



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
FEBRUARY 2013

Company overview

WAM Research Limited (WAX) is a listed investment company that invests in undervalued growth companies, primarily small to medium sized industrial companies listed on the ASX.

Investment objective

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.

Outperformance against sharemarket

The performance of the WAX investment portfolio against the S&P/ASX All Ordinaries Accumulation Index is shown in the table below. The investment performance is before expenses, fees and taxes.

Performance as at 28 February 2013	1 Mth %	6 Mths %	Fin YTD %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	+5.2%	+22.0%	+29.8%	+32.7%	+14.5%	+7.6%
S&P/ASX All Ordinaries Accumulation Index	+5.2%	+20.5%	+27.7%	+21.9%	+7.8%	+2.4%
Outperformance	+0.0%	+1.5%	+2.1%	+10.8%	+6.7%	+5.2%

Net Tangible Asset (NTA) figures

The following NTA figures are before the payment of the 3.5 cent per share fully franked interim dividend which is due to be paid on 19 April 2013. The shares will trade ex dividend on 8 April 2013.

NTA before tax	103.65c
NTA after tax and before tax on unrealised gains	102.95c
NTA after tax	102.95c

Market Outlook

In February the S&P/ASX All Ordinaries Accumulation Index finished up 5.2% continuing the strong rally in the Australian equity market which started in June last year. The market has closed higher 13 out of the last 14 months and is now at 4 year highs. Much of the recent share price rise has been price to earnings ratio expansion reflecting a dramatic shift in investor sentiment.

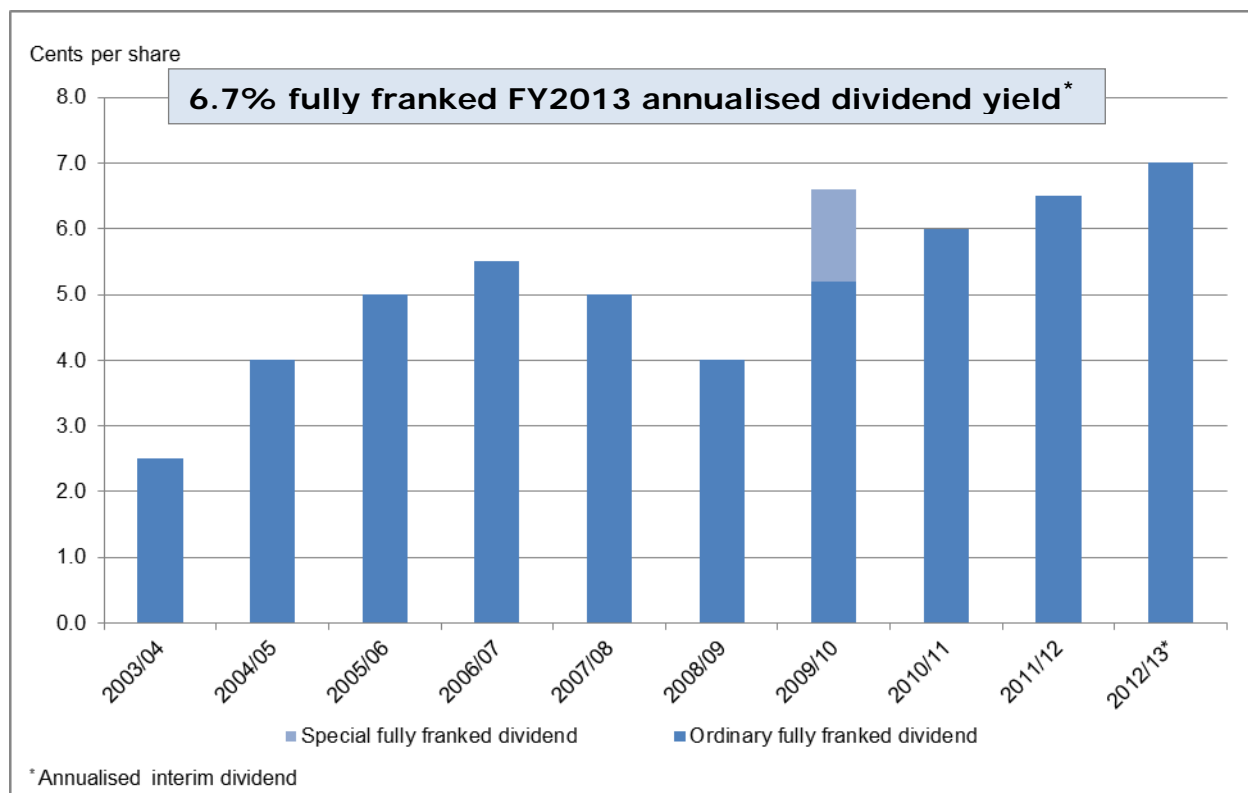
Reporting season concluded at the end of the February. The key theme was that profit growth has come mostly from reduced costs rather than higher revenue. Outlook statements remained cautious with companies noting stabilisation in their respective markets rather than a concerted upswing in trading conditions. There were hints of optimism from sectors such as retail and housing construction with both sectors seeing patchy improvement.

Dividends – 3.5 cents per share fully franked interim

On 25 February 2013, the Company announced a fully franked interim dividend of 3.5 cents per share. This is a 7.7% increase on the previous year's interim dividend and represents an annualised fully franked dividend yield of 6.7% based on the last sale price. The interim dividend includes 1.1 cents of LIC capital gain which will enable some shareholders to claim a further tax deduction.

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. Dividend payments will also be made with consideration to cash flow and cash holdings.

WAM Research Dividends



*Based on the 13 March 2013 closing price.

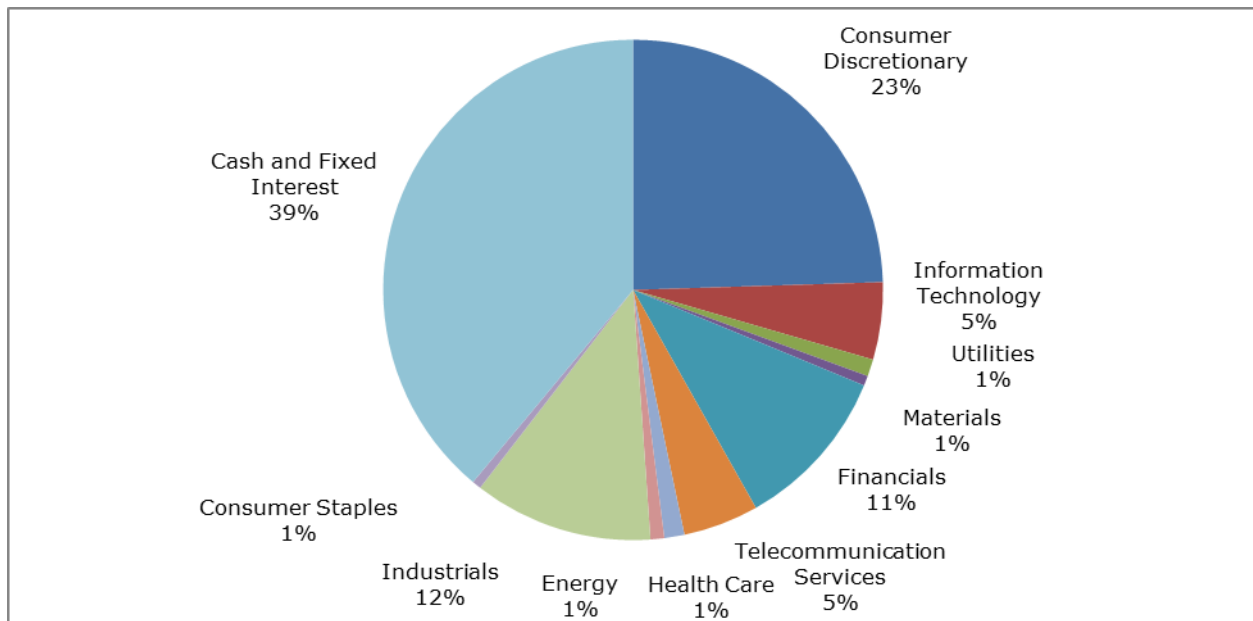
Portfolio structure

Investment Type	As at 31 January 2013		As at 28 February 2013	
	\$m	%	\$m	%
Listed Equities	78.2	64.7%	77.5	61.1%
Fixed Interest and Cash	42.7	35.3%	49.4	38.9%
Total Fund Size	\$120.9m	100.0%	\$126.9m	100.0%
Total number ordinary shares on issue	121,634,257		121,634,257	

At 28 February 2013 the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % of Gross Assets
APE	AP Eagers Limited	5,563,010	4.4%
SKE	Skilled Group Limited	5,301,474	4.2%
MFG	Magellan Financial Group Limited	4,902,691	3.9%
AHE	Automotive Holdings Group Limited	4,475,775	3.5%
CCV	Cash Converters International	4,135,796	3.3%
AMM	Amcom Telecommunication Limited	4,021,565	3.2%
REA	REA Group Limited	2,953,409	2.3%
SGN	STW Communications Group Limited	2,633,355	2.1%
CIW	Clime Investment Management Limited	2,568,750	2.0%
GEM	G8 Education Limited	2,506,919	2.0%
TPI	Transpacific Industries Group Limited	2,429,589	1.9%
ARP	ARB Corporation Limited	2,392,286	1.9%
IPP	iProperty Group Limited	2,243,897	1.8%
CTD	Corporate Travel Management Limited	2,139,779	1.7%
LCM	Logicamms Limited	2,093,170	1.7%
FAN	Fantastic Holdings Limited	1,955,836	1.5%
AIX	Australian Infrastructure Fund	1,588,291	1.3%
RXP	RXP Services Limited	1,405,888	1.1%
EAX	Energy Action Limited	1,396,421	1.1%
RHG	RHG Limited	1,391,680	1.1%

Portfolio structure - sector allocation



Performance – yearly comparison

Set out below is the performance of WAX's investment portfolio since listing to 28 February 2013 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to the performance of the investment portfolio against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	WAX Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2003/2004	+6.5%	+22.4%	-15.9%
2004/2005	+5.2%	+24.8%	-19.6%
2005/2006	+13.4%	+24.2%	-10.8%
2006/2007	+30.7%	+30.3%	+0.4%
2007/2008	-31.6%	-12.1%	-19.5%
2008/2009	-4.8%	-22.2%	+17.4%
2009/2010	+10.3%	+13.8%	-3.5%
2010/2011	+17.5%	+12.2%	+5.3%
2011/2012	+4.5%	-7.0%	+11.5%
YTD 2012/2013	+29.8%	+27.7%	+2.1%

For more information

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