

2018 Full Year Results

From the
Chairman

"The Board is delighted to deliver shareholders an increased fully franked full year dividend of 9.5 cents per share"

WAM Research reported an operating profit before tax of \$28.9 million for the year to 30 June 2018, a 42.2% increase on the previous year (2017: \$20.3 million) and an operating profit after tax of \$21.6 million (2017: \$15.6 million).

The operating profit for 2018 is reflective of the solid performance of the investment portfolio. We are pleased that during the year the investment portfolio increased 14.5%, outperforming the S&P/ASX All Ordinaries Accumulation Index, which rose 13.7%. This risk-adjusted investment portfolio performance was achieved with an average 29.1% invested in cash, with the investment portfolio recording a standard deviation of 4.6% against the market's 7.1% for the year.

The Board is delighted to deliver shareholders a fully franked full year dividend of 9.5 cents per share, an increase of 5.6% on the previous year, with the fully franked final dividend being 4.75 cents per share. Since inception, WAM Research has paid 89.9 cents per share in fully franked dividends to shareholders.

The driver of the investment portfolio's performance during the year was the sound

stock selection from the investment team, led by Chief Investment Officer Chris Stott and Lead Portfolio Manager Oscar Oberg.

During the period we invested in 110 individual companies and at 30 June we had investments in 45 companies. The largest contributors to the investment portfolio's outperformance during the period included: Afterpay Touch Group (ASX: APT), Emeco Holdings (ASX: EHL), Bravura Solutions (ASX: BVS), Imdex (ASX: IMD) and Pinnacle Investment Management Group (ASX: PNI).

These quality investment decisions were made against a background of heightened volatility across global equity markets. We are approaching the end of the current cycle, which is the second-longest bull market in the United States' history.

The rise in global interest rates, coupled with the potential for trade wars, will increase volatility and although global economic growth continues, domestic economic growth remains sluggish.

Given the lack of wage inflation and no clear catalyst to drive domestic economic growth in the short-to-medium term, we expect interest rates in Australia to remain on hold for a prolonged period.

We look forward to providing an update to our WAM Research shareholders at our Investor Conference Call on 25 September 2018 and meeting you at our next Shareholder Presentations in November 2018. Thank you for your support of WAM Research.

Happy investing,

Geoff Wilson AO
Chairman



Highlights

Operating profit before tax

\$28.9m

Investment portfolio performance

+14.5%

Fully franked full year dividend

9.5c

Fully franked dividend yield

6.3%

Fully franked final dividend

The Board declared a fully franked final dividend of 4.75 cents per share. This brings the fully franked full year dividend to 9.5 cents per share. The DRP will be operating at a 2.5% discount for the final dividend.

Key dividend dates

Dividend ex-date	12 October 2018
Record date	15 October 2018
Last election date for DRP	17 October 2018
Payment date	26 October 2018

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

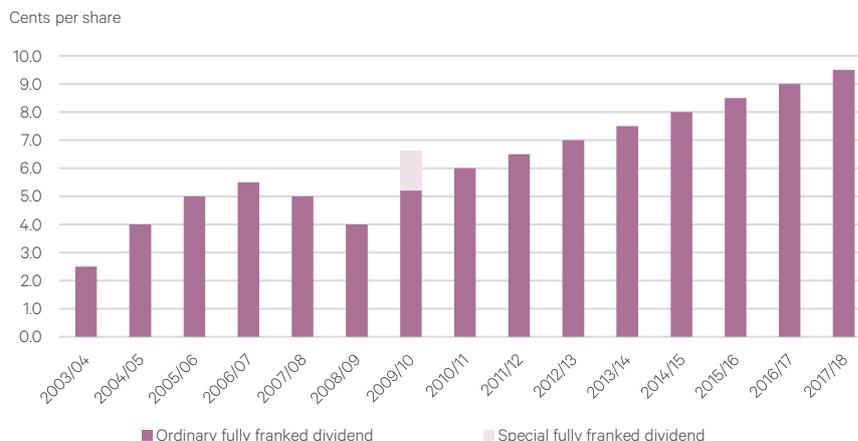
The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Since inception in August 2003, WAM Research has paid 89.9 cents per share in fully franked dividends to shareholders.

Performance as at 30 June 2018

	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio*	14.5%	16.9%	18.8%	18.2%	18.1%
S&P/ASX All Ordinaries Accumulation Index	13.7%	9.5%	10.3%	9.0%	9.4%
Outperformance	+0.8%	+7.4%	+8.5%	+9.2%	+8.7%

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

Fully franked dividends since inception



Top 20 holdings

Code	Company	% of gross assets	Code	Company	% of gross assets
NEC	Nine Entertainment Co. Holdings Limited	6.3%	LIC	Lifestyle Communities Limited	2.3%
FLT	Flight Centre Travel Group Limited	4.0%	NBL	Noni B Limited	2.2%
PSI	PSC Insurance Group Limited	3.4%	SDA	SpeedCast International Limited	2.1%
EHL	Emeco Holdings Limited	3.1%	REH	Reece Limited	2.1%
FXL	FlexiGroup Limited	3.1%	IMD	Imdex Limited	2.0%
SWM	Seven West Media Limited	3.0%	ADH	Adairs Limited	1.9%
BAP	Bapcor Limited	2.9%	AUB	AUB Group Limited	1.8%
MYX	Mayne Pharma Group Limited	2.9%	PAC	Pacific Current Group Limited	1.8%
SCO	Scottish Pacific Group Limited	2.7%	WGN	Wagners Holding Company Limited	1.7%
CTD	Corporate Travel Management Limited	2.7%	AX1	Accent Group Limited	1.6%