

W | A | M *Research*

2020 Annual Report

For the year ended 30 June 2020

W Wilson
Asset Management

OVER **20** YEARS Making a
difference

ABN 15 100 504 541

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.

Directors

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

Auditor

Pitcher Partners

Country of Incorporation

Australia

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

Company Secretary

Linda Kiriczenko

Registered Office

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

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

Investment Manager

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

Contact Details

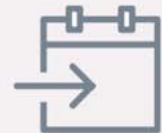
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Sydney NSW 2001
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Australian Securities Exchange

WAM Research Limited
Ordinary Shares (WAX)

Shareholder Presentations

November 2020



Due to the coronavirus, our Annual General Meeting and Shareholder Presentation will be hosted online at WAM Vault.

wilsonassetmanagement.com.au/vault



W | A | M Vault

Key highlights FY2020

9.8c

Fully franked full year dividend

7.4%

Fully franked dividend yield*

+2.1%

Investment portfolio outperformance

Snapshot as at 30 June 2020

Listing date	August 2003
Gross assets	\$191.7m
Market capitalisation	\$255.5m
Share price	\$1.32
Shares on issue	193,532,143
Net tangible assets (pre-tax)	\$0.99
Net tangible assets (post-tax)	\$1.03
Fully franked dividends FY2020	9.8 cents
Fully franked FY2020 dividend yield*	7.4%

*Based on the 30 June 2020 share price of \$1.32 per share.

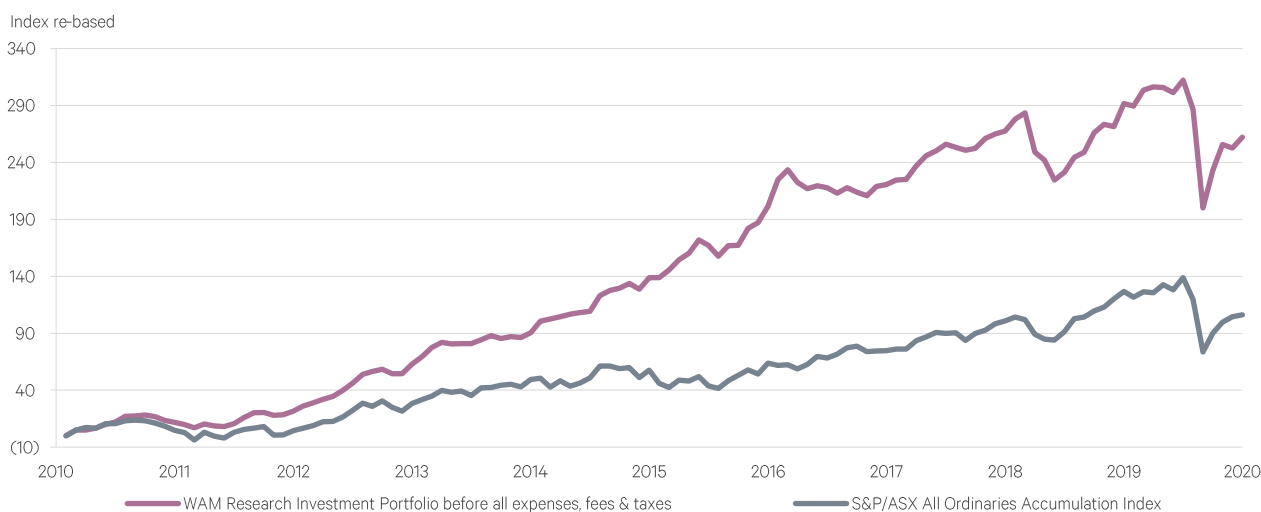
FY2020 results

WAM Research reported an operating loss before tax of \$12.9 million for the year (FY2019: operating profit before tax of \$0.4 million) and an operating loss after tax of \$7.8 million (FY2019: operating profit after tax of \$1.6 million), mainly due to the decline in the investment portfolio over the period. The after tax figure was boosted by a \$5.1 million income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period.

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

The Board declared a fully franked full year dividend of 9.8 cents per share, with the fully franked final dividend being 4.9 cents per share. Since inception, the Company has paid 109.20 cents per share in fully franked dividends to shareholders.

WAM Research's investment portfolio has returned 13.8% p.a. since the revised investment strategy outperforming the market by 6.0% p.a.



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Chairman's letter

Dear Fellow Shareholders,

I would like to thank you for your continued support during a challenging 2020 financial year and I would like to welcome all our new shareholders. I hope you are safe and well as we live through the dramatic changes brought about by the coronavirus pandemic. For the first time in 22 years, we were unable to meet with you in person at our Shareholder Presentations in May 2020. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A Calls and providing you with a virtual alternative in WAM Vault, and hope to see you again as soon as it is safe to do so.

Pleasingly, the WAM Research investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 2.1% during the highly volatile 12-month period to 30 June 2020. Over that period, the investment portfolio declined 5.1% while the S&P/ASX All Ordinaries Accumulation Index fell 7.2% and the S&P/ASX Small Ordinaries Accumulation Index fell 5.7%. Our flexible mandate allowed us to preserve shareholder capital during this highly volatile period for equity markets, with average cash over the year of 22.6%.

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

The WAM Research Board of Directors declared a fully franked final dividend of 4.9 cents per share, bringing the FY2020 fully franked full year dividend to 9.8 cents per share, representing a 7.4% yield on the 30 June 2020 share price. 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. Since inception, WAM Research has paid 109.20 cents per share in fully franked dividends to shareholders. As at 31 July 2020, the Company had 27.7 cents per share available in its profits reserves, before the payment of the fully franked final dividend of 4.9 cents per share.

WAM Research reported an operating loss before tax of \$12.9 million (2019: operating profit before tax of \$0.4 million) and an operating loss after tax of \$7.8 million (2019: operating profit after tax of \$1.6 million), mainly due to the decline in the investment portfolio over the period. The after tax figure was boosted by a \$5.1 million income tax benefit, primarily delivered through franking credits received on franked dividend income from investee companies and the tax benefit on the operating loss for the period.

Company performance

The performance of a listed investment company is best evaluated by three key measures: investment portfolio performance; net tangible asset (NTA) growth; and total shareholder return (TSR). 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 measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value

shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

Performance at 30 June 2020	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy % pa (Jul-10)
WAM Research Investment Portfolio	-5.1%	3.4%	9.1%	12.5%	13.8%
S&P/ASX All Ordinaries Accumulation Index	-7.2%	5.4%	6.2%	7.7%	7.8%
Outperformance	+2.1%	-2.0%	+2.9%	+4.8%	+6.0%

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

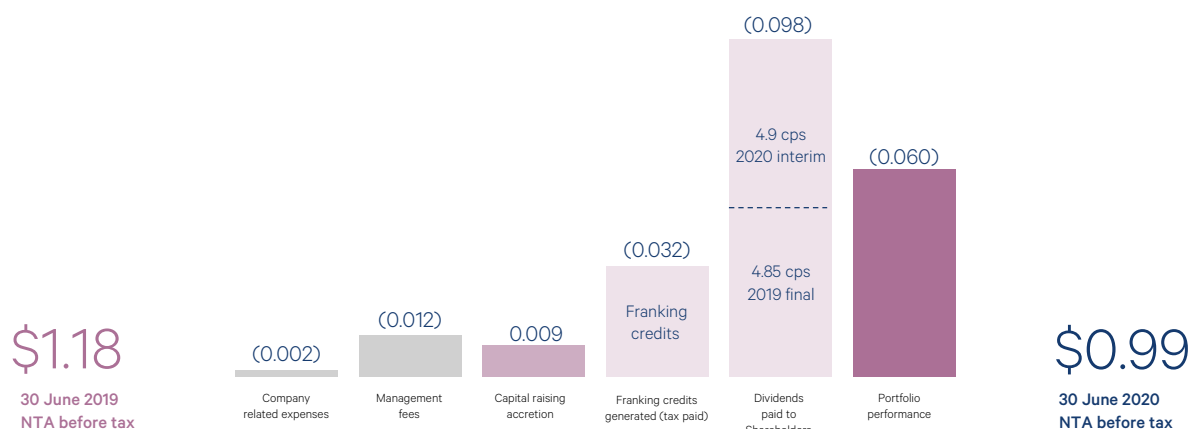
Set out below is the performance of WAM Research since the change in the investment strategy on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to show how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation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

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%

2. NTA growth

WAM Research's NTA before tax decreased 8.5% for the 12 months to 30 June 2020, adjusted for the 9.75 cents per share of fully franked dividends paid to shareholders during the year. This decrease is after corporate tax paid of 3.2 cent per share or 2.7% during the year. Corporate tax payments made throughout the period were one of the major items of difference between the investment portfolio performance decrease of 5.1% and the NTA performance. 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%, other company related expenses of 0.2%, being offset by capital raising accretion of 0.5%.

WAM Research pre-tax NTA performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Research for the year to 30 June 2020 was largely driven by the increase in the share price premium to NTA, offset by the investment portfolio performance of -5.1% during a highly volatile period for equity markets. As at 30 June 2020, the share price premium to NTA was 33.7% (2019: 12.2%), with TSR of 7.0% for the year. The S&P/ASX All Ordinaries Accumulation Index fell 7.2% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

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 2020.
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.

Equity market overview and investment portfolio performance

The 2020 financial year was one of continued challenges. The WAM Research investment portfolio performed strongly in the first half of the financial year. The 2019 September quarter was marked by weaker-than-expected economic growth, rising unemployment and sluggish wage growth, leading the Reserve Bank of Australia to cut the official interest rate for the third time in 2019 to a low of 0.75%. The search for yield led to a mispricing of assets and low rates pushed investors up the risk curve into less liquid securities throughout the December quarter and into the new year. In the 2019 calendar year, the S&P/ASX All Ordinaries Accumulation Index recorded the greatest annual performance since the period of the global financial crisis, while company valuations expanded significantly despite little-to-no-earnings growth in the lead up to the coronavirus pandemic.

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

The investment portfolio increased 17.5% in the June quarter while holding on average 27% cash. The WAM Research portfolio benefitted from a number of themes that developed during the June quarter. In March, we identified the automotive sector as a potential beneficiary of economies emerging out of the coronavirus crisis given a reluctance for people to use public transport. As our confidence increased around shutdown measures being lifted throughout April and May, a number of sectors such as retail, tourism and education began to look attractive on a long-term view. We also increased our exposure to companies well placed to benefit from an increase in domestic travel.

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

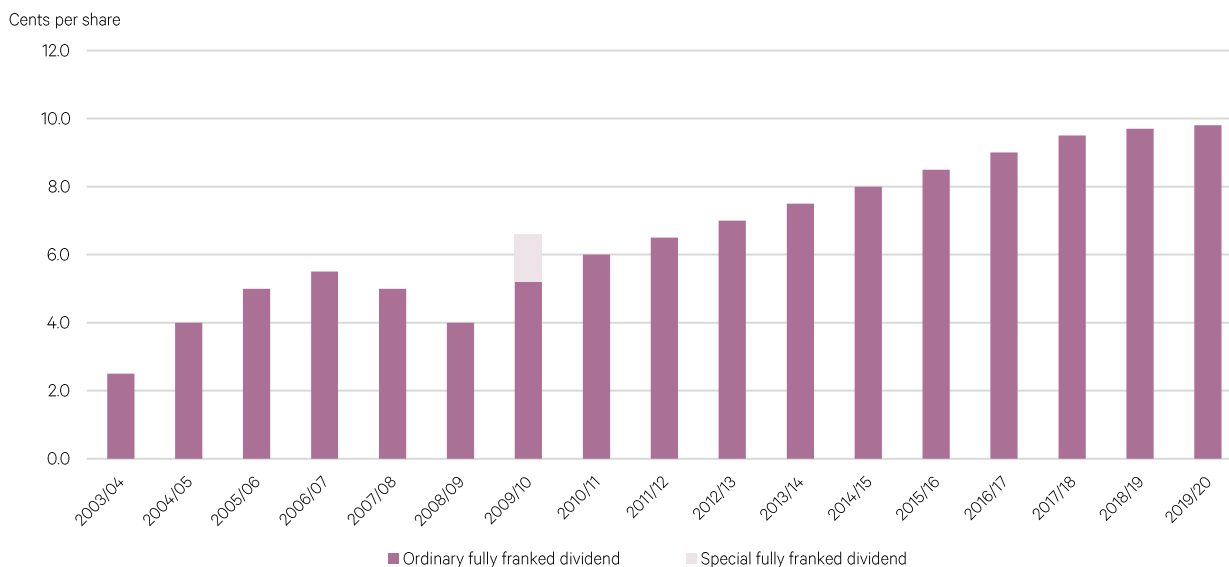
Dividends

The Board declared a fully franked final dividend of 4.9 cents per share, bringing the fully franked full year dividend to 9.8 cents per share. Since inception, WAM Research has paid 109.20 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. The ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits.

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

WAM Research dividends since inception



Company outlook

WAM Research enters the 2021 financial year with a conservative balance sheet, no debt and a flexible and proven investment approach with the patience and expertise of an experienced investment team. The Company will continue to seek opportunities irrespective of market conditions and we remain well positioned to capitalise on these as they emerge.

Shareholder engagement and communication

Shareholders are the owners of WAM Research. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We do this regularly in many ways, including:

- Updates from our Lead Portfolio Managers;
- Investment team insights at WAM Vault: wilsonassetmanagement.com.au/vault/;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- NTA reports and investment updates;
- Shareholder Q&A calls;
- Presentations and lunches across Australia; and
- Annual and interim results announcements.

Chairman's letter

WAM Research shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information. We aim to provide valuable and insightful information and welcome all feedback on how we can improve our communication and engagement. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au with any questions or feedback.

Thank you for your continued support.

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line extending to the right.

Geoff Wilson AO
Chairman

Investing with Wilson Asset Management

Wilson Asset Management has a strong track record of delivering risk-adjusted returns for shareholders and making a difference for investors and the community for more than 20 years. Established in 1997 by Geoff Wilson AO, Wilson Asset Management is responsible for investing more than \$3 billion in Australian and international companies on behalf of 85,000 retail investors across six LICs:

- WAM Capital (ASX: WAM) – the most compelling undervalued growth companies in the Australian market;
- WAM Leaders (ASX: WLE) – actively investing in the highest quality Australian companies;
- WAM Global (ASX: WGB) – the world’s most compelling undervalued growth companies;
- WAM Microcap (ASX: WMI) – the most exciting undervalued growth companies in the Australian micro-cap market;
- WAM Research (ASX: WAX) – the most compelling undervalued growth companies in the Australian market; and
- WAM Active (ASX: WAA) – market mispricing opportunities in the Australian market.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement and provides all team members with \$10,000 each year to donate to charities of their choice. This philanthropic investment is made by the Investment Manager.

WAM Research has an investment management agreement with Wilson Asset Management, providing shareholders with the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders’ capital.

Diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experience. Wilson Asset Management’s investment team is comprised of 13 professionals with a total focus on protecting and growing shareholder capital and is informed by more than 170 years’ of combined equity market experience.

Market access. Wilson Asset Management’s investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact. Wilson Asset Management is passionate about making a difference to the broader community.

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 we expect will change the market’s valuation of the company.



Directors' Report to shareholders for the year ended 30 June 2020

The Directors present their report together with the financial report of WAM Research for the financial year ended 30 June 2020.

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 an operating loss before tax of \$12,920,004 (2019: operating profit before tax of \$378,353) and an operating loss after tax of \$7,835,978 (2019: operating profit after tax of \$1,611,935). The operating loss for 2020 was reflective of the decline in the investment portfolio over the period. The investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 2.1% during the 12 months to 30 June 2020, a period of heightened volatility for equity markets. The investment portfolio declined 5.1% while the S&P/ASX All Ordinaries Accumulation Index fell 7.2% during the period. This investment portfolio outperformance was achieved whilst holding on average 22.6% in cash.

The operating loss for the period 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. Because of this treatment under the Accounting Standards, this 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 2020 was \$198,801,151 (2019: \$221,998,505). 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 2020.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2019 final dividend of 4.85 cents per share paid on 18 October 2019	9,259,054
Fully franked FY2020 interim dividend of 4.90 cents per share paid on 21 April 2020	9,414,209

Since the end of the year, the Directors declared a fully franked final dividend of 4.9 cents per share to be paid on 23 October 2020. The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. The ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits. As at 31 July 2020, the Company had 27.7 cents per share available in its profits reserves, before the payment of the fully franked final dividend of 4.9 cents per share.

Directors

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

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

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 40 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. Geoff created Australia's first listed investment companies to deliver both investment and social returns, Future Generation Australia and Future Generation Global. 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) 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 Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019),

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

Other current directorships (cont'd)

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 Clime Capital Limited in March 2018.

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.

John Abernethy (Director – independent)

Experience and expertise

John Abernethy has over 37 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). He is a Director of Clime Investment Management Limited (appointed July 2000), Clime Private Limited (appointed August 2016), Australian Leaders Fund Limited (appointed November 2003), Jasco Holdings Limited and CBG Asset Management Limited.

Former directorships in the last 3 years

John Abernethy resigned as a director of WAM Active Limited in March 2018, CBG Capital Limited in August 2018 and Watermark Market Neutral Fund Limited and Watermark Global Leaders Fund Limited in April 2019.

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 22 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 Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003) and Greenvale Energy Limited (appointed March 2020).

Former directorships in the last 3 years

Julian Gosse resigned as a non-executive director of Iron Road Limited in March 2018.

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.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 15 years' experience in the funds management industry and more than 21 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 Future Generation Investment Company Limited. Kate is the Joint Company Secretary of 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) and WAM Global Limited (appointed February 2018).

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.

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.

Company Secretary

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

Linda Kiriczenko

Linda Kiriczenko has over 16 years' experience in financial accounting including more than 12 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 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.

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 2020:

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

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2020 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Remuneration Report (Audited) (cont'd)

Directors' remuneration received for the year ended 30 June 2019:

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

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

	2020	2019	2018	2017	2016
Operating (loss)/profit after tax (\$)	(7,835,978)	1,611,935	21,600,279	15,590,751	26,157,144
Dividends (cents per share)	9.8	9.7	9.5	9.0	8.5
NTA after tax (\$ per share)	1.03	1.16	1.25	1.22	1.20
Total Directors' remuneration (\$)	80,000	80,000	120,000	120,000	112,500
Shareholder's equity (\$)	198,801,151	221,998,505	235,020,451	224,622,520	208,768,206

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

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 \$2,393,181 inclusive of GST (2019: \$2,493,199). As at 30 June 2020, the balance payable to the Manager was \$175,660 inclusive of GST (2019: \$207,305).

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.

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration (cont'd)

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 2020, no performance fee was payable to the Manager (2019: 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 2020, the fee for accounting services amounted to \$46,200 inclusive of GST (2019: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2019: \$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.

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 2019	Acquisitions	Disposals	Balance at 30 June 2020	Balance at the date of this report
Geoff Wilson	4,439,771	-	122,800	4,316,971	4,316,971
John Abernethy	10,000	-	-	10,000	10,000
Julian Gosse	-	-	-	-	-
Kate Thorley	68,317	-	-	68,317	68,317
	4,518,088	-	122,800	4,395,288	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.

- End of Remuneration Report -

Directors' meetings

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

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2020 Corporate Governance Statement.

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

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 4.9 cents per share to be paid on 23 October 2020.

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.

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 provisions 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.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2017/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

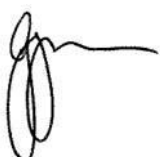
Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2020 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 22 of the Annual Report.

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



Geoff Wilson AO
Chairman

Dated in Sydney this 25th day of August 2020

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201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
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 2020, 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

25 August 2020

Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Net realised and unrealised losses on financial assets		(14,597,504)	(2,784,433)
Other revenue from operating activities	2	5,035,073	6,508,696
Management fees		(2,230,010)	(2,323,208)
Directors fees		(80,000)	(80,000)
Brokerage expense on share purchases		(563,759)	(455,613)
Custody fees		(15,803)	(20,508)
ASX listing and chess fees		(102,654)	(99,862)
Share registry fees		(85,488)	(79,307)
ASIC industry funding levy		(13,649)	(26,075)
Other expenses from ordinary activities		(266,210)	(261,337)
(Loss)/profit before income tax		(12,920,004)	378,353
Income tax benefit	3(a)	5,084,026	1,233,582
(Loss)/profit after income tax attributable to members of the Company		(7,835,978)	1,611,935
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Unrealised gains on investments taken to equity, net of tax		395	39,035
Total comprehensive (loss)/income for the year		(7,835,583)	1,650,970
Basic and diluted (loss)/earnings per share	14	(4.08 cents)	0.85 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	12	30,350,919	57,506,206
Trade and other receivables	6	2,250,467	3,978,870
Financial assets at fair value through profit or loss	7	160,554,909	167,149,639
Current tax assets	3(c)	1,139,459	-
Total current assets		194,295,754	228,634,715
Non-current assets			
Financial assets at fair value through other comprehensive income	7	1,659,609	1,682,252
Deferred tax assets	3(b)	11,204,756	1,226,378
Total non-current assets		12,864,365	2,908,630
Total assets		207,160,119	231,543,345
Current liabilities			
Trade and other payables	8	3,435,503	4,471,380
Current tax liabilities	3(c)	-	5,073,460
Total current liabilities		3,435,503	9,544,840
Non-current liabilities			
Deferred tax liabilities	3(d)	4,923,465	-
Total non-current liabilities		4,923,465	-
Total liabilities		8,358,968	9,544,840
Net assets		198,801,151	221,998,505
Equity			
Issued capital	9(a)	211,518,717	208,207,225
Reserves	10	31,088,993	34,146,995
Accumulated losses	11	(43,806,559)	(20,355,715)
Total equity		198,801,151	221,998,505

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2020

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Asset revaluation reserve \$	Other reserves \$	Total equity \$
Balance at 1 July 2018		204,737,110	(14,333,485)	64,226,211	226,893	(19,836,278)	235,020,451
Profit for the year		-	1,611,935	-	-	-	1,611,935
Transfer to profits reserve		-	(7,634,165)	7,634,165	-	-	-
Transfer from asset revaluation reserve		-	-	-	(13,103)	13,103	-
Other comprehensive income for the year		-	-	-	39,035	-	39,035
Transactions with owners:							
Shares issued via dividend reinvestment plan	9(b)	3,470,115	-	-	-	-	3,470,115
Dividends paid	4(a)	-	-	(18,143,031)	-	-	(18,143,031)
Balance at 30 June 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

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Proceeds from sale of investments		467,871,772	378,451,782
Payments for purchase of investments		(475,381,841)	(375,851,076)
Dividends received		4,734,567	4,907,869
Interest received		568,627	1,507,380
Other investment income received		10,843	93,730
Management fee (GST inclusive)		(2,424,826)	(2,507,750)
Brokerage expense on share purchases (GST inclusive)		(604,480)	(488,367)
Payments for administration expenses (GST inclusive)		(600,679)	(574,699)
Income tax paid		(6,183,977)	(1,630,600)
GST on brokerage expense on share sales		(48,206)	(38,725)
Net GST received from the ATO		264,684	259,018
Net cash (used in)/provided by operating activities	13	(11,793,516)	4,128,562
Cash flows from financing activities			
Dividends paid – net of reinvestment		(15,361,771)	(14,672,916)
Net cash used in financing activities		(15,361,771)	(14,672,916)
Net decrease in cash and cash equivalents held		(27,155,287)	(10,544,354)
Cash and cash equivalents at beginning of the year		57,506,206	68,050,560
Cash and cash equivalents at the end of the year	12	30,350,919	57,506,206
Non-cash transactions:			
Shares issued via dividend reinvestment plan		3,311,492	3,470,115

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2020

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 25 August 2020 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.

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

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).

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.

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.

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

Financial assets at fair value through other comprehensive income are recognised initially at cost and 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 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 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.

1. Significant accounting policies (cont'd)

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 2020, there are no expected credit losses recognised (2019: 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.

i) Comparative figures

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

1. Significant accounting policies (cont'd)

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 2020. 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.

2. Other revenue

	2020 \$	2019 \$
Australian sourced dividends	4,489,662	4,996,174
Interest	470,470	1,371,137
Foreign sourced dividends	64,098	92,502
Underwriting fees	10,843	32,010
Trust distributions	-	16,873
	5,035,073	6,508,696

3. Income tax

a) Income tax benefit

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

	2020 \$	2019 \$
Prima facie tax on (loss)/profit before income tax at 30% (2019: 30%)	(3,876,001)	113,506
Imputation credit gross up	523,770	561,583
Franking credit offset	(1,745,900)	(1,871,942)
Foreign income tax gross up	4,798	4,897
Foreign income tax offset	(15,994)	(16,324)
Other non-assessable items*	25,301	(25,302)
	(5,084,026)	(1,233,582)
Effective tax rate	(39.4%)	(326.0%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year, in addition to the tax benefit on the Company's operating loss for the period at the corporate tax rate of 30%. The decrease in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the operating result for the period.

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

	2020 \$	2019 \$
Total income tax benefit results in a:		
Current tax liability	(11,212,465)	6,401,977
Deferred tax asset	1,311,607	(1,278,934)
Deferred tax liability	4,816,832	(6,356,625)
	(5,084,026)	(1,233,582)

b) Deferred tax assets

	2020 \$	2019 \$
Provisions	9,438	10,411
Capitalised share issue costs	13,685	29,543
Tax losses	11,181,633	-
Fair value adjustments	-	1,186,424
	11,204,756	1,226,378

3. Income tax (cont'd)

b) Deferred tax assets (cont'd)

	2020 \$	2019 \$
Movement in deferred tax assets		
Balance at the beginning of the period	1,226,378	55,796
(Credited)/charged to the Statement of comprehensive income	(1,311,607)	1,278,934
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	(108,352)
At reporting date	11,204,756	1,226,378

The Directors continue to consider it probable that future taxable profits will be available against which the \$11,181,633 (2019: nil) 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 (assets)/liabilities

	2020 \$	2019 \$
Balance at the beginning of the year	5,073,460	296,467
Current year income tax on operating (loss)/profit	(11,212,465)	6,401,977
Income tax on realised gains on financial assets held at fair value through other comprehensive income	1,890	5,616
Income tax paid	(6,183,977)	(1,630,600)
Transfer tax losses to deferred tax asset	11,181,633	-
At reporting date	(1,139,459)	5,073,460

d) Deferred tax liabilities

	2020 \$	2019 \$
Fair value adjustments	4,923,465	-
	4,923,465	-
Movement in deferred tax liabilities		
Balance at the beginning of the year	-	6,453,864
Charged/(credited) to the Statement of comprehensive income	4,816,832	(6,356,625)
(Credited)/charged to equity	(1,719)	11,113
Transfer of fair value adjustments on financial assets held at fair value through other comprehensive income	108,352	(108,352)
At reporting date	4,923,465	-

4. Dividends

a) Ordinary dividends paid during the year

	2020 \$	2019 \$
Final dividend FY2019: 4.85 cents per share fully franked at 30% tax rate, paid 18 October 2019 (Final dividend FY2018: 4.75 cents per share fully franked)	9,259,054	8,949,307
Interim dividend FY2020: 4.90 cents per share fully franked at 30% tax rate, paid 21 April 2020 (Interim dividend FY2019: 4.85 cents per share fully franked)	9,414,209	9,193,724
	18,673,263	18,143,031

b) Dividends not recognised at year end

	2020 \$	2019 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 4.9 cent per share fully franked dividend (2019: 4.85 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	9,483,075	9,259,032

c) Dividend franking account

	2020 \$	2019 \$
Balance of franking account at year end	999,066	1,072,051
Adjusted for franking credits arising from: - Estimated income tax (refundable)/payable	(1,139,459)	5,073,460
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(4,064,175)	(3,968,157)
	(4,204,568)	2,177,354

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 tax on unrealised investment gains at the end of the reporting period. As at 30 June 2020, the deferred tax in relation to fair value movements on the investment portfolio is in a credit balance of \$4,923,465 and this amount has been presented as a deferred tax liability (2019: debit balance of \$1,186,424 presented as a deferred tax asset).

5. Auditor's remuneration

	2020 \$	2019 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	48,512	44,887
Other services provided by a related practice of the auditor:		
Taxation services	8,415	8,250
	56,927	53,137

5. Auditor's remuneration (cont'd)

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

	2020 \$	2019 \$
Outstanding settlements	2,182,026	3,632,470
Investment income receivable	5,255	284,219
GST receivable	63,186	62,181
	2,250,467	3,978,870

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

	2020 \$	2019 \$
Financial assets at fair value through profit or loss	160,554,909	167,149,639
Financial assets at fair value through other comprehensive income	1,659,609	1,682,252
	162,214,518	168,831,891
Financial assets at fair value through other comprehensive income:		
- Clime Investment Management Limited	1,336,207	1,358,850
- Clime Private Limited	323,402	323,402
	1,659,609	1,682,252

The details of all financial assets are disclosed on page 52.

8. Trade and other payables

	2020 \$	2019 \$
Outstanding settlements	3,123,364	4,104,312
Management fee payable	175,660	207,305
Sundry creditors	136,479	159,763
	3,435,503	4,471,380

8. Trade and other payables (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. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

9. Issued capital

a) Paid-up capital

	2020 \$	2019 \$
193,532,143 ordinary shares fully paid (2019: 190,907,874)	211,518,717	208,207,225

b) Ordinary shares

	2020 \$	2019 \$
Balance at the beginning of the year	208,207,225	204,737,110
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	-
1,154,930 ordinary shares issued on 26 October 2018 under a dividend reinvestment plan	-	1,730,758
1,346,607 ordinary shares issued on 26 April 2019 under a dividend reinvestment plan	-	1,739,357
At reporting date	211,518,717	208,207,225

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, otherwise each member present at a meeting or by proxy has one vote on a show of hands. 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

	2020 \$	2019 \$
Profits reserve	50,658,948	53,717,345
Asset revaluation reserve	248,812	252,825
Capital profits reserve – capital account	28,774	24,366
Capital profits reserve – revenue account	(19,847,541)	(19,847,541)
	31,088,993	34,146,995

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

	2020 \$	2019 \$
Movement in profits reserve		
Balance at the beginning of the year	53,717,345	64,226,211
Transfer of profits during the year	15,614,866	7,634,165
Final dividend paid (refer Note 4(a))	(9,259,054)	(8,949,307)
Interim dividend paid (refer Note 4(a))	(9,414,209)	(9,193,724)
At reporting date	50,658,948	53,717,345
Movement in asset revaluation reserve		
Balance at the beginning of the year	252,825	226,893
Transfer to capital profits reserve – capital account	(4,408)	(13,103)
Other comprehensive income	395	39,035
At reporting date	248,812	252,825
Movement in capital profits reserve – capital account		
Balance at the beginning of the year	24,366	11,263
Transfer from asset revaluation reserve	4,408	13,103
At reporting date	28,774	24,366

11. Accumulated losses

	2020 \$	2019 \$
Balance at the beginning of the year	(20,355,715)	(14,333,485)
(Loss)/profit for the year attributable to members of the Company	(7,835,978)	1,611,935
Transfer to profits reserve	(15,614,866)	(7,634,165)
	(43,806,559)	(20,355,715)

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:

	2020 \$	2019 \$
Cash at bank	16,918,111	45,769,984
Term deposits	13,432,808	11,736,222
	30,350,919	57,506,206

The weighted average interest rate for cash and term deposits as at 30 June 2020 is 0.62% (2019: 1.33%). The term deposits have an average maturity of 74 days from the end of the period (2019: 64 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries institutions that have a Standard & Poor's A-1+ rating.

13. Cash flow information

	2020 \$	2019 \$
Reconciliation of (loss)/profit after tax to cash flow from operations:		
(Loss)/profit after income tax	(7,835,978)	1,611,935
Fair value losses and movements in financial assets	7,087,435	5,385,139
Changes in assets and liabilities:		
Decrease in receivables	277,959	5,981
Increase in deferred tax assets	(9,978,549)	(1,181,696)
Increase in current tax assets	(1,139,459)	-
Decrease in payables	(54,929)	(10,310)
(Decrease)/increase in current tax liabilities	(5,073,460)	4,771,377
Increase/(decrease) in deferred tax liabilities	4,923,465	(6,453,864)
Net cash (used in)/provided by operating activities	(11,793,516)	4,128,562

14. Earnings per share

	2020 Cents per share	2019 Cents per share
Basic and diluted (loss)/earnings per share	(4.08)	0.85

	2020 \$	2019 \$
(Loss)/profit after income tax used in the calculation of basic and diluted (loss)/earnings per share	(7,835,978)	1,611,935

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted (loss)/earnings per share	192,138,421	189,562,508

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.

15. Financial risk management (cont'd)

a) Credit risk (cont'd)

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 majority of all maturities for cash and term deposits held by the Company are within three months.

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

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 2020	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	3,435,503	3,435,503
Total	-	3,435,503	3,435,503
<hr/>			
30 June 2019	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	4,471,380	4,471,380
Total	-	4,471,380	4,471,380

15. Financial risk management (cont'd)

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.

(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 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
30 June 2019	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.33%	57,506,206	-	57,506,206
Trade and other receivables		-	3,978,870	3,978,870
Financial assets		-	168,831,891	168,831,891
Total		57,506,206	172,810,761	230,316,967
Liabilities				
Trade and other payables		-	4,471,380	4,471,380
Total		-	4,471,380	4,471,380

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 2020 is as follows:

Industry sector	2020 %	2019 %
Consumer discretionary	28.9	26.3
Industrials	14.1	17.7
Information technology	11.5	11.0
Consumer staples	10.3	5.3
Health care	5.5	0.6
Financials	5.3	7.5
Energy	3.6	1.8
Communication services	3.3	2.2
Materials	2.1	2.2
Total	84.6	74.6

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

There were no securities representing over 5 per cent of the gross assets of the Company as at 30 June 2019.

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

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 84.6% (2019: 74.6%) 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 2.9% (2019: 2.7%) movement in the net assets after tax. This would result in the 30 June 2020 net asset backing after tax moving by 2.9 cents per share (2019: 3.1 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 (2019: nil).

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

30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss	167,149,639	-	-	167,149,639
Financial assets at fair value through comprehensive income	1,358,850	323,402	-	1,682,252
Total	168,508,489	323,402	-	168,831,891

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,063 (2019: 3,984). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,326,979 (2019: \$1,056,937).

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 2020 (2019: nil).

19. Contingent liability

There were no contingent liabilities for the Company as at 30 June 2020 (2019: 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
- John Abernethy Director
- Julian Gosse Director
- Kate Thorley Director

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 17, 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 2020	75,661	4,339	80,000
Total Directors remuneration paid by the Company for the year ended 30 June 2019	75,661	4,339	80,000

20. Key management personnel compensation (cont'd)

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

Ordinary shares held Directors	Balance at 30 June 2018	Acquisitions	Disposals	Balance at 30 June 2019
Geoff Wilson	4,857,552	884	418,665	4,439,771
John Abernethy	10,000	-	-	10,000
Julian Gosse	-	-	-	-
Kate Thorley	62,817	5,500	-	68,317
	4,930,369	6,384	418,665	4,518,088

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.

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 \$2,393,181 inclusive of GST (2019: \$2,493,199). As at 30 June 2020, the balance payable to the Manager was \$175,660 inclusive of GST (2019: \$207,305).

21. Related party transactions (cont'd)

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 2020, no performance fee was payable to the Manager (2019: 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 2020, the fee for accounting services amounted to \$46,200 inclusive of GST (2019: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2019: \$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 4.9 cents per share to be paid on 23 October 2020.

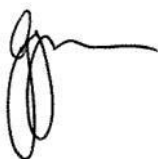
No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Research Limited declare that:

- 1) The financial statements as set out in pages 23 to 45 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 17 to 19, 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 2020 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 in Sydney this 25th day of August 2020

**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 2020, 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 2020 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.

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
<p>Existence and Valuation of Financial Assets Refer to Note 7: Financial Assets</p>	
<p>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.</p> <p>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).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent audit 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 audit reports relate to and where necessary obtaining bridging letters; ▪ Obtaining confirmations of the investment holdings directly from the Custodians; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources; ▪ 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.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Accuracy and Existence of Management and Performance Fees</i>	
<i>Refer to Note 8: Trade and other payables and Note 21: Related party transactions</i>	
<p>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.</p> <p>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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ 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 2020, 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.

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.

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 17 to 19 of the Directors' Report for the year ended 30 June 2020. In our opinion, the Remuneration Report of WAM Research Limited, for the year ended 30 June 2020, 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

25 August 2020



Pitcher Partners
Sydney

Investments at fair value as at 30 June 2020

Company Name	Code	Fair Value \$	% of Gross Assets
Consumer discretionary			
Bapcor Limited	BAP	8,144,891	4.3%
IDP Education Limited	IEL	7,974,066	4.2%
Breville Group Limited	BRG	6,004,566	3.1%
Adairs Limited	ADH	5,778,127	3.0%
City Chic Collective Limited	CCX	4,373,760	2.3%
Kogan.com Limited	KGN	4,051,548	2.1%
SeaLink Travel Group Limited	SLK	3,846,673	2.0%
Aristocrat Leisure Limited	ALL	3,728,202	1.9%
The Reject Shop Limited	TRS	2,330,536	1.2%
Myer Holdings Limited	MYR	2,137,922	1.1%
Tourism Holdings Limited	THL NZX	2,071,638	1.1%
Helloworld Travel Limited	HLO	1,928,118	1.0%
Viva Leisure Limited	VVA	1,311,412	0.7%
Corporate Travel Management Limited	CTD	946,606	0.5%
Evolve Education Group Limited	EVO	698,248	0.4%
		55,326,313	28.9%
Industrials			
Austral Limited	ASB	7,687,797	4.0%
Seven Group Holdings Limited	SVW	5,610,627	2.9%
Johns Lyng Group Limited	JLG	5,595,872	2.9%
Smartgroup Corporation Limited	SIQ	3,225,288	1.7%
Alliance Aviation Services Limited	AQZ	1,944,018	1.0%
Reece Limited	REH	1,538,397	0.8%
Cleanaway Waste Management Limited	CWY	1,502,134	0.8%
		27,104,133	14.1%
Information technology			
Infomedia Limited	IFM	7,603,792	4.0%
Codan Limited	CDA	5,145,844	2.7%
The Citadel Group Limited	CGL	3,863,101	2.0%
Reckon Limited	RKN	2,121,973	1.1%
Rhipe Limited	RHP	1,708,000	0.9%
Dicker Data Limited	DDR	1,587,074	0.8%
		22,029,784	11.5%
Consumer staples			
Elders Limited	ELD	11,127,253	5.8%
BWX Limited	BWX	6,237,923	3.3%
United Malt Group Limited	UMG	2,322,524	1.2%
		19,687,700	10.3%

Company Name	Code	Fair Value \$	% of Gross Assets
Health care			
Sigma Healthcare Limited	SIG	5,772,212	3.0%
Integral Diagnostics Limited	IDX	4,723,629	2.5%
		10,495,841	5.5%
Financials			
PSC Insurance Group Limited	PSI	4,094,213	2.1%
Perpetual Limited	PPT	1,868,617	1.0%
HUB24 Limited	HUB	1,546,013	0.8%
Clime Investment Management Limited	CIW	1,336,207	0.7%
Generation Development Group Limited	GDG	1,041,202	0.5%
Clime Private Limited*	n/a	323,402	0.2%
		10,209,654	5.3%
Energy			
Viva Energy Group Limited	VEA	7,011,497	3.6%
		7,011,497	3.6%
Communication services			
REA Group Limited	REA	3,936,541	2.0%
Enero Group Limited	EGG	2,051,973	1.1%
EVENT Hospitality & Entertainment Limited	EVT	373,707	0.2%
		6,362,221	3.3%
Materials			
Perenti Global Limited	PRN	3,249,959	1.7%
IMDEX Limited	IMD	737,416	0.4%
		3,987,375	2.1%
Total long portfolio		162,214,518	84.6%
Total cash and cash equivalents, income receivable and net outstanding settlements		29,478,022	15.4%
Gross assets		191,692,540	

*Unlisted investment.

The total number of stocks held at the end of the financial year was 45.

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 2020) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2020) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2020)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	1,325	0.4%
1,001 – 5,000	2,491	3.8%
5,001 – 10,000	1,756	7.2%
10,001 – 100,000	3,919	60.5%
100,001 and over	241	28.1%
	9,732	100.0%

The number of shareholdings held in less than marketable parcels is 303.

Twenty largest shareholders – Ordinary shares (as at 31 July 2020)

Name	Number of ordinary shares held	% of issued capital held
Entities associated with Mr Geoff Wilson	4,316,971	2.2%
Gold Tiger Equities Pty Limited	1,750,000	0.9%
BNP Paribas Nominees Pty Limited	1,401,080	0.7%
Mr BS & Mrs M Locke	1,000,000	0.5%
Invia Custodian Pty Limited	1,000,000	0.5%
HSBC Custody Nominees (Australia) Limited	899,232	0.5%
Jupiter Growth Pty Limited	752,239	0.4%
Citicorp Nominees Pty Limited	684,527	0.4%
J P Morgan Nominees Australia Pty Limited	604,921	0.3%
Emu Court Pty Limited	601,375	0.3%
Mr KF Carter	570,000	0.3%
SBK Super Pty Limited	529,059	0.3%
Surpion Pty Limited	500,000	0.3%
Mr JC Plummer	500,000	0.3%
Mr R Miller	450,000	0.2%
Mr KR and Mrs SM Craig	437,970	0.2%
Seweta Pty Limited	427,760	0.2%
Netwealth Investments Limited	419,354	0.2%
Mr RG Phillips	411,484	0.2%
Mr M Kidman and Ms S Gellert	408,781	0.2%
	17,664,753	9.1%

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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