditions, opportunities will continue to present themselves. The prevalence of cheap debt and the strength of company balance sheets will drive merger and acquisition activity in the coming financial year. This calendar year has been already marked by major bids, such as iiNet, Amcom, Toll Holdings and Asciano.

"Companies with valuable intellectual property, strong cash flow, and a strong strategic position in their industry will be attractive to potential suitors. We believe many of these targets exist in the small cap space as larger companies look to absorb smaller players to deliver synergies and growth," Mr Stott said.



### Company outlook

WAM Research enters FY2016 with a conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach. The Company will continue to seek opportunities irrespective of market conditions, having achieved outperformance through various market cycles. We remain well positioned to capitalise on value opportunities as they emerge. The investment team remains committed to identifying undervalued growth companies as they present themselves in the coming year.

### Priority offer to WAX shareholders in Future Generation Global – closes Friday 28 August 2015

WAM Research shareholders are entitled to share in the \$110 million priority allocation to the Future Generation Global Investment Company Limited (FGG) initial public offering (IPO). FGG will be Australia's first internationally focused listed investment company with the dual objectives of providing shareholders with diversified exposure to selected global equities and changing the lives of young Australians affected by mental illness. FGG will charge shareholders 0.0% management fees and 0.0% performance fees as the participating fund managers will manage the capital on a pro bono basis. This arrangement allows the company to donate 1.0% of its net tangible assets each year to selected Australian non-profits working to improve the mental health of young Australians. Further information, including the prospectus and online application form, is available at [www.futuregeninvest.com.au/global](http://www.futuregeninvest.com.au/global).

### Public policy and advocacy – dividend imputation

We remain engaged in public debate on issues affecting WAM Research and its shareholders. During the 2015 financial year we submitted our response to the Federal Government's Tax Discussion Paper, which flagged a review of the dividend imputation system. Our submission argued dividend imputation has significantly benefitted Australia's financial system. Dividend imputation leads to robust capital formation in Australia, efficient capital distribution, a more stable economy with reduced cyclicity and greater financial support for Australian charities. The removal or adjustment of dividend imputation would therefore be detrimental to the Australian financial system. We will continue to engage in this debate during the 2016 financial year.



### Top holdings (as at 30 June 2015)

Code	Company	Market Value \$	Market Value as % Gross Assets
ASB	Austal Limited	7,646,674	3.9%
ECX	Eclix Group Limited	7,332,256	3.8%
IPH	IPH Limited	6,000,993	3.1%
ENE	Energy Developments Limited	5,445,055	2.8%
MTR	Mantra Group Limited	5,348,299	2.7%
SIQ	Smartgroup Corporation Limited	5,293,631	2.7%
RFG	Retail Food Group Limited	5,203,401	2.7%
ISU	iSelect Limited	5,112,765	2.6%
CSV	CSG Limited	4,941,884	2.5%
CCP	Credit Corp Group Limited	4,849,368	2.5%
AHD	Amalgamated Holdings Limited	4,660,629	2.4%
CTD	Corporate Travel Management Limited	4,114,463	2.1%
CKF	Collins Foods Limited	3,457,572	1.8%
RCG	RCG Corporation Limited	3,451,968	1.8%
APE	AP Eagers Limited	2,392,927	1.2%
CIW	Clime Investment Management Limited	2,389,193	1.2%
SDA	SpeedCast International Limited	2,384,979	1.2%
TRS	The Reject Shop Limited	2,362,977	1.2%
TGA	Thorn Group Limited	2,184,678	1.1%
HSN	Hansen Technologies Limited	2,121,571	1.1%

### 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](http://www.wamfunds.com.au)

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