

Annual General Meeting Chairman's Address

21 November 2024
ASX announcement

Introduction and welcome

Good morning and welcome to the 21st WAM Research (ASX: WAX) Limited Annual General Meeting (AGM). My name is Geoff Wilson, Chairman of the Board of Directors.

This is a hybrid meeting, held both online and in person here at the Museum of Sydney. The hybrid meeting format allows those that cannot join us in person to ask questions and actively participate. This is very important to us at Wilson Asset Management.

I acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present. Thank you for joining us and for your continued support of WAM Research.

I am joined today by my fellow Board members, Kate Thorley, John Abernethy and Julian Gosse. Richard King a representative from WAM Research's auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

We are also joined by Wilson Asset Management Head of Finance Ophelia Lam, who will moderate today's meeting, and assist in addressing any questions received online or in person during the meeting.

FY2024 in review

Financial results

The WAM Research investment portfolio performed strongly during FY2024 increasing 30.7%, outperforming both the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX All Ordinaries Accumulation Index which rose 9.3% and 12.5% respectively. The strong portfolio performance contributed to a 98.3% increase in the Company's operating profit before tax of \$44.9 million (FY2023: \$22.6 million) and an operating profit after tax of \$32.5 million (FY2023: \$16.9 million).

The WAM Research share price premium to NTA was 3.5% at 30 June 2024, narrowing from 13.9% at 30 June 2023. Over the past five years, the average WAM Research share price premium to NTA has been 30.1%, trading at a high of a 58.5% premium in March 2022.

As at 31 October 2024, the share price premium to NTA was 4.0%. Throughout its 21-year history, the Company's share price has traded at both premiums and discounts to its NTA.

The Board declared a full year dividend of 10.0 cents per share, with the final dividend being 5.0 cents per share, partially franked at 60%. The full year dividend provides shareholders with a yield on the Company's 31 October 2024 share price of 9.0% and a grossed-up yield of 11.3%. When calculating the yield on net assets, the dividend yield of WAM Research is 9.3%, with a grossed-up yield of 11.7%, significantly higher than the average dividend yield of the S&P/ASX All Ordinaries Accumulation Index of 3.5%.

[^]Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

FY2025 update and outlook

Company update

The WAM Research investment portfolio has increased 12.9% in the four months to 31 October 2024, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.5% and the S&P/ASX Small Ordinaries Accumulation Index by 5.5%. At 31 October 2024, the Company had 45.6 cents per share available in its profits reserve, after the payment of the final dividend of 5.0 cents per share on 25 October 2024.

The level of franking in FY2025 and beyond is dependent on the payment of tax on realised profits and the receipt of franked dividends from investee companies. The WAM Research Board of Directors expects the FY2025 full year dividend to also be partially franked at 60%, should the Company maintain the full year dividend of 10.0 cents per share.

Outlook

The WAM Research investment team anticipates that the 2025 financial year will be a rewarding period for undervalued growth companies, particularly in the small-to-medium sized universe. An estimated 36% of small cap companies in the Australian market relate to sectors such as financials, media, retail, building materials, automotive and real estate which are sensitive to movements in interest rates. These sectors will benefit if there are interest rate cuts in 2025.

The WAM Research investment portfolio has delivered outperformance despite experiencing a headwind in relation to small cap companies underperforming the broader market over the past three years. The WAM Research investment team is hopeful that interest rate cuts in Australia can recoup this underperformance, providing a meaningful benefit to the investment portfolio. Interestingly, in the United States and New Zealand where interest rates have recently been cut, small cap companies have outperformed the broader market by 3.5% and 1.8% respectively in FY2025, providing confidence that Australia should follow suit.

Shareholder advocacy

Shareholder advocacy on behalf of retail investors remains a priority for Wilson Asset Management. We continue to consult shareholders on important issues in an attempt to allow Australian investors to be treated equitably. Current issues include the 'sophisticated investor test', the government's proposal to tax unrealised gains on super balances over \$3 million and the Australian Prudential Regulation Authority's proposal to phase out Bank Hybrids.

For more information

Further information on WAM Research can be found in the FY2024 [Annual Report](#) and on our [website](#).

Thank you

Thank you for your support and for entrusting us with your capital.

About WAM Research

WAM Research (ASX: WAX) provides investors with exposure to a diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the ASX. WAM Research’s investment objectives are to provide a stream of fully franked dividends and achieve a high real rate of return, comprising both income and capital growth, within acceptable risk parameters.

All major platforms provide access to WAM Research, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

Listed
August 2003



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



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

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 25 years and is the Investment Manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX), WAM Active (ASX: WAA) - and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

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



>\$5 billion
in funds under management

>200 years
combined investment experience

>25 years
making a difference for shareholders

10
investment products

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

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