

WAM Research FY2023 full year results

24 August 2023
ASX announcement
and media release

Highlights

+14.1%*Investment portfolio performance in
the financial year to 30 June 2023**10.0 cps[^]**

FY2023 full year dividend

8.5%**

FY2023 full year dividend yield

139.0 cps

Dividends paid since inception

39.1 cpsProfits reserve as at
31 July 2023 *before* the
payment of the 5.0 cps final
partially franked dividend**FY2023 Results
Q&A Webinar***Tuesday 5 September
2023 at 2:30pm
(Sydney time)*Register to join the
investment team for our
WAM Capital, WAM
Microcap, WAM Research
and WAM Active FY2023
Results Q&A Webinar.**Register *now***

The WAM Research Limited (ASX: WAX) Board of Directors has declared a full year dividend of 10.0 cents per share, with the final dividend being 5.0 cents per share, partially franked at 60%, the maximum extent possible with the franking account balance at year end.

WAM Research reported an operating profit before tax of \$22.6 million (FY2022: operating loss before tax of \$31.1 million) and an operating profit after tax of \$16.9 million (FY2022: operating loss after tax of \$20.7 million).

The WAM Research investment portfolio increased 14.1%^{*} in the 12 months to 30 June 2023, while holding on average 9.2% cash. During this period, the investment portfolio's allocation to equities (92.8% as at 30 June 2023) provided a weighted average return of 15.2% and the investment portfolio exposure to cash and cash equivalents (7.2% as at 30 June 2023) provided a weighted average return of 3.1%. The S&P/ASX All Ordinaries Accumulation Index rose 14.8% during the period. Since the change in investment strategy in 2010, WAM Research has achieved an investment portfolio return of 13.6%^{*} per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 5.0% per annum, while holding on average 27.3% cash.

The Board of Directors has declared a full year dividend of 10.0 cents per share, with the final dividend being 5.0 cents per share, partially franked at 60%. The franking account balance of WAM Research was \$2.6 million including income tax payable as at 30 June 2023, equivalent to 3.0 cents per share as a fully franked dividend, enabling the Company to partially frank the final dividend of 5.0 cents per share at 60%.

Chairman Geoff Wilson AO said: "The WAM Research Board of Directors understands the importance of fully franked dividends for shareholders and are paying out the remaining franking as a partly franked final dividend. The level of franking for dividends in FY2024 and beyond will predominantly result from future income tax payments."

The Company's ability to continue paying franked dividends is dependent on the future franked dividends received from investee companies held within the WAM Research investment portfolio, and future tax paid on realised profits generated by the investment portfolio. In FY2024, it is anticipated that the franked dividends received from investee companies in the investment portfolio will generate franking to fully frank approximately 2.0 cents per share in a dividend for shareholders and any additional franking would need to be generated through the payment of tax on profits.

In July 2023, the investment portfolio increased 3.0% which resulted in a tax payment of \$0.5 million during the month of August, equivalent to 0.5 cents per share in a fully franked dividend. In order to generate a full year fully franked dividend of 10.0 cents per share in FY2024, at the current net asset level, the investment portfolio performance would need to increase an additional 12.5% through the year ending 30 June 2024, grossed-up for expenses. In future years, the franking level will again be dependent on the performance of the investment portfolio and the payment of tax on profits, in addition to the level of franked dividends received from investee companies.

^{*}Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

[^]The FY2023 full year dividend consists of an interim fully franked dividend of 5.0 cents per share and a final dividend of 5.0 cents per share, partially franked at 60%.

^{**}Based on the 23 August 2023 share price of \$118 per share.

The Company had 39.1 cents per share available in its profits reserve as at 31 July 2023, representing 3.9 years of annual dividend coverage, before the payment of the final partially franked dividend of 5.0 cents per share payable on 16 October 2023. Despite the high profits reserve level of 39.1 cents per share as at 31 July 2023, profits reserve transfers may not always be matched with the payment of tax to generate franking credits. Since inception, WAM Research has paid 139.0 cents per share in fully franked dividends to shareholders.

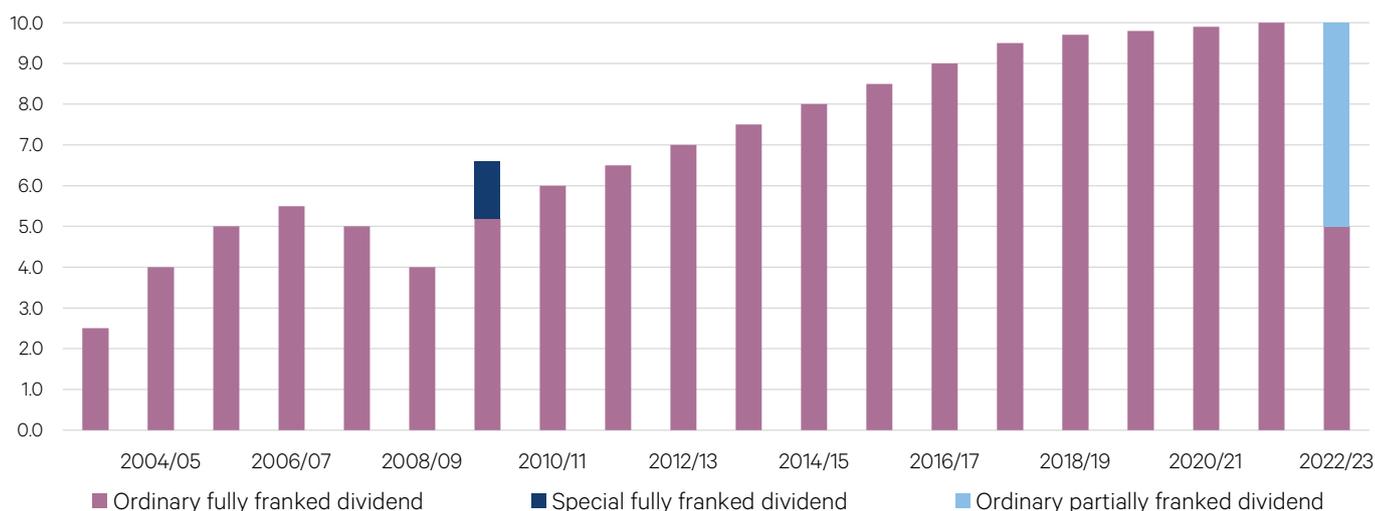
The full year dividend provides shareholders with a yield on the Company's 30 June 2023 share price of 9.4% and a grossed-up yield of 12.6%^{**} when including the value of franking credits. When calculating the yield on net assets, the dividend yield of WAM Research is 10.7%, with a grossed-up yield of 14.4%^{**}, higher than the average dividend yield of the S&P/ASX All Ordinaries Accumulation Index of 4.4%, which is 57.6% franked.

Lead Portfolio Manager Oscar Oberg said: "Amid the largest interest rate hiking cycle in over 30 years and the probability of a global recession impacting investor sentiment, the WAM Research investment team applied our research-driven investment process to deliver solid investment portfolio performance during the year. As we enter FY2024, we remain confident in our holdings in undervalued growth companies with a catalyst," he said.

^{**}Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

Dividends paid since inception

Cents per share



^{*}The FY2023 final dividend of 5.0 cents per share is partially franked at 60%.

Key final dividend dates

Ex-dividend date	3 October 2023
Dividend record date (7:00pm Sydney time)	4 October 2023
Last election date for DRP	6 October 2023
Final dividend payment date	16 October 2023

The Dividend Reinvestment Plan (DRP) is in operation and the recommended final partially franked 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

At 30 June 2023	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	10 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAM Research investment portfolio	14.1%	12.7%	6.7%	8.4%	12.6%	13.6%
S&P/ASX All Ordinaries Accumulation Index	14.8%	11.4%	7.3%	9.0%	8.8%	8.6%
Outperformance	-0.7%	+1.3%	-0.6%	-0.6%	+3.8%	+5.0%
S&P/ASX Small Ordinaries Accumulation Index	8.4%	5.2%	2.3%	5.8%	6.8%	4.7%
Outperformance	+5.7%	+7.5%	+4.4%	+2.6%	+5.8%	+8.9%

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 30 June 2023

Code	Company name	%
EHE	Estia Health Limited	6.7%
WEB	Webjet Limited	5.7%
VEA	Viva Energy Group Limited	5.3%
HLS	Healius Limited	5.1%
TUA	Tuas Limited	4.1%
TNE	Technology One Limited	3.5%
VUK	Virgin Money UK PLC	3.5%
MGH	Maas Group Holdings Limited	3.4%
RIC	Ridley Corporation Limited	3.3%
SHV	Select Harvests Limited	3.2%
SIG	Sigma Healthcare Limited	3.0%
SGF	SG Fleet Group Limited	2.9%
REH	Reece Limited	2.8%
THL	Tourism Holdings Limited	2.7%
CCP	Credit Corp Group Limited	2.6%
PME	Pro Medicus Limited	2.5%
TPW	Temple & Webster Group Limited	2.4%
HMC	HMC Capital Limited	2.3%
CAJ	Capital Health Limited	2.2%
KLS	Kelsian Group Limited	2.1%

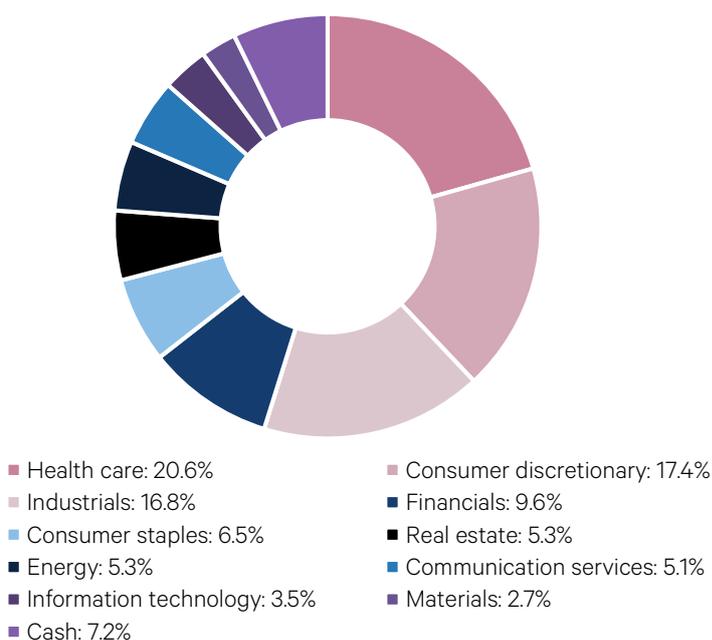
Portfolio composition by market capitalisation

	WAM Research [†]	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	57.3%	0.0%
ASX 21-50	0.0%	15.5%	0.0%
ASX 51-100	10.6%	12.9%	9.7%
ASX 101-300	62.2%	11.7%	85.6%
Ex ASX 300	20.0%	2.6%	4.7%

[†]Investment portfolio held 72% in cash.

Diversified investment portfolio by sector

As at 30 June 2023



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



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

20
Years
Listed



About Wilson Asset Management



Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years. As 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) and WAM Active (ASX: WAA) – 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.

For more information visit www.wilsonassetmanagement.com.au or contact:

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