



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NTA – MARCH 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 only and does not take into account expenses and taxes.

Performance as at 31 March 2012	1 Mth %	6 Mths %	Fin Ytd %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAX Investment Portfolio	+3.7%	+12.6%	+6.0%	+2.5%	+15.4%	-1.2%
S&P/ASX 300 Industrials Accumulation Index	+3.5%	+13.5%	+4.2%	+1.4%	+13.3%	-3.4%
Outperformance	+0.2%	-0.9%	+1.8%	+1.1%	+2.1%	+2.2%
S&P/ASX Small Industrials Accumulation Index	+3.8%	+18.9%	+6.5%	+1.5%	+18.3%	-6.0%
Outperformance	-0.1%	-6.3%	-0.5%	+1.0%	-2.9%	+4.8%

The NTA numbers below are before the payment of a 3.25 cent per share fully franked interim dividend which is due to be paid on 23 April 2012. The shares traded ex dividend on 10 April 2012.

NTA before tax	88.10c
NTA after tax and before tax on unrealised gains	93.37c*
NTA after tax	93.37c*

*These figures include tax assets of 5.27 cents per share.

Market Outlook

The Australian equity market continued its strong start to 2012 finishing higher by 1.2% for the month. Investor sentiment benefited from continued positive macroeconomic data prints in the US, along with the Federal Reserve confirming its current policy settings would remain in place. The euro region stayed crisis-free for another month while investors' views around China's near-term growth profile remained volatile. Bonds declined as investors switched into equities. Notably the S&P500 has risen almost 30%

Market Outlook (continued)

off its lows in early October 2011, while the Australian market continues to lag up just over 10%.

Domestic macroeconomic news flow continued to surprise on the downside with the non-mining side of the economy continuing to weaken. This outlook was reflected in the Reserve Bank statement this week which indicated a high probability that the cash rate will reduce at the next meeting in May. A series of successive rate cuts is needed to stimulate the non-mining economy out of recession. Earnings downgrades from retailers in March were confirmation of this. Interestingly, fashion retailer Orotan cited the current malaise in the retail sector as a structural shift to online, rather than cyclical.

After a strong start to 2012, we remain cautiously optimistic on the outlook for equity markets. We continue to research heavily for new investment opportunities.

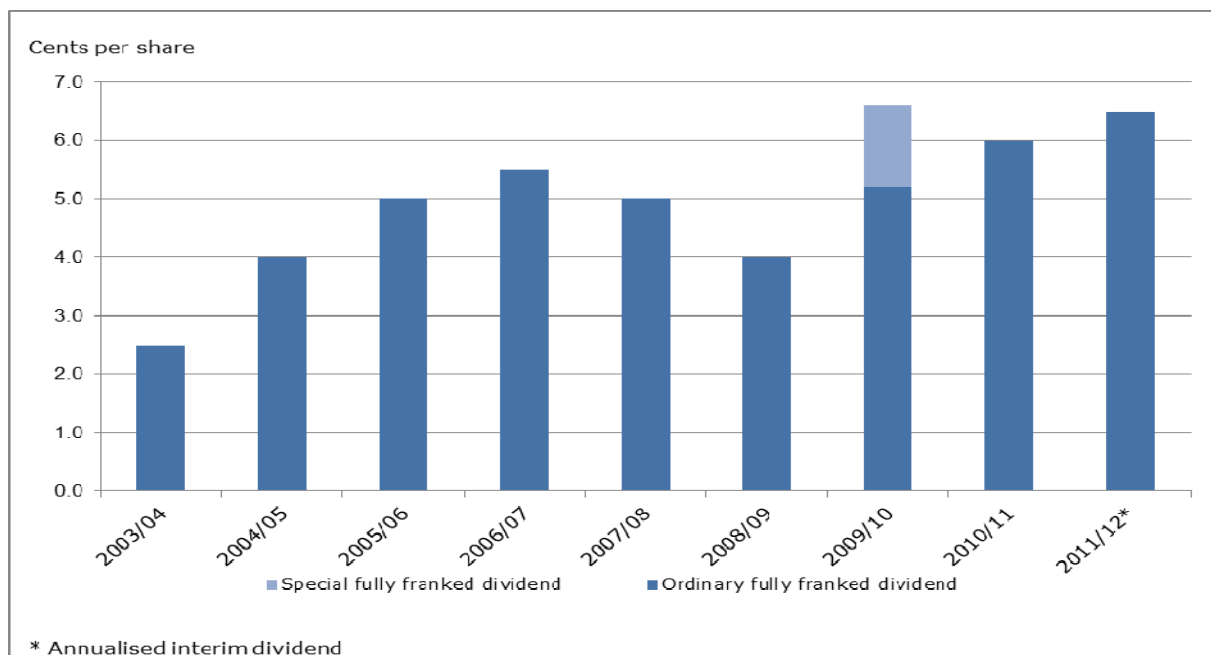
Dividends

On 8 February 2012, the Board announced an interim dividend of 3.25 cents per share fully franked. The interim dividend is 77% (or 2.5 cents) LIC capital gain which will enable some shareholders to claim a further tax deduction. The shares traded ex dividend on 10 April 2012 and payment will be made on 23 April 2012. This is an 8.3% increase on the prior year's interim dividend.

The dividend reinvestment plan will operate at no discount. The current share price (\$0.73 being closing price 11 April 2012) is trading at 17.1% discount to the 31 March 2012 pre-tax NTA. To participate in the dividend reinvestment plan, please send your election to our share registrar no later than 16 April 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.

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



Portfolio Structure

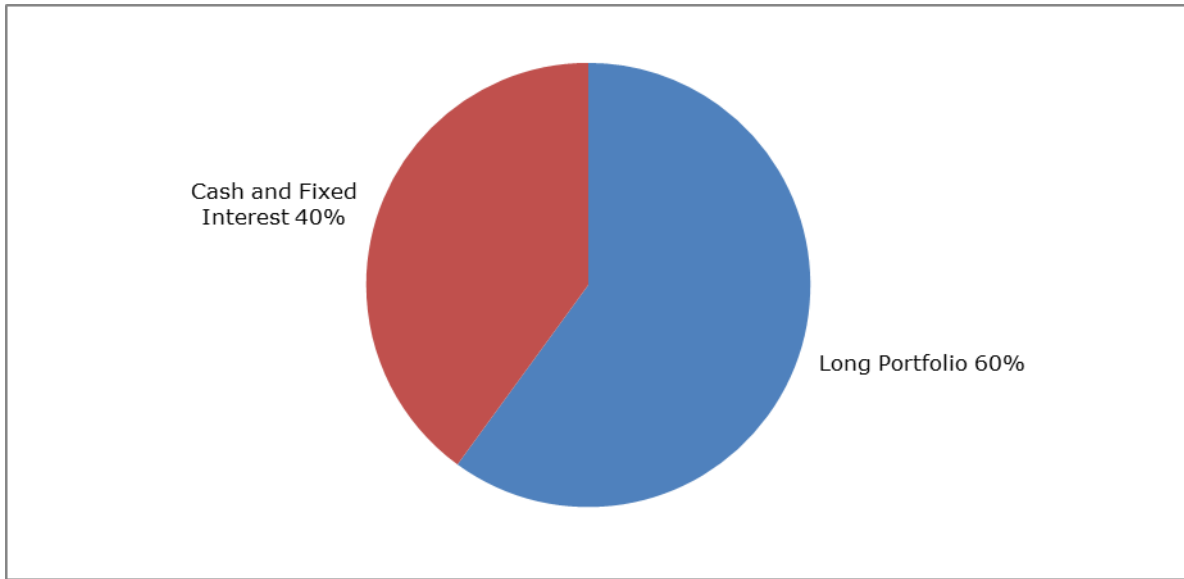
Investment Type	As at 29 February 2012		As at 31 March 2012	
	\$m	%	\$m	%
Listed Equities	62.2	60.0%	64.7	60.1%
Fixed Interest and Cash	41.4	40.0%	42.9	39.9%
Total Fund Size	\$103.6m	100.0%	\$107.6m	100.0%
Total number ordinary shares on issue	119,983,168		119,983,168	

Portfolio Structure (continued)

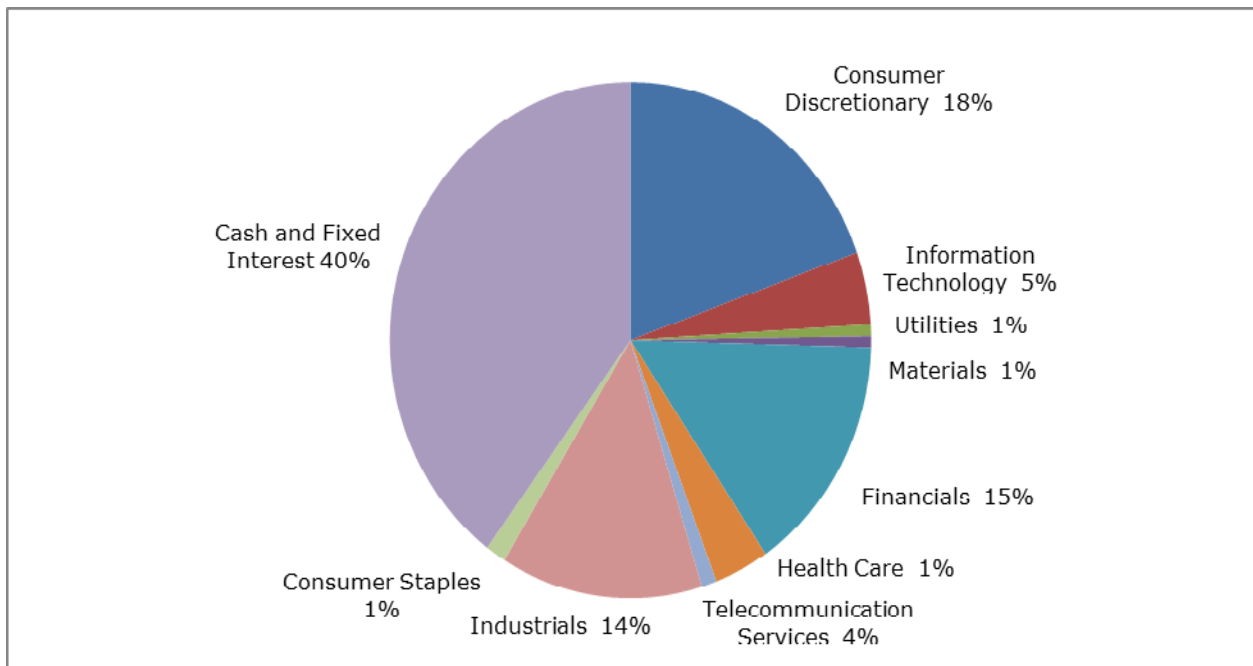
At 31 March 2012 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % of Gross Assets
NAB	National Australia Bank Limited	5,658,000	5.3%
APE	AP Eagers Limited	4,676,560	4.4%
BRG	Breville Group Limited	4,159,296	3.9%
MMS	McMillan Shakespeare Limited	3,305,372	3.1%
COF	Coffey International Limited	3,021,178	2.8%
RKN	Reckon Limited	2,891,734	2.7%
ARP	ARB Corporation Limited	2,666,749	2.5%
SKE	Skilled Group Limited	2,619,813	2.4%
AMM	Amcom Telecommunication Limited	2,446,317	2.3%
WEB	Webjet Limited	2,135,432	2.0%
IPP	Iproperty Group Limited	1,989,451	1.9%
MYS	MyState Limited	1,889,973	1.8%
AAD	Ardent Leisure Group	1,811,793	1.7%
AGI	Ainsworth Game Technology Limited	1,735,430	1.6%
FAN	Fantastic Holdings Limited	1,690,084	1.6%
CTD	Corporate Travel Management Limited	1,620,504	1.5%
RCR	RCR Tomlinson Limited	1,595,614	1.5%
CIW	Clime Investment Management Limited	1,553,638	1.4%
NXT	NEXTDC Limited	1,508,272	1.4%
BKL	Blackmores Limited	1,464,200	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 31 March 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.

Previously performance was compared against the S&P/ASX All Ordinaries Accumulation Index. The equity portfolio is made up of small and large industrial companies and it is believed that the S&P/ASX Small Industrials Accumulation Index and the S&P/ASX 300 Industrials Accumulation Index better reflect how the portfolio has previously been invested and will be invested going forward.

Thus these benchmarks represent a more effective way to evaluate the Fund's performance based on the underlying composition of the portfolio.

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	+6.0%	+4.2%	+1.8%	+6.5%	-0.5%