

Strong investment portfolio outperformance, high full year partially franked dividend

28 August 2024
ASX announcement
and media release

+30.7%

Investment portfolio performance in FY2024*

+21.4%

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in FY2024

+18.2%

Investment portfolio outperformance of the S&P/ASX All Ordinaries Accumulation Index in FY2024

10.0 cps

Full year dividend, 60% franked

149.0 cps

Dividends paid since inception, 211.1 cps when including the value of franking credits

42.7 cps

Profits reserve at 30 June 2024, before the payment of the final dividend of 5.0 cps

+14.7%

Investment portfolio performance since change in investment strategy (Jul-10)*

Q&A Webinar

Friday 6 September 2024 at 12:00pm (Sydney time)

Register to join the investment team for our WAM Capital, WAM Microcap, WAM Research and WAM Active FY2024 Results Q&A webinar.

[Register now](#)

The WAM Research Limited (ASX: WAX) investment portfolio increased 30.7%* in the financial year to 30 June 2024, outperforming the S&P/ASX All Ordinaries Accumulation Index by 18.2% and the S&P/ASX Small Ordinaries Accumulation Index by 21.4%.

The strong investment portfolio performance contributed to a 98.3% increase in the Company's operating profit before tax of \$44.9 million (FY2023: \$22.6 million) and an operating profit after tax of \$32.5 million (FY2023: \$16.9 million) in the Company's 2024 full year result.

Chairman Geoff Wilson AO said: "On behalf of my fellow shareholders, I would like to congratulate Oscar and the investment team for their high-quality stock picking in undervalued growth companies which delivered the investment portfolio's strong outperformance during the year."

The WAM Research Board of Directors 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 full year dividend represents a high dividend yield of 8.5%[^] and a grossed-up yield of 10.7%[#], when including the value of franking credits. The full year dividend was made possible by the strong investment portfolio performance over the period, the listed investment company (LIC) structure and the profits reserve available.

The Board's decision to maintain the high full year dividend of 10.0 cents per share was informed by the high grossed-up dividend yield of 12.1%[#] on the pre-tax net tangible assets (NTA) at 30 June 2024, the level of franking credits and the objective to provide shareholders a combination of capital growth and income returns. The return on any equity investment for shareholders is made up of a combination of capital (i.e. movement in the Company's share price) and income (i.e. through franked or unfranked dividends paid to shareholders on a semi-annual basis). If the dividends paid to shareholders (including franking credits) exceeds the increase in assets, then the NTA of the Company declines and shareholders do not receive a combination of capital and income returns.

To return to paying a fully franked full year dividend of 10.0 cents per share in FY2025 at the current net asset level, the realised gains through the investment portfolio performance needed to top-up the franking account balance would be more than 15% per annum, grossed-up for expenses, fees and taxes. As we look to FY2025 and beyond, there can be no certainty that such high returns can be maintained each year.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

[^]Based on the 27 August 2024 share price of \$1.18 per share.

[#]Pre-tax dividend yield and grossed-up yield include the benefits of franking credits and is based on a tax rate of 30.0%.

The franking account balance at the end of the year enabled the Company to declare a partially franked final dividend for shareholders consistent with the interim partially franked dividend communicated to shareholders. The level of franking in FY2025 and beyond is dependent on the payment of tax on realised profits and the receipt of franked dividends from investee companies. The WAM Research Board of Directors expects the FY2025 full year dividend to also be partially franked at 60%, should the Company be able to maintain the full year dividend of 10.0 cents per share.

The Company has 4.3 years of dividend coverage, based on the profits reserve of 42.7 cents per share as at 30 June 2024, before the payment of the final dividend of 5.0 cents per share. Since inception, WAM Research has paid 149.0 cents per share in franked dividends to shareholders, 211.1 cents per share, when including the value of franking credits.

During the year, total shareholder return (TSR) was impacted by the reduction in the Company's share price premium to NTA. The WAM Research share price premium to NTA was 3.5% at 30 June 2024, narrowing from 13.9% at 30 June 2023. Over the past five years, the average WAM Research share price premium to NTA has been 30.1%, trading at a high of a 58.5% premium in March 2022. TSR for the financial year was 11.3% or 13.9%, when including the value of franking credits.

Lead Portfolio Manager Oscar Oberg said: "The WAM Research investment team once again applied our research-driven investment process to deliver strong investment portfolio outperformance for shareholders in FY2024. Looking ahead, we continue to identify compelling opportunities that fit our proven investment approach of finding undervalued growth companies with a catalyst," he added.

"Pleasingly, in the 2024 financial year we saw a number of companies that we have held for a long period of time perform strongly, including Sigma Healthcare (ASX: SIG), alternative asset manager HMC Capital (ASX: HMC), building materials company Maas Group Holdings (ASX: MGH) and telecommunications company Tuas (ASX: TUA)," he said.

Dividends since inception



Key dividend dates

Ex-dividend date	11 October 2024
Dividend record date (7:00pm Sydney time)	14 October 2024
Last election date for DRP	16 October 2024
Payment date	25 October 2024

The Dividend Reinvestment Plan (DRP) is in operation and the recommended partially franked final 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 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. The DRP will operate without a discount for the partially franked final dividend.

Investment portfolio performance since change in investment strategy

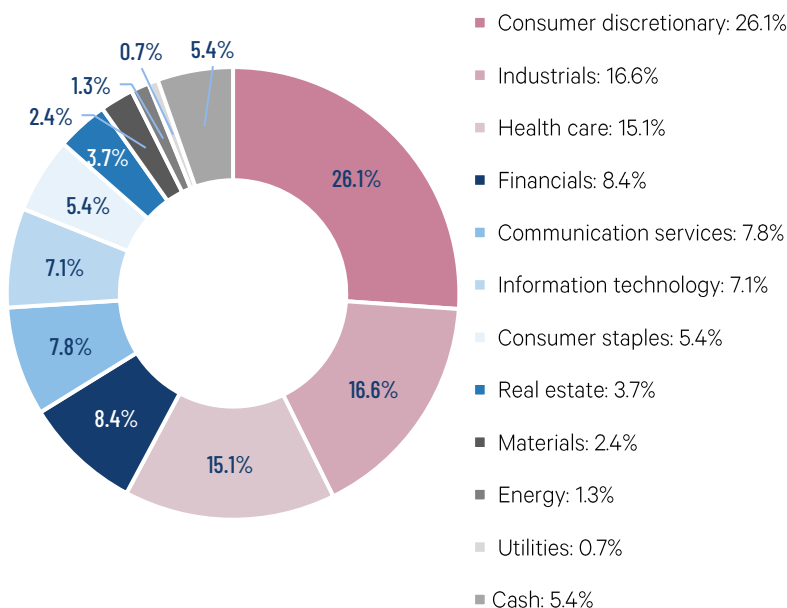
Investment portfolio performance at 30 June 2024	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAM Research investment portfolio	30.7%	8.8%	12.2%	13.5%	14.7%
S&P/ASX All Ordinaries Accumulation Index	12.5%	6.1%	7.6%	8.3%	8.9%
Outperformance	+18.2%	+2.7%	+4.6%	+5.2%	+5.8%
S&P/ASX Small Ordinaries Accumulation Index	9.3%	-1.5%	3.7%	6.4%	5.0%
Outperformance	+21.4%	+10.3%	+8.5%	+7.1%	+9.7%

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 at 30 June 2024

Code	Company name	%	Code	Company name	%
TUA	Tuas Limited	7.8%	JIN	Jumbo Interactive Limited	3.4%
GEM	G8 Education Limited	5.0%	SSM	Service Stream Limited	3.2%
LNW	Light & Wonder Inc.	4.7%	HMC	HMC Capital Limited	3.0%
WEB	Webjet Limited	4.6%	CAJ	Capitol Health Limited	2.7%
SGF	SG Fleet Group Limited	4.5%	SUM NZ	Summerset Group Holdings Limited	2.7%
MGH	Maas Group Holdings Limited	4.1%	HLS	Healius Limited	2.5%
GTK	Gentrack Group Limited	3.9%	LOV	Lovisa Holdings Limited	2.5%
GDG	Generation Development Group Limited	3.6%	TNE	Technology One Limited	2.4%
BGA	Bega Cheese Limited	3.5%	KLS	Kelsian Group Limited	2.2%
REG	Regis Healthcare Limited	3.4%	SIG	Sigma Healthcare Limited	2.0%

Diversified investment portfolio by sector at 30 June 2024



Portfolio composition by market capitalisation at 30 June 2024

	WAM Research [†]	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	56.5%	0.0%
ASX 21-50	0.0%	15.5 %	0.0%
ASX 51-100	5.0%	12.8%	0.0%
ASX 101-300	65.9%	11.6%	100.0%
Ex ASX 300	23.7%	3.6%	0.0%

[†]Investment portfolio held 5.4% in cash.

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.

Listed
August 2003



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



ORD MINNETT

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

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 25 years and is 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), WAM Active (ASX: WAA) – and the Wilson Asset Management Leaders Fund. 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 and is a significant funder of many Australian charities, providing all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.



>\$5 billion

in funds under management

>200 years

combined investment experience

>25 years

making a difference for shareholders

10

investment products

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

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