W | A | M *Research*

The most exciting undervalued growth opportunities in the Australian market.

2020 Full Year Results



Chairman's update

Geoff Wilson AO

- 2.1%^ investment portfolio outperformance in FY2020
- 4.9 cents per share fully franked final dividend
- 13.8%^ per annum investment portfolio performance since change in investment strategy

WAM Research delivered investment portfolio outperformance of 2.1%^ to shareholders during the highly volatile 12-month period to 30 June 2020.

WAM Research's diligent and proven research-driven investment approach, which focuses on identifying undervalued growth companies with a catalyst, has led to strong investment portfolio outperformance since its change in investment strategy in 2010. WAM Research has achieved an investment portfolio return of 13.8%^ per annum since its change in investment strategy in 2010, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.0%^ per annum.

The Board of Directors is pleased to declare a fully franked final dividend of 4.9 cents per share. The final dividend brings the FY2020 fully franked full year dividend to 9.8 cents per share and represents a yield of 7.4%*. Since inception, WAM Research has paid 109.20 cents per share in fully franked dividends to shareholders.

WAM Research reported an operating loss before tax of $12.9 million for the year and an operating loss after tax of $7.8 million, mainly due to the decline in the investment portfolio over the period. The after tax figure was boosted by a $5.1 million income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period.

The operating loss for 2020 is reflective of the performance of the investment portfolio over the year. The investment portfolio declined 5.1%^ during the 12-month period to 30 June 2020, outperforming the S&P/ASX All Ordinaries Accumulation Index by 2.1%^ during a highly volatile period for equity markets. The Index fell 7.2%^ for the year. This investment portfolio performance was achieved with an average cash weighting of 22.6%.

We would like to thank all WAM Research shareholders for your continued support of the Company during the 2020 financial year and hope you are safe and well as we live through the dramatic changes brought about by the coronavirus pandemic. We look forward to providing an update during our Investor Q&A webinar on Friday, 4 September 2020 at 2:30pm (Sydney time) and our next instalment of WAM Vault in November. To participate in the webinar, dial 1800 850 171 and enter passcode 795466 or visit this website.

^Investment portfolio performance and Index returns are before expenses, fees and taxes.
*Based on the 30 June 2020 share price of $1.32 per share.

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Fully franked full year dividend

9.8c

Fully franked dividend yield*

7.4%

Fully franked dividends paid since inception (per share)

109.20c

Fully franked final dividend

The Board declared a fully franked final dividend of 4.9 cents per share. The DRP will be operating at a 2.5% discount for the final dividend.

Since inception, WAM Research has paid 109.2 cents per share in fully franked dividends to shareholders.

Key dividend dates

Ex dividend date	12 October 2020
Record date	13 October 2020
Last election date for DRP	15 October 2020
Payment date	23 October 2020

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices.

The Company's ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits.

The Company has profits reserves of 27.7 cents per share as at 31 July 2020, before the payment of the fully franked final dividend of 4.9 cents per share.

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We remained focused on our proven investment process during the 2020 financial year, outperforming the Index during a volatile period for the Australian equity market.

The 2020 financial year was one of continued challenges. The 2019 September quarter was marked by weaker-than-expected economic growth, rising unemployment and sluggish wage growth, leading the Reserve Bank of Australia to cut the official interest rate for the third time in 2019 to a low of 0.75%. The search for yield led to a mispricing of assets and low rates pushed investors up the risk curve into less liquid securities throughout the December quarter and into the new year.

As the coronavirus spread in February 2020, we acted swiftly to reduce our exposure to less liquid small-cap companies that had performed strongly over the prior 12-24 months, as well as indebted and cyclical companies. The improvement in the portfolio's liquidity allowed us to reduce our equity exposure promptly and with minimal impact. After peaking with approximately 46% cash on 23 March 2020, we deployed our cash selectively into companies which we believed would emerge from the coronavirus in a much stronger position.

In March, we identified the automotive sector as a potential beneficiary of economies emerging out of the coronavirus crisis given a reluctance for people to use public transport. As our confidence increased around shutdown measures being lifted throughout April and May, a number of sectors such as retail, tourism and education began to look attractive on a long-term view. We also increased our exposure to companies well placed to benefit from an increase in domestic travel.

The greatest individual contributors to the investment portfolio outperformance during the period included City Chic Collective (ASX: CCX); Bapcor (ASX: BAP); Johns Lyng Group (ASX: JLG); Xero (ASX: XRO); Breville Group (ASX: BRG); The a2 Milk Company (ASX: A2M); Data#3 (ASX: DTL); A.P. Eagers (ASX: APE); Codan (ASX: CDA) and Elders (ASX: ELD). Detractors included Myer Holdings (ASX: MYR); AMA Group (ASX: AMA); Kathmandu Holdings (ASX: KMD); Brickworks (ASX: BKW) and Smartgroup Corporation (ASX: SIQ).

Given the significant changes to the investment portfolio to adjust to the new environment and our flexible mandate to increase and decrease cash weightings where required, we believe the portfolio is well positioned for FY2021.

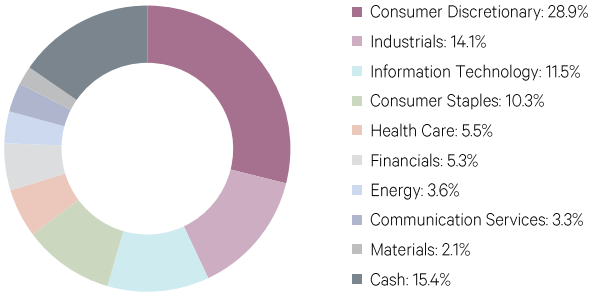
Investment portfolio performance

as at 30 June 2020

	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio	-5.1%	3.4%	9.1%	12.5%	13.8%
S&P/ASX All Ordinaries Accumulation Index	-7.2%	5.4%	6.2%	7.7%	7.8%
Outperformance	**+2.1%**	**-2.0%**	**+2.9%**	**+4.8%**	**+6.0%**

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

Portfolio composition by sector



Top 20 holdings with portfolio weightings

as at 30 June 2020

Code	Company	%
ELD	Elders Limited	5.8%
BAP	Bapcor Limited	4.3%
IEL	IDP Education Limited	4.2%
ASB	Austal Limited	4.0%
IFM	Infomedia Limited	4.0%
VEA	Viva Energy Group Limited	3.6%
BWX	BWX Limited	3.3%
BRG	Breville Group Limited	3.1%
ADH	Adairs limited	3.0%
SIG	Sigma Healthcare Limited	3.0%
SVW	Seven Group Holdings Limited	2.9%
JLG	Johns Lyng Group Ltd	2.9%
CDA	Codan Limited	2.7%
IDX	Integral Diagnostics Limited	2.5%
CCX	City Chic Collective Limited	2.3%
PSI	PSC Insurance Group Limited	2.1%
KGN	Kogan.com Limited	2.1%
REA	REA Group Ltd	2.1%
CGL	The Citadel Group Limited	2.0%
SLK	SeaLink Travel Group Limited	2.0%

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