



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NTA – APRIL 2012

WAM Research Limited (WAX) is a listed investment company primarily investing in small to medium sized industrial companies listed on the ASX. The investment objectives are to provide a growing stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors.

The performance of the investment portfolio against the various benchmarks is set out in the table below. The performance relates to investments and excludes expenses and taxes.

Performance as at 30 April 2012	1 Mth %	6 Mths %	Fin Ytd %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	+0.2%	+9.3%	+6.3%	+2.0%	+14.5%	-1.6%
S&P/ASX 300 Industrials Accumulation Index	+2.0%	+8.8%	+6.2%	+2.9%	+11.7%	-3.7%
Outperformance	-1.8%	+0.5%	+0.1%	-0.9%	+2.8%	+2.1%
S&P/ASX Small Industrials Accumulation Index	-0.0%	+12.4%	+6.4%	+2.5%	+13.3%	-6.7%
Outperformance	+0.2%	-3.1%	-0.1%	-0.5%	+1.2%	+5.1%

The following NTA figures are after the payment of a fully franked interim dividend of 3.25 cents per share paid on 23 April 2012.

NTA before tax	84.87c
NTA after tax and before tax on unrealised gains	90.11c*
NTA after tax	90.11c*

*These figures include tax assets of 5.24 cents per share.

Market Outlook

April saw a continuation of the positive trend in the Australian equity market with the S&P/ASX All Ordinaries Accumulation Index rising 1.1% for the month. Volatility remained a constant theme with the European sovereign debt crisis. The UK economy officially entered another recession and Spain's unemployment moved closer to 25% - depression like levels.

In April, the market had to contend with the start of the "confession season" as earnings downgrades came at a ferocious pace. The downgrades reflected the continued weakness in the non-mining economy. We expect a continuation of earnings downgrades in the coming month. Consumers continue to deleverage which will continue to put pressure on the retail and housing sectors.

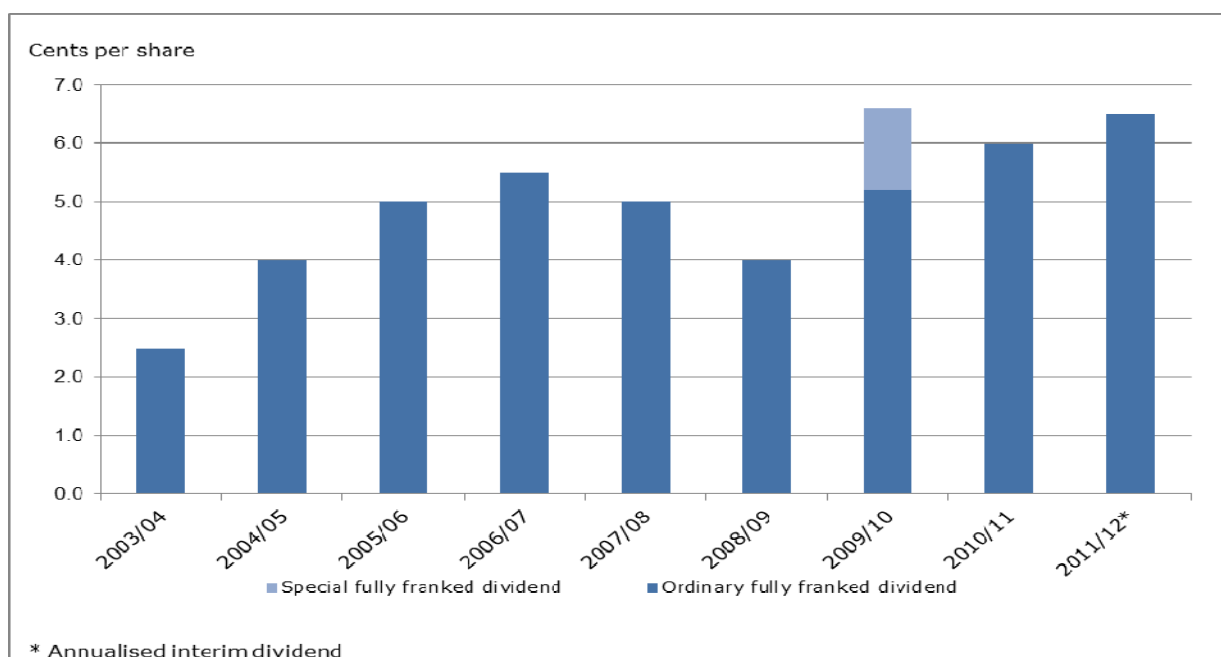
A benign inflation figure in April allowed the Reserve Bank to cut interest rates by 0.5% in early May. We believe this rate cut will ultimately be a positive for the market. A succession on regular rate cuts is needed to stimulate the non-mining economy. Lower interest rates lead to an expansion of price to earnings ratios, an increase in economic and corporate activity, and a flow of funds from fixed interest to the equity market.

Dividends

On 23 April 2012, the Company paid a fully franked interim dividend of 3.25 cents per share, which includes a 2.5 cent LIC capital gain. This was an 8.3% increase on the prior year's interim dividend.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis.

Providing the Company is deemed solvent by the Board, WAX should always be in a position to pay dividends.



Portfolio Structure

Investment Type	As at 31 March 2012		As at 30 April 2012	
	\$m	%	\$m	%
Listed Equities	64.7	60.1%	66.4	63.7%
Fixed Interest and Cash	42.9	39.9%	37.9	36.3%
Total Fund Size	\$107.6m	100.0%	\$104.3m*	100.0%
Total number ordinary shares on issue	119,983,168		120,854,228	

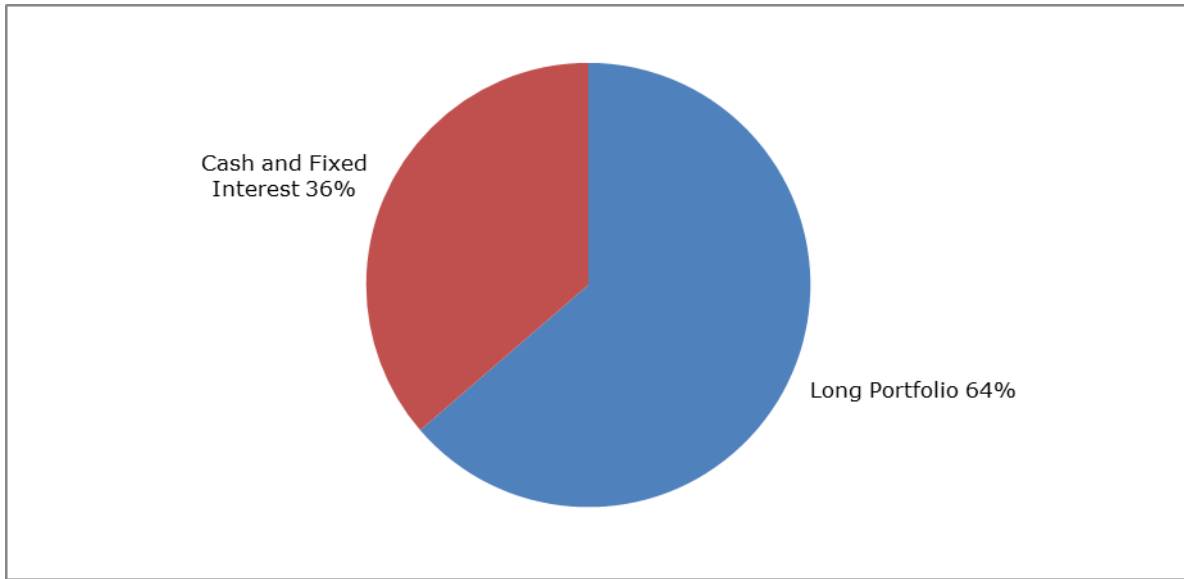
*This is after the payment of the 3.25 cents per share fully franked interim dividend during the month.

Portfolio Structure (continued)

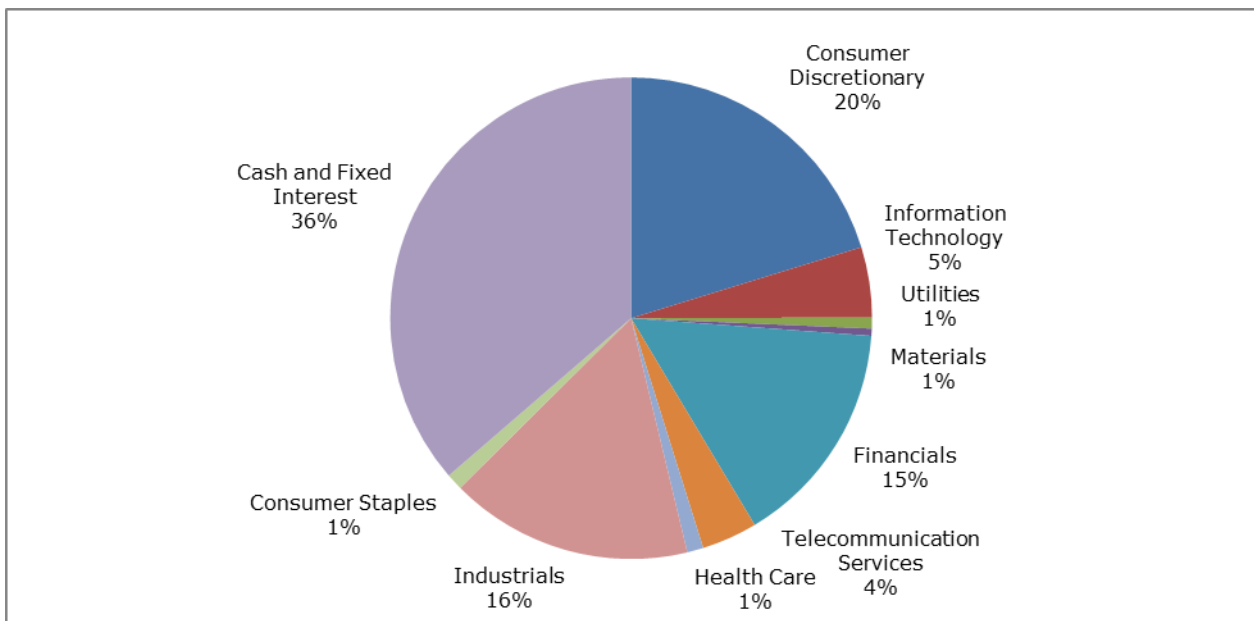
At 30 April 2012 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % of Gross Assets
NAB	National Australia Bank Limited	5,802,900	5.6%
APE	AP Eagers Limited	5,132,072	4.9%
BRG	Breville Group Limited	3,948,233	3.8%
LDW	Ludowici Limited	2,977,953	2.9%
RKN	Reckon Limited	2,943,838	2.8%
MMS	McMillan Shakespeare Limited	2,929,872	2.8%
ARP	ARB Corporation Limited	2,765,303	2.7%
SKE	Skilled Group Limited	2,554,738	2.5%
WEB	Webjet Limited	2,371,052	2.3%
AMM	Amcom Telecommunication Limited	2,350,683	2.3%
IPP	iProperty Group Limited	1,958,844	1.9%
COF	Coffey International Limited	1,939,837	1.9%
MYS	MyState Limited	1,804,065	1.7%
CIW	Clime Investment Management Limited	1,726,264	1.7%
FAN	Fantastic Holdings Limited	1,656,945	1.6%
NXT	NEXTDC Limited	1,546,438	1.5%
CTD	Corporate Travel Management Limited	1,480,825	1.4%
AGI	Ainsworth Game Technology Limited	1,465,307	1.4%
AAD	Ardent Leisure Group	1,438,169	1.4%
RCR	RCR Tomlinson Limited	1,426,681	1.4%

Portfolio Structure - Asset Allocation



Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAX's investment portfolio since listing to 30 April 2012 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX 300 Industrials Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which are both before tax and expenses measures.

Financial Year	Gross Portfolio	S&P/ASX 300 Industrials Accumulation Index	Outperformance	S&P/ASX Small Industrials Accumulation Index	Outperformance
2003/2004	+6.5%	+13.5%	-7.0%	+10.7%	-4.2%
2004/2005	+5.2%	+22.4%	-17.2%	+26.1%	-20.9%
2005/2006	+13.4%	+17.2%	-3.8%	+20.1%	-6.7%
2006/2007	+30.7%	+29.5%	+1.2%	+38.2%	-7.5%
2007/2008	-31.6%	-26.7%	-4.9%	-36.5%	+4.9%
2008/2009	-4.8%	-14.5%	+9.7%	-21.6%	+16.8%
2009/2010	+10.3%	+14.5%	-4.2%	+10.3%	+0.0%
2010/2011	+17.5%	+9.2%	+8.3%	+15.7%	+1.8%
YTD 2011/2012	+6.3%	+6.2%	+0.1%	+6.4%	-0.1%