



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
JANUARY 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 31 January 2013	1 Mth %	6 Mths %	Fin YTD %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	+4.5%	+20.3%	+23.3%	+32.1%	+12.4%	+5.1%
S&P/ASX All Ordinaries Accumulation Index	+5.1%	+17.0%	+21.4%	+18.7%	+6.7%	+1.4%
Outperformance	-0.6%	+3.3%	+1.9%	+13.4%	+5.7%	+3.7%

Net Tangible Asset (NTA) figures

The following NTA figures are after the payment of a fully franked final dividend of 3.25 cents per share paid on the 19 October 2012.

NTA before tax	98.54c
NTA after tax and before tax on unrealised gains	99.31c*
NTA after tax	99.31c*

*These figures include tax assets of 0.77 cents per share.

Market Outlook

Birth of a bull?

The ASX/S&P All Ordinaries Accumulation Index finished up 5.1% for January, continuing its strong run that started in June last year. Evidence is emerging that investors are beginning to move back into the equity market. As term deposits are rolled over at lower rates, this may prove an impetus to retail investors to reallocate money back into equities. Improving global macroeconomic news from the US, China and Europe also helped to underpin investor confidence for the year ahead.

Half way there

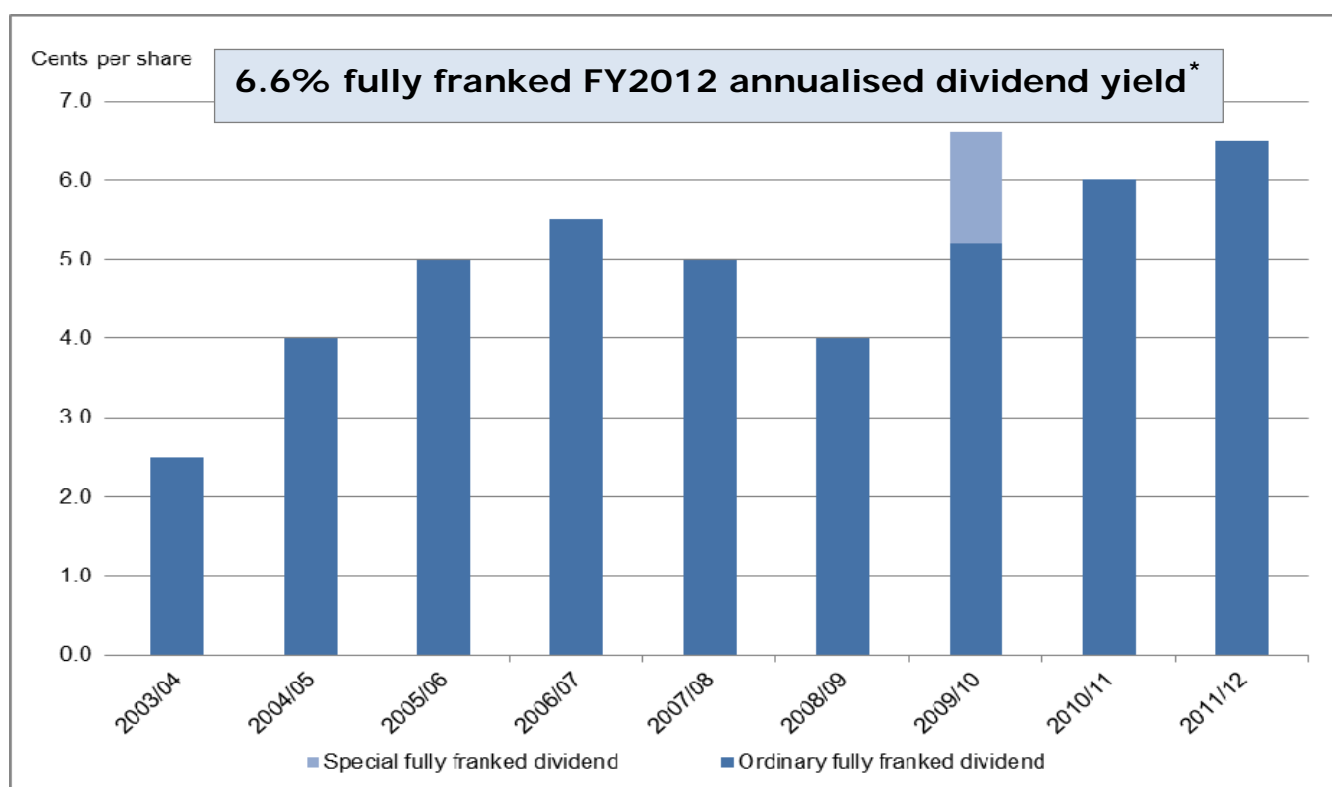
In February the majority of Australian listed companies will report earnings results to the market. Given the market expects earnings to be average during this reporting season, the main focus will be on the outlook statements. How companies view things are going in the second half of the financial year and what this implies for the next financial year will be significant. The recent rally has been primarily price to earnings (P/E) expansion and we now need to see the earnings come through to support these higher share prices. The outlook statements at these results will be the first opportunity to assess if these earnings are in fact going to flow through.

Dividends – 3.25 cents per share fully franked final

On 19 October 2012, the Company paid a fully franked final dividend of 3.25 cents per share. This was a 8.3% increase on the previous year's final dividend. The final dividend includes 0.4 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 February 2013 closing price.

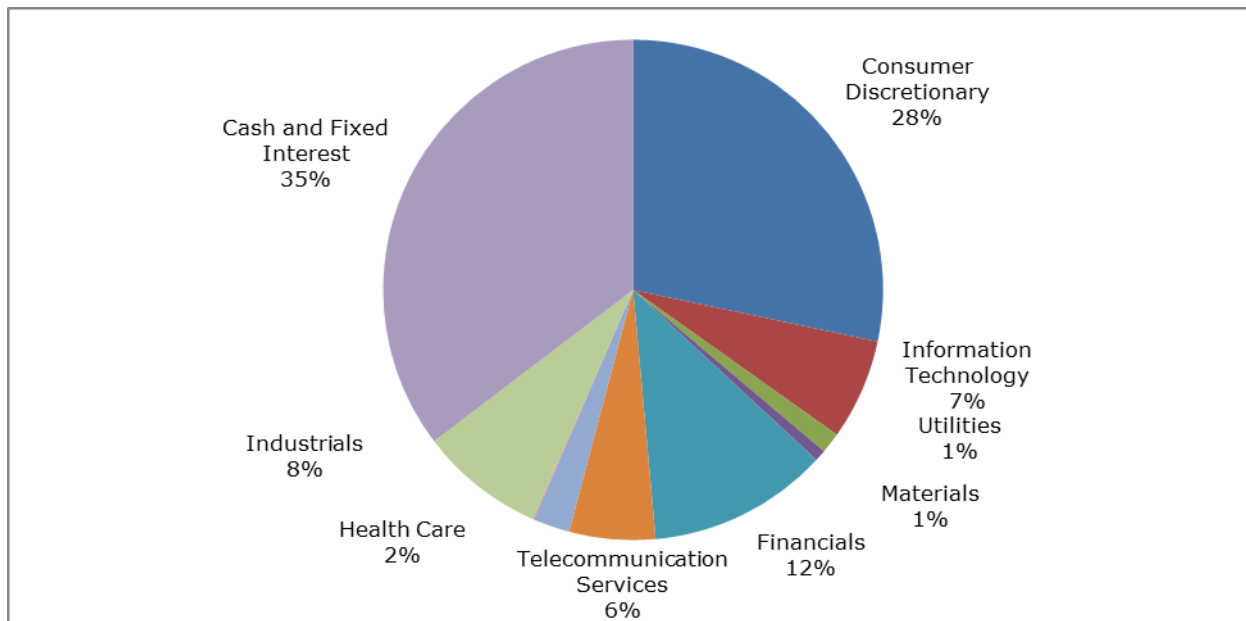
Portfolio structure

Investment Type	As at 31 December 2012		As at 31 January 2013	
	\$m	%	\$m	%
Listed Equities	68.5	59.2%	78.2	64.7%
Fixed Interest and Cash	47.2	40.8%	42.7	35.3%
Total Fund Size	\$115.7m	100.0%	\$120.9m	100.0%
Total number ordinary shares on issue	121,634,257		121,634,257	

At 31 January 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	6,406,358	5.3%
MFG	Magellan Financial Group Limited	5,717,724	4.7%
AHE	Automotive Holdings Group Limited	3,882,600	3.2%
AMM	Amcom Telecommunication Limited	3,640,209	3.0%
ARP	ARB Corporation Limited	3,443,584	2.9%
BRG	Breville Group Limited	3,330,461	2.8%
CCV	Cash Converters International	3,249,194	2.7%
FAN	Fantastic Holdings Limited	2,734,340	2.3%
CTD	Corporate Travel Management Limited	2,650,464	2.2%
REA	REA Group Limited	2,579,313	2.1%
SKE	Skilled Group Limited	2,577,644	2.1%
CIW	Clime Investment Management Limited	2,568,750	2.1%
RKN	Reckon Limited	2,527,000	2.1%
SGN	STW Communications Group Limited	2,462,850	2.0%
IPP	iProperty Group Limited	2,299,986	1.9%
GEM	G8 Education Limited	2,062,893	1.7%
NXT	NEXTDC Limited	2,061,756	1.7%
RHG	RHG Limited	2,036,520	1.7%
LCM	Logicamms Limited	1,960,066	1.6%
CCP	Credit Corp Group Limited	1,691,991	1.4%

Portfolio structure - sector allocation



Performance – yearly comparison

Set out below is the performance of WAX's investment portfolio since listing to 31 January 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	+23.3%	+21.4%	+1.9%

For more information

Please contact Geoff Wilson, Chris Stott or Kate Thorley.

Wilson Asset Management
 Level 11, 139 Macquarie Street, Sydney NSW 2000
 GPO Box 4658 Sydney NSW 2001

Phone 02 9247 6755
 Fax 02 9247 6855
info@wamfunds.com.au

www.wamfunds.com.au