



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
JULY 2012

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. 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

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 July 2012	1 Mth %	6 Mths %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	+2.5%	+9.8%	+8.7%	+9.5%	-1.9%
S&P/ASX All Ordinaries Accumulation Index	+3.7%	+1.4%	-0.2%	+4.6%	-3.0%
Outperformance	-1.2%	+8.4%	+8.9%	+4.9%	+1.1%

NTA figures

The following Net Tangible Asset (NTA) figures are before the payment of a fully franked final dividend of 3.25 cents per share payable on the 19 October 2012.

NTA before tax	85.65c
NTA after tax and before tax on unrealised gains	90.77c*
NTA after tax	90.77c*

*These figures include tax assets of 5.12 cents per share.

Market Outlook

The S&P/ASX All Ordinaries Accumulation Index finished up 3.7% in July, its best month since January 2012. Expectations of further stimulus from the US Federal Reserve and European Central Bank (ECB) gave equity markets a significant boost. This was further reinforced by strong comments from ECB president, Mario Draghi saying they would do whatever it takes to preserve the Euro. On this news, world equity markets surged higher while bond yields on European sovereign debt declined considerably. We have seen previous rallies on the back of positive news from Europe, but these are becoming shorter and shorter. Further developments will be closely watched and have the potential to significantly effect both equity and bond markets.

During August a large portion of ASX listed companies with 30 June year ends will report. Profit guidance for FY13 will be limited given the high level of uncertainty in the Australian economy. We believe that analysts' earnings estimates for FY13 are currently too high and will need to be revised down. The reporting season will provide us with opportunities to visit several companies and establish how they are tracking. We will be looking to hear if there has been any change in trading conditions over recent weeks in response to the latest interest rate cuts.

Although we have become more conservative in our outlook for equity markets in 2013, volatile equity markets can provide profitable opportunities. Thus we continue to research thoroughly and meet with company management teams to identify such opportunities.

Dividends – 3.25 cents per share fully franked final

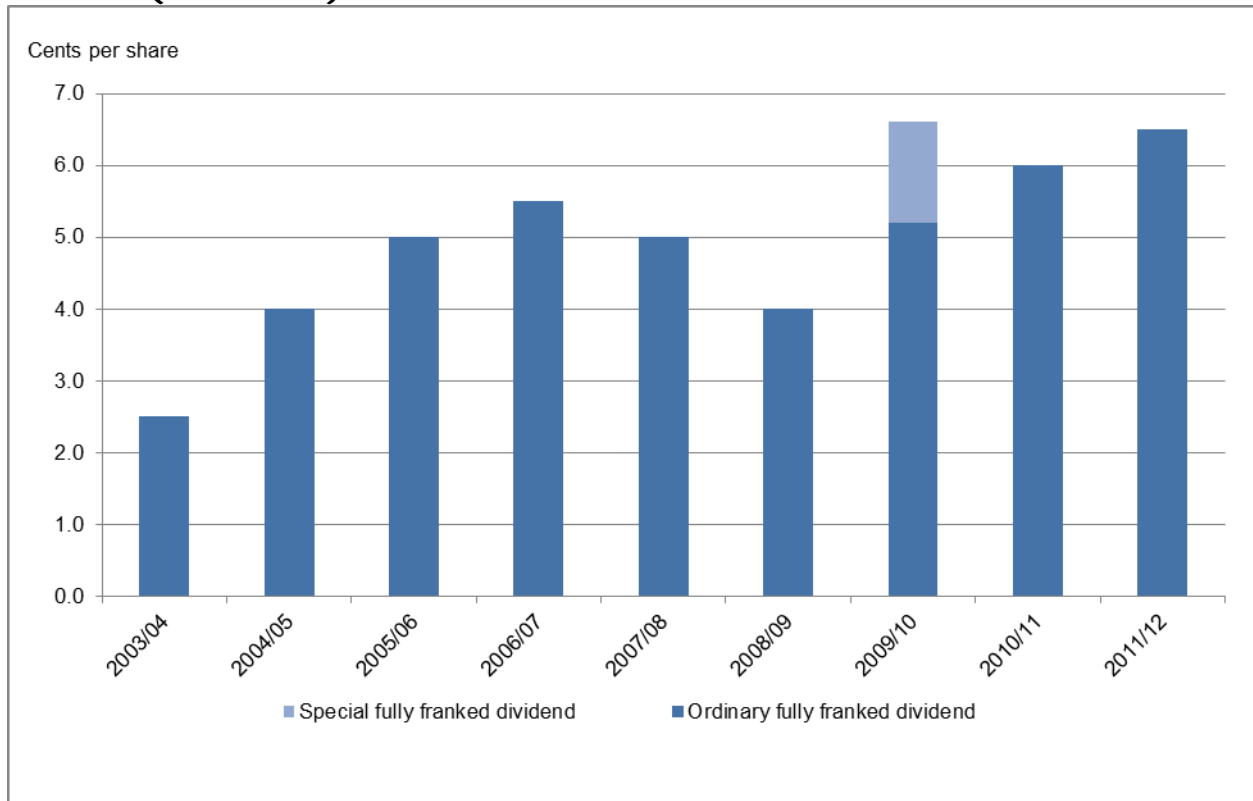
On 30 July 2012, the Board announced a fully franked FY2012 final dividend of 3.25 cents per share. This was a 8.3% increase on the previous year's dividend. The final dividend includes 0.4 cents of LIC capital gain which will enable some shareholders to claim a further tax deduction.

➤ Dividend ex date	8 October 2012
➤ Dividend record date	12 October 2012
➤ DRP election date	12 October 2012
➤ Dividend payment date	19 October 2012

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, cash holdings and available franking credits.

The dividend reinvestment plan will operate at the weighted average market price of shares sold on the ASX on the books closing date (i.e. record date) and the three trading days prior to the record date. To participate in the dividend reinvestment plan, please send your election to our share registrar no later than 12 October 2012.

Dividends (continued)



Portfolio structure

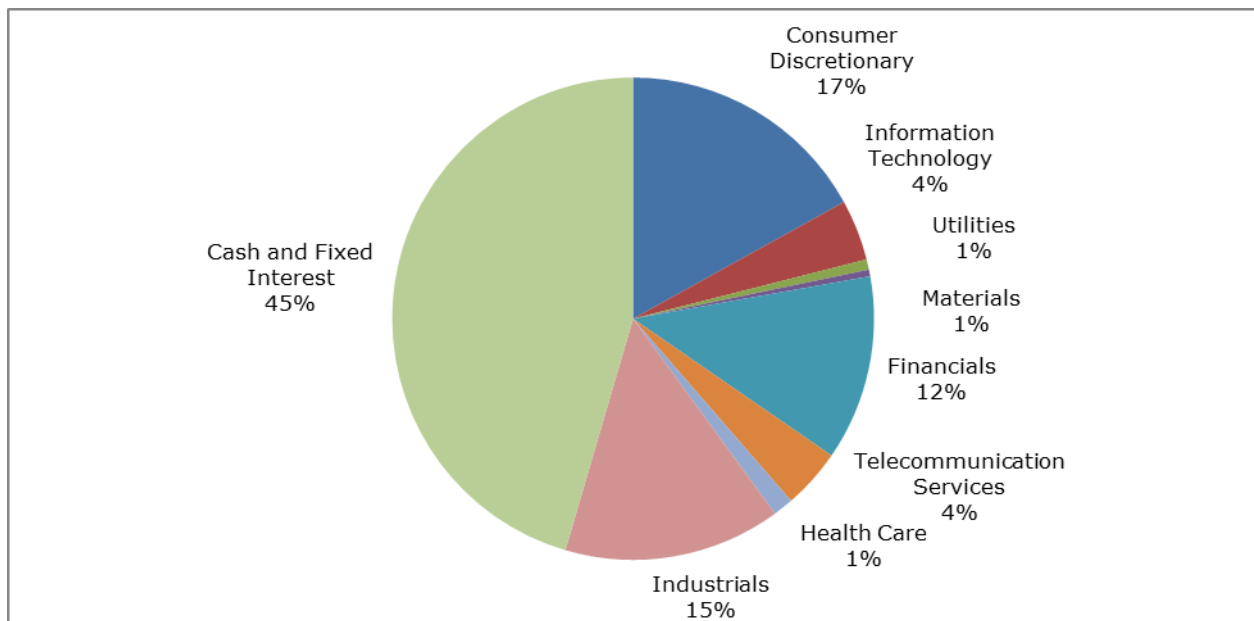
Investment Type	As at 30 June 2012		As at 31 July 2012	
	\$m	%	\$m	%
Listed Equities	51.5	50.3%	57.1	54.5%
Fixed Interest and Cash	50.9	49.7%	47.6	45.5%
Total Fund Size	\$102.4m	100.0%	\$104.7m	100.0%
Total number ordinary shares on issue	120,854,228		120,854,228	

Portfolio structure (continued)

At 31 July 2012 the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % of Gross Assets
APE	AP Eagers Limited	5,852,099	5.6%
BRG	Breville Group Limited	3,922,783	3.8%
CBAPB	CBA Perpetual Exchangeable Resale Listed Sec - PERLS IV	3,267,500	3.1%
ALS	Alesco Corporation Limited	3,107,654	3.0%
MMS	McMillan Shakespeare Limited	3,098,218	3.0%
ARP	ARB Corporation Limited	2,759,505	2.6%
AMM	Amcom Telecommunication Limited	2,438,508	2.3%
RKN	Reckon Limited	2,309,129	2.2%
WEB	Webjet Limited	2,299,297	2.2%
FXL	Flexigroup Limited	2,196,615	2.1%
SKE	Skilled Group Limited	2,093,379	2.0%
IPP	iProperty Group Limited	1,946,999	1.9%
TWO	Talent2 International Limited	1,919,144	1.8%
MYS	MyState Limited	1,816,438	1.7%
CIW	Clime Investment Management Limited	1,802,987	1.7%
NXT	NEXTDC Limited	1,766,524	1.7%
COF	Coffey International Limited	1,562,578	1.5%
FAN	Fantastic Holdings Limited	1,544,273	1.5%
ONT	1300 Smiles Limited	1,233,005	1.2%
RHG	RHG Limited	1,227,860	1.2%

Portfolio structure - sector allocation



Performance – yearly comparison

Set out below is the performance of WAX's investment portfolio since listing to 31 July 2012 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	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	+2.5%	+3.7%	-1.2%

For more information

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