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WAM RESEARCH LIMITED

ABN 15 100 504 541

Appendix 4E
Preliminary Final Report

for the year ended 30 June 2021

Results for Announcement to the Market

All comparisons to the year ended 30 June 2020

	$	up/down	% mvmt
Revenue from ordinary activities	82,329,321	up	961.0%
Profit from ordinary activities before income tax expense	73,497,861	up	668.9%
Net profit from ordinary activities after income tax expense	52,288,040	up	767.3%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Final dividend cents per share	4.95c	4.95c	30%
2021 Interim dividend cents per share	4.95c	4.95c	30%

Final dividend dates

Ex dividend date	11 October 2021
Record date	12 October 2021
Last election date for the DRP	14 October 2021
Payment date	22 October 2021

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 4.95 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 VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date.

	30 Jun 21	30 Jun 20
Net tangible asset backing (after tax) per share	$1.20	$1.03

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

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W | A | M Research

2021 ANNUAL REPORT

Wilson Asset Management | OVER 20 YEARS Making a difference

ABN 15 100 504 541

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WAM Research Limited

WAM Research Limited (WAM Research or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Wilson Asset Management

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
John Abernethy
Julian Gosse

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

MAM Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of the Wilson Asset Management Group)

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001

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E info@wilsonassetmanagement.com.au
W wilsonassetmanagement.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

T 1300 420 372 (in Australia)
+61 2 8023 5472 (International)
F (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Research Limited
Ordinary Shares (**WAX**)

Auditor

Pitcher Partners



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FY2021 highlights

+45.2%
record investment portfolio performance

+32.7%
total shareholder return

$73.5m
record operating profit before tax

6.0%
fully franked dividend yield

30 June 2021 snapshot

Listing date	August 2003
Gross assets	$245.3m
Market capitalisation	$322.1m
Share price	$1.645
Shares on issue	195,818,039
Net tangible assets (pre-tax)	$1.22
Net tangible assets (post-tax)	$1.20
FY2021 fully franked dividends	9.9 cents
FY2021 fully franked dividend yield	6.0%
FY2021 fully franked grossed-up dividend yield	8.6%

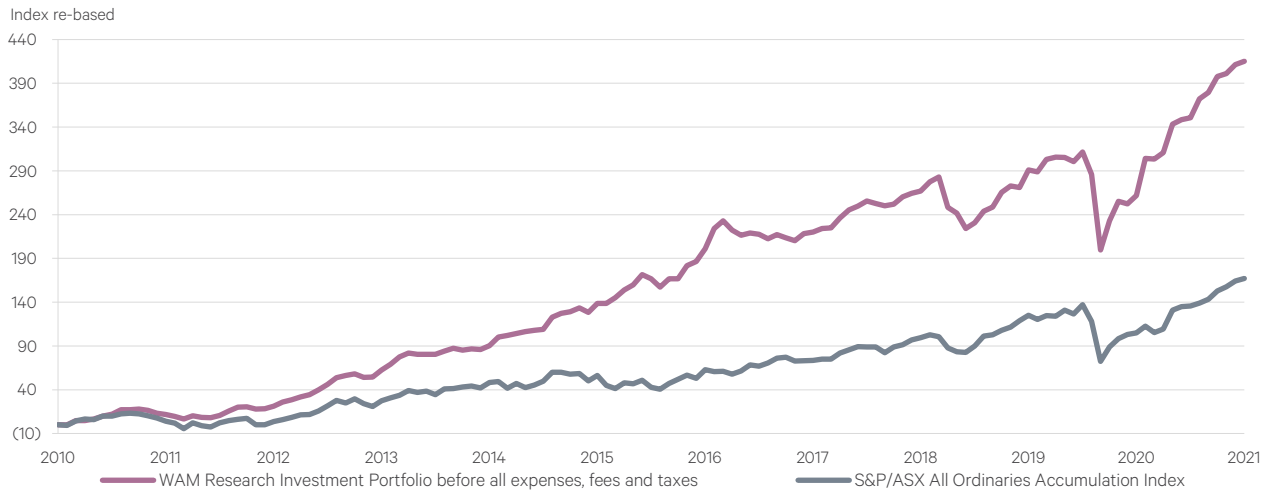
FY2021 results

WAM Research reported a record operating profit before tax of $73.5 million for the year (FY2020: operating loss before tax of $12.9 million), and a record operating profit after tax of $52.3 million (FY2020: operating loss after tax of $7.8 million), reflective of the strong performance of the investment portfolio over the year.

The investment portfolio increased a record 45.2% during the 12-month period to 30 June 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index by 15.0%. The strong investment portfolio performance was achieved with an average cash weighting of 10.3%.

The Board declared a fully franked full year dividend of 9.9 cents per share, with the fully franked final dividend being 4.95 cents per share. Since inception, the Company has paid 119.05 cents per share in fully franked dividends to shareholders.

WAM Research's investment portfolio has returned 16.4% p.a. since the revised investment strategy outperforming the market by 6.8% p.a.



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Letter from the Chairman

Geoff Wilson AO

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Dear Fellow Shareholders,

Thank you for your support in what has been a challenging period. Pleasingly, WAM Research has delivered a record investment portfolio performance and a record operating profit during the 2021 financial year. I would like to thank all the shareholders who have entrusted us with their capital.

WAM Research reported a record operating profit before tax of $73.5 million (FY2020: operating loss before tax of $12.9 million) and a record operating profit after tax of $52.3 million (FY2020: operating loss after tax of $7.8 million), reflective of the strong performance of the investment portfolio over the year.

The WAM Research investment portfolio increased a record 45.2% in FY2021, outperforming the S&P/ASX All Ordinaries Accumulation Index by 15.0%. This outperformance was achieved with an average cash weighting of 10.3% over the year.

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 16.4% per annum since 2010, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.8% per annum.

The Board declared a fully franked full year dividend of 9.9 cents per share, with the fully franked final dividend being 4.95 cents per share. Since inception, WAM Research has paid 119.05 cents per share in fully franked dividends to shareholders. As at 31 July 2021, the Company had 43.3 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 4.95 cents per share.

As a fellow WAM Research shareholder, I would like to thank Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick, Equity Analyst Sam Koch, Senior Equities Dealer Cooper Rogers, Equities Dealer Will Thompson, and the broader Wilson Asset Management investment team, for their diligence, rigour and commitment. The team has again delivered strong, risk-adjusted returns for shareholders.

+45.2%

record investment portfolio performance in FY2021

9.9 cents per share

FY2021 fully franked full year dividend

6.0% fully franked dividend yield

on the 30 June 2021 share price

Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Research is long-term outperformance against the S&P/ASX All Ordinaries Accumulation Index, which is achieved by growing the investment portfolio at a greater rate. The S&P/ASX All Ordinaries Accumulation Index is also measured before expenses, fees and taxes.

FY2021 investment portfolio performance

+45.2%

Performance at 30 June 2021	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	45.2%	12.0%	12.3%	15.5%	16.3%	16.4%
S&P/ASX All Ordinaries Accumulation Index	30.2%	10.3%	11.5%	9.3%	9.4%	9.6%
Outperformance	**+15.0%**	**+1.7%**	**+0.8%**	**+6.2%**	**+6.9%**	**+6.8%**

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

WAM Research's investment portfolio increased a record 45.2% in the year to 30 June 2021, while holding on average 10.3% of the investment portfolio in cash.

Set out below is the performance of WAM Research since the change in the investment strategy on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to show how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

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Financial year	WAM Research Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2010/2011	17.5%	12.2%	+5.3%
2011/2012	4.5%	-7.0%	+11.5%
2012/2013	30.4%	20.7%	+9.7%
2013/2014	20.5%	17.6%	+2.9%
2014/2015	22.8%	5.7%	+17.1%
2015/2016	25.5%	2.0%	+23.5%
2016/2017	11.1%	13.1%	-2.0%
2017/2018	14.5%	13.7%	+0.8%
2018/2019	1.8%	11.0%	-9.2%
2019/2020	-5.1%	-7.2%	+2.1%
2020/2021	45.2%	30.2%	+15.0%

2) Net tangible asset (NTA) growth

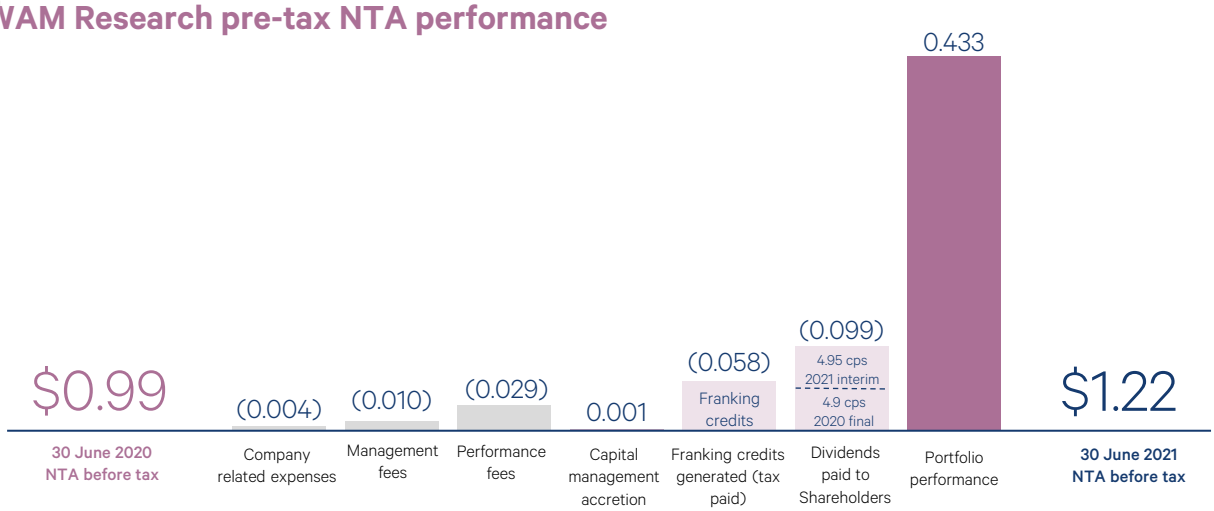
NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced on the ASX each month.

FY2021 NTA growth

+35.1%

WAM Research's pre-tax NTA increased 35.1% in the 12 months to 30 June 2021, including the 9.85 cents per share of fully franked dividends paid to shareholders during the year. This increase is after the 5.8 cent per share corporate tax paid during the year. The 5.9% in corporate tax payments made throughout the year and the performance fee payable of 2.9% at the end of the year were the major items of difference between the investment portfolio performance of 45.2% and the NTA performance of 35.1%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.0% and other company related expenses of 0.4%, being offset by capital management accretion of 0.1%.

WAM Research pre-tax NTA performance



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3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

FY2021 TSR

+32.7%

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The strong investment portfolio outperformance drove a growth in assets which, combined with the increased fully franked dividends paid during the period and the slight increase in the share price premium to NTA, resulted in a 32.7% total shareholder return for shareholders during the 12-month period to 30 June 2021. As at 30 June 2021, the share price premium to NTA was 34.9% (FY2020: 33.7%).

Growth of a $10,000 investment since revised investment strategy



Notes:

1. The above graph reflects the period from the change in investment strategy in July 2010 to 30 June 2021.
2. WAM Research's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Research portfolio.

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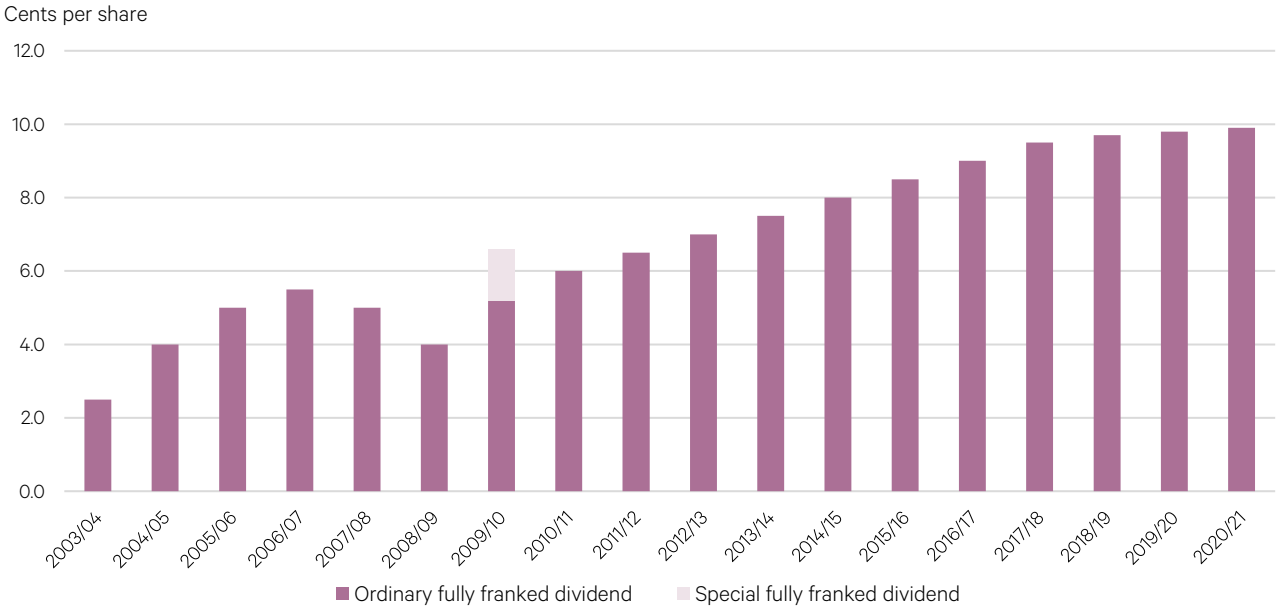
Dividends

The Board declared a fully franked final dividend of 4.95 cents per share, bringing the fully franked full year dividend to 9.9 cents per share. Since inception, WAM Research has paid 119.05 cents per share in fully franked dividends to shareholders.

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. As at 31 July 2021, the Company had 43.3 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 4.95 cents per share. The Company's ability to generate franking credits is dependent upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies.

Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders at a 2.5% discount for the final dividend.

WAM Research dividends since inception



We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Research or Wilson Asset Management. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au. We hope to meet with you again as soon as it is safe to do so.

Thank you for your continued support and keep safe.



Geoff Wilson AO
Chairman

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Lead Portfolio Manager update

Oscar Oberg



Dear Fellow Shareholders,

Equity markets continued their upward trajectory during the 2021 financial year alongside a rebound in economic growth.

Investors oscillated between lockdown beneficiaries and the reopening trade during the financial year, and Australian small-and-mid cap companies experienced the rare challenges and historic opportunities of a setting characterised by crisis and recovery. The macroeconomic environment, especially the Reserve Bank of Australia's monetary policy, was in sharp focus for markets and we expect this to continue. We adjusted the portfolio to take advantage of these conditions, rotating towards cyclical names benefitting from strong levels of consumer sentiment including in tourism, traditional media, financials, and construction. We also increased our holdings in companies with significant offshore exposure to countries most impacted by the pandemic, to capitalise on high inoculation rates and a reopening of economies.

We were pleased to deliver strong investment portfolio performance during the year of 45.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 15.0%, with an average cash holding of 10.3%. As we enter FY2022, we have positioned the portfolio into companies that can generate strong top line organic growth irrespective of the outlook for the coronavirus pandemic. We are positive on medium-term economic and earnings outlooks, despite the headwinds of new variants, supported by encouraging signals such as a sharp rise in Australian vaccination rates. Our long-standing, research-driven methodology of investing in companies that are undervalued relative to their peers, with a clear catalyst for a share price re-rating, remains the central tenet of our process.



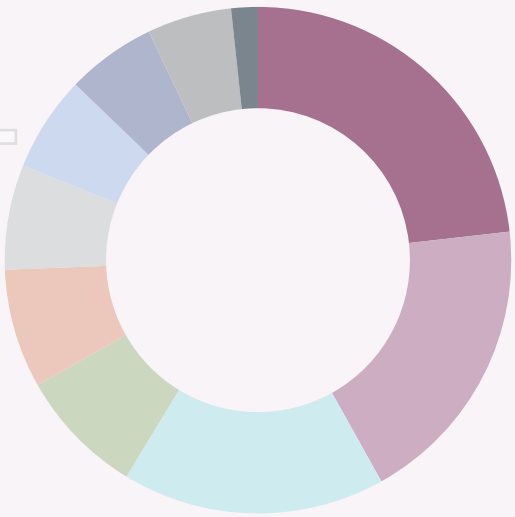
Oscar Oberg CFA
Lead Portfolio Manager

WAM Research top 20 holdings

as at 30 June 2021

Code	Company	Portfolio Weightings
VEA	Viva Energy Group Limited	6.1%
CDA	Codan Limited	5.1%
SLK	SeaLink Travel Group Limited	4.4%
PDL	Pendal Group Limited	4.3%
BGA	Bega Cheese Limited	4.3%
UMG	United Malt Group Limited	4.2%
MGH	MAAS Group Holdings Limited	4.2%
SVW	Seven Group Holdings Limited	4.2%
LOV	Lovisa Holdings Limited	3.5%
EVT	EVENT Hospitality & Entertainment Limited	3.1%
IMD	Imdex Limited	3.1%
FBU	Fletcher Building Limited	3.0%
JLG	Johns Lyng Group Limited	2.6%
BWX	BWX Limited	2.6%
IEL	IDP Education Limited	2.6%
ACL	Australian Clinical Labs Limited	2.5%
LGL	Lynch Group Holdings Limited	2.5%
ALG	Ardent Leisure Group Limited	2.4%
SGF	SG Fleet Group Limited	2.3%
VRT	Virtus Health Limited	2.2%

Portfolio by sector



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Investment Manager update

Wilson Asset Management Chief Executive Officer and WAM Research Director Kate Thorley

Dear Fellow Shareholders,

As the Chief Executive Officer of Wilson Asset Management, I want to thank our fellow shareholders for their support and loyalty throughout the financial year. WAM Research (ASX: WAX) is your company and I am pleased to share some exciting updates and insights from the year with you.

I extend my sincere thanks to Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick, Equity Analyst Sam Koch, Senior Equities Dealer Cooper Rogers and Equities Dealer Will Thompson, who contribute immensely to our team and culture. We are fortunate to have them in the Wilson Asset Management Family.

Wilson Asset Management prides itself on being a dedicated, high-performing business, committed to best serving our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Nick Healy to Portfolio Manager; Shaun Weick to Senior Equity Analyst; Cooper Rogers to Senior Equities Dealer; Ophelia Lam to Finance Manager; Huseyin Dervish and Lillie Johnson to Finance Team Leaders; Andrew Finch to Senior Investment Operations Administrator; and Isabel Mills to Assistant Financial Accountant.

Our team continues to grow and we were pleased to welcome several new additions to the Wilson Asset Management Family, including in our Investment, Corporate Affairs, Finance and Operations teams.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As an investment manager, Wilson Asset Management invests over $5 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Research, together with seven other 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) and WAM Active (ASX: WAA).

We are passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team made a difference through philanthropy, advocacy, and shareholder engagement.

Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have supported young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management 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.

We are honoured to provide support to Olympic athletes, through managing over $9 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

Wilson Asset Management is proud to be a founding donor of the Indigenous Residential College being built by the University of Technology Sydney (UTS). The first of its kind in Australia, the college is a product of deep and continuing consultation with local and national communities. Importantly the college is Indigenous designed and led, creating a culturally embedded and collaborative space which will support Indigenous students to become the next generation of global change makers, policy makers and community leaders.

The team at Wilson Asset Management is proud to have supported the film *In My Blood It Runs*, which depicts 10-year-old Dujuan Hoosan's struggles with identity, education and the youth justice system in the Northern Territory. As a result of this important film, Dujuan became the youngest person to ever address the United Nations Human Rights Council calling for the need to raise the age of criminal responsibility in Australia and to highlight the critical need for Aboriginal-led education models.

Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is an utmost priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to stop retail investors being locked out of discounted capital raisings, which are only open to wholesale investors.

We also participated in the public debate and formal consultation about permanently removing the requirement for annual general meetings (AGM) to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal stories. We were pleased to see Federal Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We supported the University of New South Wales' School of Mathematics and Statistics' *Girls Do The Maths* program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provide rewarding career paths.

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Shareholder engagement and communication

Shareholders are the owners of WAM Research; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our third instalment, *The Return of Fundamentals*, was released on 8 June 2021. If you have not yet done so, we encourage you to visit **wilsonassetmanagement.com.au/vault** to watch, read and listen to the engaging and insightful conversations.

We encourage all shareholders to engage with us in a way that best suits them, with a variety of options available to keep informed on our investment insights and updates. Our approach includes:

- Updates from our Lead Portfolio Managers
- Investment team insights at WAM Vault: **wilsonassetmanagement.com.au/vault**
- Roundtables with our shareholders and planners, advisers and their clients
- NTA reports and investment updates
- Shareholder Q&A calls and webinars
- Social media engagement
- Investor education material
- Presentations and lunches across Australia
- Annual and interim results announcements

As always, please reach out to us by phone on (02) 9247 6755 or by email at **info@wilsonassetmanagement.com.au** if you ever have any questions or feedback.

Thank you for your continued support.



Kate Thorley
Chief Executive Officer

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Objectives and investment process

Investment objectives

The investment objectives of WAM Research are to:

- deliver investors a stream of fully franked dividends; and
- achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors.

Investment process – the most compelling undervalued growth companies in the Australian market

WAM Research provides investors with access to Wilson Asset Management's research-driven process, focused on identifying undervalued growth companies. This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.



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Directors' Report to shareholders for the year ended 30 June 2021

The Directors present their report together with the financial report of WAM Research for the financial year ended 30 June 2021.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital growth, within the risk parameters acceptable to the Directors. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in a record operating profit before tax of $73,497,861 (2020: operating loss before tax of $12,920,004) and a record operating profit after tax of $52,288,040 (2020: operating loss after tax of $7,835,978). The operating profit for 2021 was reflective of the strong performance of the investment portfolio over the period. The investment portfolio increased a record 45.2% during the 12-month period to 30 June 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index by 15.0%. This investment portfolio outperformance was achieved with an average cash weighting of 10.3%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company as at 30 June 2021 was $235,632,242 (2020: $198,801,151). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2021.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	$
Fully franked FY2020 final dividend of 4.90 cents per share paid on 23 October 2020	9,483,078
Fully franked FY2021 interim dividend of 4.95 cents per share paid on 20 April 2021	9,639,806

Since the end of the year, the Directors declared a fully franked final dividend of 4.95 cents per share to be paid on 22 October 2021.

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

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Kate Thorley
- Julian Gosse
- John Abernethy

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since June 2003.

Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities

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Geoff Wilson (Chairman – non-independent) (cont'd)

Other current directorships (cont'd)

Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Concentrated Leaders Fund Pty Limited (appointed March 2021), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited and WAM Strategic Value Limited. Kate is a Director and the Acting Chief Executive Officer of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate Thorley has been a Director of the Company since August 2014.

Other current directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Leaders Limited (appointed March 2016), Future Generation Investment Company Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

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Kate Thorley (Director – non-independent) (cont'd)

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

John Abernethy (Director – independent)

Experience and expertise

John Abernethy has over 38 years' experience in funds management and corporate advisory. He spent ten years at NRMA Investments as Head of Equities. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Clime Investment Management Limited (formerly Loftus Capital Partners Limited) in 1996. John was also appointed Chairman of Clime Capital Limited in July 2009. He has a Bachelor of Law and Commerce from The University of New South Wales.

John Abernethy has been a Director of the Company since May 2002.

Other current directorships

John Abernethy is Chairman of Clime Capital Limited (appointed July 2009) and a Director of Clime Investment Management Limited (appointed July 2000).

Former directorships in the last 3 years

John Abernethy resigned as a director of Watermark Market Neutral Fund Limited and Watermark Global Leaders Fund Limited in April 2019 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

Details of John Abernethy's interests in shares of the Company are included later in the report.

Interests in contracts

John Abernethy has no interests in contracts of the Company.

Julian Gosse (Director – independent)

Experience and expertise

Julian Gosse has spent the last 23 years of his career working as a Professional Director of Public Companies. Prior to that he was involved in the stockbroking, merchant banking and venture capital industries.

Julian Gosse has been a Director of the Company since June 2003.

Other current directorships

Julian Gosse is a Director of Clime Capital Limited (appointed November 2003).

Former directorships in the last 3 years

Julian Gosse resigned as a director of Greenvale Mining Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

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Julian Gosse (Director – independent) (cont'd)

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Julian Gosse has no interests in shares of the Company.

Interests in contracts

Julian Gosse has no interests in contracts of the Company.

Joint Company Secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

Jesse Hamilton

Jesse is a Chartered Accountant with more than 13 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited, and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of WAM Research in November 2020.

Linda Kiriczenko

Linda Kiriczenko has over 17 years' experience in financial accounting including more than 13 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also the Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Research in May 2016.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Research.

a) Remuneration of Directors

All Directors of WAM Research are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

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Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at $120,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2021:

Director	Position	Short-term employee benefits Directors' fees $	Post-employment benefits Superannuation $	Total $
Geoff Wilson	Chairman	9,132	868	10,000
Kate Thorley	Director	9,132	868	10,000
John Abernethy	Director	27,397	2,603	30,000
Julian Gosse	Director	30,000	-	30,000
		75,661	**4,339**	**80,000**

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2021 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' fees $	Post-employment benefits Superannuation $	Total $
Geoff Wilson	Chairman	9,132	868	10,000
Kate Thorley	Director	9,132	868	10,000
John Abernethy	Director	27,397	2,603	30,000
Julian Gosse	Director	30,000	-	30,000
		75,661	**4,339**	**80,000**

The following table reflects the Company's performance and Directors' remuneration over five years:

	2021	2020	2019	2018	2017
Operating profit/(loss) after tax ($)	$52,288,040	($7,835,978)	$1,611,935	$21,600,279	$15,590,751
Dividends (cents per share)	9.9	9.8	9.7	9.5	9.0
Share price ($)	$1.645	$1.32	$1.325	$1.51	$1.505
NTA after tax ($ per share)	$1.20	$1.03	$1.16	$1.25	$1.22
Total Directors' remuneration ($)	$80,000	$80,000	$80,000	$120,000	$120,000
Shareholder's equity ($)	$235,632,242	$198,801,151	$221,998,505	$235,020,451	$224,622,520

As outlined above, Directors' fees are not directly linked to the Company's performance.

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Research. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to $2,491,018 inclusive of GST (2020: $2,393,181). As at 30 June 2021, the balance payable to the Manager was $224,472 inclusive of GST (2020: $175,660).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of $5,736,487 inclusive of GST was payable to MAM Pty Limited (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Research to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to $46,200 inclusive of GST (2020: $46,200) and the fee for Company Secretarial services amounted to $16,500 inclusive of GST (2020: $16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day to day management of the Company and is remunerated for these services as outlined above.

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Remuneration Report (Audited) (cont'd)

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021
Geoff Wilson	4,316,971	-	4,179,454	137,517
Kate Thorley	68,317	-	-	68,317
John Abernethy	10,000	-	-	10,000
Julian Gosse	-	-	-	-
	4,395,288	**-**	**4,179,454**	**215,834**

There have been no changes in shareholdings disclosed above between 30 June 2021 and the date of the report.

Directors and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report –

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	4	4
Kate Thorley	4	4
John Abernethy	4	4
Julian Gosse	4	3

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2021 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
John Abernethy	4	4
Kate Thorley	4	4
Julian Gosse	4	3

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 4.95 cents per share to be paid on 22 October 2021.

No other matter or circumstance has arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

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Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation services to the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

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Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at **wilsonassetmanagement.com.au**.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 26 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 24th day of August 2021

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e. sydneypartners@pitcher.com.au

Auditor's Independence Declaration
To the Directors of WAM Research Limited
ABN 15 100 504 541

In relation to the independent audit of WAM Research Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor's independence requirements of the *Corporations Act* 2001; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

S M Whiddett
Partner

Pitcher Partners
Sydney

24 August 2021

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.
An independent New South Wales Partnership. ABN 17 795 780 962. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

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Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 $	2020 $
Net realised and unrealised gains/(losses) on financial assets		78,398,635	(14,597,504)
Other revenue from operating activities	2	3,930,686	5,035,073
Performance fees		(5,345,362)	-
Management fees		(2,321,176)	(2,230,010)
Directors fees		(80,000)	(80,000)
Brokerage expense on share purchases		(611,662)	(563,759)
Custody fees		(12,994)	(15,803)
ASX listing and chess fees		(105,465)	(102,654)
Share registry fees		(97,456)	(85,488)
ASIC industry funding levy		(12,333)	(13,649)
Other expenses from ordinary activities		(245,012)	(266,210)
Profit/(loss) before income tax		**73,497,861**	**(12,920,004)**
Income tax (expense)/benefit	3(a)	(21,209,821)	5,084,026
Profit/(loss) after income tax attributable to members of the Company		**52,288,040**	**(7,835,978)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Unrealised gains on investments taken to equity, net of tax		190,819	395
Total comprehensive income/(loss) for the year		**52,478,859**	**(7,835,583)**
Basic and diluted earnings/(loss) per share	14	**26.86 cents**	**(4.08 cents)**

The accompanying notes form part of these financial statements.

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Statement of financial position as at 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	12	8,838,620	30,350,919
Trade and other receivables	6	2,284,707	2,250,467
Financial assets at fair value through profit or loss	7	239,366,613	160,554,909
Current tax assets	3(c)	-	1,139,459
Total current assets		**250,489,940**	**194,295,754**
Non-current assets			
Financial assets at fair value through other comprehensive income	7	1,871,243	1,659,609
Deferred tax assets	3(b)	11,178,011	11,204,756
Total non-current assets		**13,049,254**	**12,864,365**
Total assets		**263,539,194**	**207,160,119**
Current liabilities			
Trade and other payables	8	13,060,052	3,435,503
Current tax liabilities	3(c)	5,327,570	-
Total current liabilities		**18,387,622**	**3,435,503**
Non-current liabilities			
Deferred tax liabilities	3(d)	9,519,330	4,923,465
Non-current liabilities		**9,519,330**	**4,923,465**
Total liabilities		**27,906,952**	**8,358,968**
Net assets		**235,632,242**	**198,801,151**
Equity			
Issued capital	9	214,993,833	211,518,717
Reserves	10	64,444,968	31,088,993
Accumulated losses	11	(43,806,559)	(43,806,559)
Total equity		**235,632,242**	**198,801,151**

The accompanying notes form part of these financial statements.

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Statement of changes in equity for the year ended 30 June 2021

	Note	Issued capital $	Accumulated losses $	Profits reserve $	Asset revaluation reserve $	Other reserves $	Total equity $
Balance at 1 July 2019		**208,207,225**	**(20,355,715)**	**53,717,345**	**252,825**	**(19,823,175)**	**221,998,505**
Loss for the year		-	(7,835,978)	-	-	-	(7,835,978)
Transfer to profits reserve		-	(15,614,866)	15,614,866	-	-	-
Transfer from asset revaluation reserve		-	-	-	(4,408)	4,408	-
Other comprehensive income for the year		-	-	-	395	-	395
Transactions with owners:							
Shares issued via dividend reinvestment plan	**9(b)**	3,311,492	-	-	-	-	3,311,492
Dividends paid	**4(a)**	-	-	(18,673,263)	-	-	(18,673,263)
Balance at 30 June 2020		**211,518,717**	**(43,806,559)**	**50,658,948**	**248,812**	**(19,818,767)**	**198,801,151**
Profit for the year		-	52,288,040	-	-	-	52,288,040
Transfer to profits reserve		-	(52,288,040)	52,288,040	-	-	-
Transfer from asset revaluation reserve		-	-	-	(13,420)	13,420	-
Other comprehensive income for the year		-	-	-	190,819	-	190,819
Transactions with owners:							
Shares issued via dividend reinvestment plan	**9(b)**	3,475,116	-	-	-	-	3,475,116
Dividends paid	**4(a)**	-	-	(19,122,884)	-	-	(19,122,884)
Balance at 30 June 2021		**214,993,833**	**(43,806,559)**	**83,824,104**	**426,211**	**(19,805,347)**	**235,632,242**

The accompanying notes form part of these financial statements.

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Statement of cash flows for the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Proceeds from sale of investments		490,835,409	467,871,772
Payments for purchase of investments		(486,802,710)	(475,381,841)
Dividends received		3,677,376	4,734,567
Interest received		105,853	568,627
Other investment income received		24,185	10,843
Management fee (GST inclusive)		(2,442,206)	(2,424,826)
Brokerage expense on share purchases (GST inclusive)		(653,684)	(604,480)
Payments for administration expenses (GST inclusive)		(626,302)	(600,679)
Income tax paid		(10,201,962)	(6,183,977)
GST on brokerage expense on share sales		(45,859)	(48,206)
Net GST received from the ATO		265,369	264,684
Net cash used in operating activities	**13**	**(5,864,531)**	**(11,793,516)**
Cash flows from financing activities			
Dividends paid – net of reinvestment		(15,647,768)	(15,361,771)
Net cash used in financing activities		**(15,647,768)**	**(15,361,771)**
Net decrease in cash and cash equivalents held		**(21,512,299)**	**(27,155,287)**
Cash and cash equivalents at beginning of the year		30,350,919	57,506,206
Cash and cash equivalents at the end of the year	**12**	**8,838,620**	**30,350,919**
Non-cash transactions: Shares issued via dividend reinvestment plan		3,475,116	3,311,492

The accompanying notes form part of these financial statements.

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Notes to the financial statements for the year ended 30 June 2021

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Research is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 24 August 2021 by the Board of Directors.

WAM Research is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of certain financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when the Company becomes party to the contractual provisions of the asset. This is equivalent to the date that the Company commits itself to purchase or sell the asset (i.e. trade date accounting is adopted). Financial assets are initially measured at fair value.

Classification and subsequent measurement

Financial assets are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

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1. Significant accounting policies (cont'd)

a) Financial assets (cont'd)

Classification and subsequent measurement (cont'd)

The Company classifies its financial assets into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise. Financial assets at fair value through profit or loss are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

(ii) Financial assets at fair value through other comprehensive income

Financial assets that are not held for trading are irrevocably classified as financial assets at fair value through other comprehensive income and are recognised initially at cost. The Company has elected to present subsequent changes in the fair value of financial assets in the Statement of comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability. When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the current financial year. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2021, there are no expected credit losses recognised (2020: nil).

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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1. Significant accounting policies (cont'd)

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

In accordance with AASB 112 Income Taxes, deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. The assumptions about future taxable profits require the use of judgment. Future taxable profits are determined based on the historical performance of the Company and the ability of the Company to generate positive performance even when market conditions are uncertain. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

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2. Other revenue

	2021 $	2020 $
Australian sourced dividends	3,642,785	4,489,662
Foreign sourced dividends	163,118	64,098
Interest	100,598	470,470
Underwriting fees	24,185	10,843
	3,930,686	**5,035,073**

3. Income tax

a) Income tax expense/(benefit)

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

	2021 $	2020 $
Prima facie tax on profit/(loss) before income tax at 30% (2020: 30%)	22,049,358	(3,876,001)
Imputation credit gross up	356,368	523,770
Franking credit offset	(1,187,893)	(1,745,900)
Foreign income tax gross up	8,636	4,798
Foreign income tax offset	(28,786)	(15,994)
Other non-assessable items*	12,138	25,301
	21,209,821	**(5,084,026)**
Effective tax rate	28.9%	(39.4%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the profit before income tax in comparison to the loss before income tax in the prior period, offset by the lower proportion of franked dividend income received compared to the profit before tax during the year.

*Other non-assessable items primarily relates to timing differences on franked dividends receivable.

	2021 $	2020 $
Total income tax expense/(benefit) results in a:		
Current tax liability	16,663,240	(11,212,465)
Deferred tax asset	26,745	1,311,607
Deferred tax liability	4,519,836	4,816,832
	21,209,821	**(5,084,026)**

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3. Income tax (cont'd)

b) Deferred tax assets

	2021 $	2020 $
Provisions	9,603	9,438
Capitalised share issue costs	2,769	13,685
Tax losses	11,165,639	11,181,633
	11,178,011	**11,204,756**

	2021 $	2020 $
Movement in deferred tax assets		
Balance at the beginning of the period	11,204,756	1,226,378
Credited to the Statement of comprehensive income	(26,745)	(1,311,607)
Current period tax losses transferred	-	11,181,633
Transfer of fair value adjustments on financial assets held at fair value through other comprehensive income	-	108,352
At reporting date	**11,178,011**	**11,204,756**

The Directors continue to consider it probable that future taxable profits will be available against which the $11,165,639 (2020: $11,181,633) of income tax losses can be recovered and therefore, the deferred tax asset recognised will be able to be utilised against future income tax payable.

c) Current tax liabilities/(assets)

	2021 $	2020 $
Balance at the beginning of the year	(1,139,459)	5,073,460
Current year income tax on operating profit/(loss)	16,663,240	(11,212,465)
Income tax on realised gains on financial assets held at fair value through other comprehensive income	5,751	1,890
Income tax paid	(10,201,962)	(6,183,977)
Transfer tax losses to deferred tax asset	-	11,181,633
At reporting date	**5,327,570**	**(1,139,459)**

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3. Income tax (cont'd)

d) Deferred tax liabilities

	2021 $	2020 $
Fair value adjustments and timing differences on receivable	9,519,330	4,923,465
	9,519,330	**4,923,465**
Movement in deferred tax liabilities		
Balance at the beginning of the year	4,923,465	-
Charged to the Statement of comprehensive income	4,519,836	4,816,832
Charged/(credited) to equity	76,029	(1,719)
Transfer of fair value adjustments on financial assets held at fair value through other comprehensive income	-	108,352
At reporting date	**9,519,330**	**4,923,465**

4. Dividends

a) Ordinary dividends paid during the year

	2021 $	2020 $
Final dividend FY2020: 4.90 cents per share fully franked at 30% tax rate, paid 23 October 2020 (Final dividend FY2019: 4.85 cents per share fully franked)	9,483,078	9,259,054
Interim dividend FY2021: 4.95 cents per share fully franked at 30% tax rate, paid 20 April 2021 (Interim dividend FY2020: 4.90 cents per share fully franked)	9,639,806	9,414,209
	19,122,884	**18,673,263**

b) Dividends not recognised at year end

	2021 $	2020 $
In addition to the above dividends, since the end of the year, the Directors have declared a 4.95 cents per share fully franked dividend (2020: 4.90 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	**9,692,993**	**9,483,075**

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4. Dividends (cont'd)

c) Dividend franking account

	2021 $	2020 $
Balance of franking account at year end	4,193,398	999,066
Adjusted for franking credits arising from: - Estimated income tax payable/(refundable)	5,327,570	(1,139,459)
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(4,154,140)	(4,064,175)
	5,366,828	**(4,204,568)**

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

The balance of the franking account does not include the tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of $9,484,628 (2020: $4,923,465).

5. Auditor's remuneration

	2021 $	2020 $
Remuneration of the auditor for:		
Auditing and reviewing the financial report	46,626	48,512
Other services provided by a related practice of the auditor:		
Taxation services	8,415	8,415
	55,041	**56,927**

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditor. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2021 $	2020 $
Outstanding settlements	1,694,332	2,182,026
Investment income receivable	128,527	5,255
GST receivable	461,848	63,186
	2,284,707	**2,250,467**

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6. Trade and other receivables (cont'd)

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividends and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2021 $	2020 $
Financial assets at fair value through profit or loss	239,366,613	160,554,909
Financial assets at fair value through other comprehensive income	1,871,243	1,659,609
	241,237,856	**162,214,518**
Financial assets at fair value through other comprehensive income:		
- Clime Investment Management Limited	1,561,902	1,336,207
- Clime Private Limited	309,341	323,402
	1,871,243	**1,659,609**

The fair values of individual investments held at the end of the reporting period are disclosed on page 57 of the Annual Report.

8. Trade and other payables

	2021 $	2020 $
Outstanding settlements	7,020,473	3,123,364
Management fee payable	224,472	175,660
Performance fee payable	5,736,487	-
Sundry creditors	78,620	136,479
	13,060,052	**3,435,503**

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

9. Issued capital

a) Paid-up capital

	2021 $	2020 $
195,818,039 ordinary shares fully paid (2020: 193,532,143)	**214,993,833**	**211,518,717**

9. Issued capital (cont'd)

b) Ordinary shares

	2021 $	2020 $
Balance at the beginning of the year 193,532,143 ordinary shares fully paid (2020: 190,907,874 shares)	211,518,717	208,207,225
1,211,347 ordinary shares issued on 23 October 2020 under a dividend reinvestment plan	1,702,741	-
1,074,549 ordinary shares issued on 20 April 2021 under a dividend reinvestment plan	1,772,375	-
1,220,773 ordinary shares issued on 18 October 2019 under a dividend reinvestment plan	-	1,686,024
1,403,496 ordinary shares issued on 21 April 2020 under a dividend reinvestment plan	-	1,625,468
At reporting date	**214,993,833**	**211,518,717**

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, all substantive resolutions will be decided by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

10. Reserves

	2021 $	2020 $
Profits reserve	83,824,104	50,658,948
Asset revaluation reserve	426,211	248,812
Capital profits reserve – capital account	42,194	28,774
Capital profits reserve – revenue account	(19,847,541)	(19,847,541)
	64,444,968	**31,088,993**

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments. The asset revaluation reserve is used to record increments and decrements on the revaluation of the financial assets at fair value through other comprehensive income, net of potential tax. The capital profits reserve records gains or losses arising from the disposal of financial

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10. Reserves (cont'd)

assets at fair value through other comprehensive income, that are designated on revenue or capital account for taxation purposes respectively.

	2021 $	2020 $
Movement in profits reserve		
Balance at the beginning of the year	50,658,948	53,717,345
Transfer of profits during the year	52,288,040	15,614,866
Final dividend paid (refer Note 4(a))	(9,483,078)	(9,259,054)
Interim dividend paid (refer Note 4(a))	(9,639,806)	(9,414,209)
At reporting date	**83,824,104**	**50,658,948**
Movement in asset revaluation reserve		
Balance at the beginning of the year	248,812	252,825
Transfer to capital profits reserve – capital account	(13,420)	(4,408)
Other comprehensive income	190,819	395
At reporting date	**426,211**	**248,812**
Movement in capital profits reserve – capital account		
Balance at the beginning of the year	28,774	24,366
Transfer from asset revaluation reserve	13,420	4,408
At reporting date	**42,194**	**28,774**

11. Accumulated losses

	2021 $	2020 $
Balance at the beginning of the year	(43,806,559)	(20,355,715)
Profit/(loss) for the year attributable to members of the Company	52,288,040	(7,835,978)
Transfer to profits reserve	(52,288,040)	(15,614,866)
	(43,806,559)	**(43,806,559)**

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12. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2021 $	2020 $
Cash at bank	8,838,620	16,918,111
Term deposits	-	13,432,808
	8,838,620	**30,350,919**

The weighted average interest rate for cash and term deposits as at 30 June 2021 is 0.16% (2020: 0.62%). There were no term deposits held at 30 June 2021. The term deposits held in the prior period had an average maturity of 74 days from the end of the period.

13. Cash flow information

	2021 $	2020 $
Reconciliation of profit/(loss) after tax to cash flow from operations:		
Profit/(loss) after income tax	52,288,040	(7,835,978)
Fair value gains and movements in financial assets	(74,365,936)	7,087,435
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(521,934)	277,959
Decrease/(increase) in deferred tax assets	26,745	(9,978,549)
Decrease/(increase) in current tax assets	1,139,459	(1,139,459)
Increase/(decrease) in payables	5,727,440	(54,929)
Increase/(decrease) in current tax liabilities	5,327,570	(5,073,460)
Increase in deferred tax liabilities	4,514,085	4,923,465
Net cash used in operating activities	**(5,864,531)**	**(11,793,516)**

14. Earnings per share

	2021 Cents per share	2020 Cents per share
Basic and diluted earnings/(loss) per share	26.86	(4.08)

	2021 $	2020 $
Profit/(loss) after income tax used in the calculation of basic and diluted earnings/(loss) per share	52,288,040	(7,835,978)

14. Earnings per share (cont'd)

	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings/(loss) per share	194,660,545	192,138,421

There are no outstanding securities on issue that are potentially dilutive in nature at the end of the year.

15. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables and trade payables. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis the investment team meet twice weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A. The majority of all maturities for cash and term deposits are within three months, there were no term deposits held at 30 June 2021.

None of the assets exposed to credit risk are overdue or considered to be impaired.

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15. Financial risk management (cont'd)

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount, the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when, and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2021	>1 month $	<1 month $	Total $
Liabilities			
Trade and other payables	-	13,060,052	13,060,052
Total	**-**	**13,060,052**	**13,060,052**

30 June 2020	>1 month $	<1 month $	Total $
Liabilities			
Trade and other payables	-	3,435,503	3,435,503
Total	**-**	**3,435,503**	**3,435,503**

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

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15. Financial risk management (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2021	Weighted average interest rate (% pa)	Interest bearing $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	0.16%	8,838,620	-	8,838,620
Trade and other receivables		-	2,284,707	2,284,707
Financial assets		-	241,237,856	241,237,856
Total		**8,838,620**	**243,522,563**	**252,361,183**
Liabilities				
Trade and other payables		-	13,060,052	13,060,052
Total		**-**	**13,060,052**	**13,060,052**

30 June 2020	Weighted average interest rate (% pa)	Interest bearing $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	0.62%	30,350,919	-	30,350,919
Trade and other receivables		-	2,250,467	2,250,467
Financial assets		-	162,214,518	162,214,518
Total		**30,350,919**	**164,464,985**	**194,815,904**
Liabilities				
Trade and other payables		-	3,435,503	3,435,503
Total		**-**	**3,435,503**	**3,435,503**

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15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2021 is as follows:

Industry sector	2021 %	2020 %
Consumer discretionary	23.2	28.9
Industrials	18.7	14.1
Consumer staples	16.8	10.3
Financials	8.1	5.3
Materials	7.6	2.1
Health care	6.7	5.5
Energy	6.1	3.6
Communication services	5.7	3.3
Information technology	5.4	11.5
Total	**98.3**	**84.6**

Securities representing over 5 per cent of the gross assets of the Company as at 30 June 2021 are set out below:

Company name	2021 %
Viva Energy Group Limited	6.1
Codan Limited	5.1

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15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

Securities representing over 5 per cent of the gross assets of the Company as at 30 June 2020 are set out below:

Company name	2020 %
Elders Limited	5.8

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 98.3% (2020: 84.6%) of gross assets at year end. A 5.0% movement in the fair value of each of the investments within the portfolio would result in a 3.6% (2020: 2.9%) movement in the net assets after tax. This would result in the 30 June 2021 net asset backing after tax moving by 4.3 cents per share (2020: 2.9 cents per share).

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs. Included within Level 2 of the hierarchy includes an unlisted investment which has been valued using the last sale price to determine fair value.

There were no transfers between Level 1 and Level 2 during the year (2020: nil).

30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss	239,366,613	-	-	239,366,613
Financial assets at fair value through comprehensive income	1,561,902	309,341	-	1,871,243
Total	**240,928,515**	**309,341**	**-**	**241,237,856**

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15. Financial risk management (cont'd)

d) Financial instruments measured at fair value (cont'd)

30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss	160,554,909	-	-	160,554,909
Financial assets at fair value through comprehensive income	1,336,207	323,402	-	1,659,609
Total	**161,891,116**	**323,402**	**-**	**162,214,518**

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 3,805 (2020: 4,063). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was $1,357,310 (2020: $1,326,979).

17. Segment reporting

The Company engages in investing activities, including cash, term deposits and financial assets. It has no reportable operating segments.

18. Capital commitments

There were no capital commitments for the Company as at 30 June 2021 (2020: nil).

19. Contingent liability

There were no contingent liabilities for the Company as at 30 June 2021 (2020: nil).

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Kate Thorley Director
- John Abernethy Director
- Julian Gosse Director

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20. Key management personnel compensation (cont'd)

a) Remuneration

There are no executives that are paid by the Company.

Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 20, as required by Corporations Regulation 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees $	Post-employment benefits Superannuation $	Total $
Total Directors remuneration paid by the Company for the year ended 30 June 2021	75,661	4,339	**80,000**
Total Directors remuneration paid by the Company for the year ended 30 June 2020	75,661	4,339	**80,000**

b) Share holdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021
Geoff Wilson	4,316,971	-	4,179,454	137,517
Kate Thorley	68,317	-	-	68,317
John Abernethy	10,000	-	-	10,000
Julian Gosse	-	-	-	-
	4,395,288	**-**	**4,179,454**	**215,834**

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposals	Balance at 30 June 2020
Geoff Wilson	4,439,771	-	122,800	4,316,971
Kate Thorley	68,317	-	-	68,317
John Abernethy	10,000	-	-	10,000
Julian Gosse	-	-	-	-
	4,518,088	**-**	**122,800**	**4,395,288**

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

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21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Research. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to $2,491,018 inclusive of GST (2020: $2,393,181). As at 30 June 2021, the balance payable to the Manager was $224,472 inclusive of GST (2020: $175,660).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of $5,736,487 inclusive of GST was payable to MAM Pty Limited (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Research to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to $46,200 inclusive of GST (2020: $46,200) and the fee for Company Secretarial services amounted to $16,500 inclusive of GST (2020: $16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 4.95 cents per share to be paid on 22 October 2021.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

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Directors' Declaration

The Directors of WAM Research Limited declare that:

1) The financial statements as set out in pages 27 to 50 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 23, are in accordance with the *Corporations Act 2001*, including:

   a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and

2) The Directors have been given declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:

   a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001;*

   b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and

   c) the Company's financial statements and notes for the financial year give a true and fair view.

3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 24th day of August 2021

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Independent Auditor's Report
To the Members of WAM Research Limited
ABN 15 100 504 541

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Research Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Research Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) (*"the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Existence and Valuation of Financial Assets ***Refer to Note 7: Financial Assets***	
We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit. The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).	Our procedures included, amongst others: ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent auditor's reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's reports relate to and obtaining bridging letters; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

Key audit matter	*How our audit addressed the matter*
Accuracy and Existence of Management and Performance Fees ***Refer to Note 8: Trade and other payables and Note 21: Related party transactions***	
We focused our audit effort on the accuracy and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager. In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.	Our procedures included, amongst others: ▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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Auditor's Responsibilities for the Audit of the Financial Report (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 23 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of WAM Research Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

S M Whiddett
Partner

Pitcher Partners
Sydney

24 August 2021

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Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value $	% of Gross Assets
Consumer Discretionary			
SeaLink Travel Group Limited	SLK	10,871,702	4.4%
Lovisa Holdings Limited	LOV	8,528,578	3.5%
IDP Education Limited	IEL	6,247,148	2.6%
Ardent Leisure Group Limited	ALG	5,973,584	2.4%
City Chic Collective Limited	CCX	5,403,253	2.2%
Webjet Limited	WEB	5,371,849	2.2%
Myer Holdings Limited	MYR	4,369,194	1.8%
Universal Store Holdings Limited	UNI	3,388,611	1.4%
The Reject Shop Limited	TRS	3,112,641	1.3%
Evolve Education Group Limited	EVO	2,082,275	0.8%
Dusk Group Limited	DSK	1,570,610	0.6%
		56,919,445	**23.2%**
Industrials			
MAAS Group Holdings Limited	MGH	10,397,033	4.2%
Seven Group Holdings Limited	SVW	10,268,895	4.2%
Johns Lyng Group Limited	JLG	6,431,880	2.6%
SG Fleet Group Limited	SGF	5,670,996	2.3%
Alliance Aviation Services Limited	AQZ	4,795,204	2.0%
McMillan Shakespeare Limited	MMS	3,409,165	1.4%
Tourism Holdings Limited	THL NZX	3,060,238	1.3%
IPH Limited	IPH	1,086,470	0.4%
Service Stream Limited	SSM	368,637	0.2%
Monadelphous Group Limited	MND	336,030	0.1%
		45,824,548	**18.7%**
Consumer Staples			
Bega Cheese Limited	BGA	10,449,961	4.3%
United Malt Group Limited	UMG	10,397,144	4.2%
BWX Limited	BWX	6,309,856	2.6%
Lynch Group Holdings Limited	LGL	6,091,879	2.5%
Tassal Group Limited	TGR	3,538,536	1.4%
Select Harvests Limited	SHV	3,398,956	1.4%
Beston Global Food Company Limited	BFC	899,125	0.4%
		41,085,457	**16.8%**
Financials			
Pendal Group Limited	PDL	10,560,607	4.3%
Australian Finance Group Limited	AFG	5,060,956	2.1%
PSC Insurance Group Limited	PSI	2,482,366	1.0%
Clime Investment Management Limited	CIW	1,561,902	0.6%

Company Name	Code	Fair Value $	% of Gross Assets
Financials (cont'd)			
Clime Private Limited*	n/a	309,341	0.1%
		19,975,172	**8.1%**
Materials			
Imdex Limited	IMD	7,533,026	3.1%
Fletcher Building Limited	FBU	7,486,540	3.0%
DDH1 Limited	DDH	3,703,520	1.5%
		18,723,086	**7.6%**
Health Care			
Australian Clinical Labs Limited	ACL	6,159,358	2.5%
Virtus Health Limited	VRT	5,444,749	2.2%
Estia Health Limited	EHE	4,930,431	2.0%
		16,534,538	**6.7%**
Energy			
Viva Energy Group Limited	VEA	14,845,533	6.1%
		14,845,533	**6.1%**
Communication Services			
EVENT Hospitality & Entertainment Limited	EVT	7,703,157	3.1%
Enero Group Limited	EGG	3,902,305	1.6%
TPG Telecom Limited	TPG	1,686,945	0.7%
Tuas Limited	TUA	729,551	0.3%
		14,021,958	**5.7%**
Information Technology			
Codan Limited	CDA	12,393,804	5.1%
Reckon Limited	RKN	914,315	0.3%
		13,308,119	**5.4%**
Total long portfolio		**241,237,856**	**98.3%**
Total cash and cash equivalents, income receivable and net outstanding settlements		**4,102,854**	**1.7%**
Gross assets		**245,340,710**	

**Unlisted investment.*
The total number of stocks held at the end of the financial year was 46.

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ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 July 2021) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2021) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2021)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	1,609	0.5%
1,001 – 5,000	2,856	4.2%
5,001 – 10,000	1,939	7.8%
10,001 – 100,000	4,073	62.0%
100,001 and over	241	25.5%
	10,718	**100.0%**

The number of shareholdings held in less than marketable parcels is 231.

Twenty largest shareholders – Ordinary shares (as at 31 July 2021)

Name	Number of ordinary shares held	% of issued capital held
Gold Tiger Equities Pty Limited	1,750,000	0.9%
BNP Paribas Nominees Pty Limited	1,625,621	0.8%
HSBC Custody Nominees (Australia) Limited	1,051,889	0.5%
Invia Custodian Pty Limited	1,000,000	0.5%
Netwealth Investments Limited	984,059	0.5%
Mr BS & Mrs M Locke	890,000	0.5%
Jupiter Growth Pty Limited	752,239	0.4%
Emu Court Pty Limited	641,014	0.3%
Citicorp Nominees Pty Limited	599,108	0.3%
J P Morgan Nominees Australia Pty Limited	560,890	0.3%
SBK Super Pty Limited	529,059	0.3%
Surpion Pty Limited	500,000	0.3%
Mr KF Carter	500,000	0.3%
Mr JC Plummer	500,000	0.3%
Mr KR and Mrs SM Craig	466,838	0.2%
Mr R Miller	450,000	0.2%
Mr RG Phillips	438,607	0.2%
Mr M Kidman and Ms S Gellert	435,726	0.2%
Seweta Pty Limited	427,760	0.2%
Mrs AL Gibson	408,702	0.2%
	14,511,512	**7.4%**

Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

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