



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NTA – NOVEMBER 2010

WAM Research Limited (WAX) (previously Wilson Investment Fund Ltd) is an investor in listed Australian equities. Its objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAX concentrates mostly on small to medium industrial companies.

In November WAX's gross portfolio (before all fees, costs and taxes) rose by 1.6%, while the S&P/ ASX 300 Industrials Accumulation Index fell by 2.0% and the S&P/ASX Small Industrials Accumulation Index declined 1.4%.

Annualised Performance as at 30 November 2010	1 Year	3 Year	5 Year
WAM Research Limited*	+4.5%	-5.8%	+1.9%
S&P/ASX 300 Industrials Accumulation Index	-1.4%	-9.3%	+1.2%
Outperformance	+5.9%	+3.5%	+0.7%
S&P/ASX Small Industrials Accumulation Index	+1.6%	-13.8%	-1.6%
Outperformance	+2.9%	+8.0%	+3.5%

*The change in the gross portfolio before all expenses, fees and taxes.

The below figures are after the payment of the final dividend and the special dividend of 2.6 cents and 1.4 cents respectively per share fully franked paid on 29 October 2010.

NTA before tax	86.15c
NTA after tax and before tax on unrealised gains	91.61c*
NTA after tax	91.61c*

*These figures include tax assets of 5.5 cents per share.

MARKET OUTLOOK

After a strong start to November the Australian share market trended lower during the month as concerns about the European sovereign debt crisis dominated investors thinking around the globe. The benchmark S&P/ASX All Ordinaries Accumulation index finished November down 0.7 per cent. Most of the selling pressure was centred upon the banking sector with the S&P/ASX 300 Financials Accumulation Index dropping 2.45 per cent while the S&P/ASX 200 Resources Accumulation Index rose 1.31 per cent. This overall decline though seems to be short lived with the market powering out of the blocks in the first half of December.

We would expect the market to head higher for the finish of the calendar year. The impetus for the rise though is more likely to come from the much maligned financial and industrial sectors rather than the well performed resources sector. The balance of world growth is likely to change in the coming 6 to 12 months with the US economy showing early signs of growth after a prolonged downturn. This should see the overall market move higher in the coming period. Contrastingly, China, the engine room for world growth during 2010, is facing rising inflation which will see their Government lifting interest rates in a bid to temper growth. This should see the staggering rise of commodity prices ease in the coming months. While this change in fortunes is not good for the Australian economy, it will happen gradually. It should also mean that our share market will be dragged higher by the US market, which is still the biggest influence on domestic share prices. The concerns about Sovereign debt in Europe, while important, is unlikely to derail share prices so long as the economic recovery is the US continues.

STRATEGY

The Board has been engaged in a strategic review of the Fund to determine the best way to maximise value for shareholders. The outcome of this process is that the Board has instructed the Manager to more actively manage the portfolio.

The Manager will continue to focus on identifying small to medium sized companies that represent good value and have a strong growth outlook. The Boards vision for the future was outlined in the latest Investor Newsletter mailed to shareholders in late September and announced to the ASX on 30 September 2010.

Coinciding with this review, the Board proposed a name change to reflect the investment strategy and to better align with the current naming convention and branding of the WAM Group.

DIVIDENDS

A final dividend of 2.6 cents and a special dividend of 1.4 cents per share both fully franked which were paid on 29 October 2010. This brings the full year dividend to 6.6 cents per share fully franked. The final and special dividends are 100% LIC capital gain which will enable some shareholders to claim a tax deduction.

In line with our dividend policy and in the current environment the board is anticipating an increase in the ordinary dividend for this year.

DIVIDENDS (CONTINUED)

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. Dividends are paid on a six-monthly basis. Recently introduced government legislation now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather, it will be with consideration to cash flow, cash holdings and available franking credits. This is a major change for Listed Investment Companies.

PERFORMANCE

Set out below is the performance of WAX since listing to 30 November 2010 on a financial year basis 1 July to 30 June. The performance data excludes all expenses, fees and taxes and is used as a guide to how the company has performed against the S&P/ASX 300 Industrials Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which are also before tax and expenses.

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 YTD	+10.3%	+10.3%	+0.0%	+10.3%	+0.0%
2010/2011	+10.7%	+5.7%	+5.0%	+13.3%	-2.6%

*The change in the portfolio before all expenses, fees and taxes.

PORTFOLIO STRUCTURE

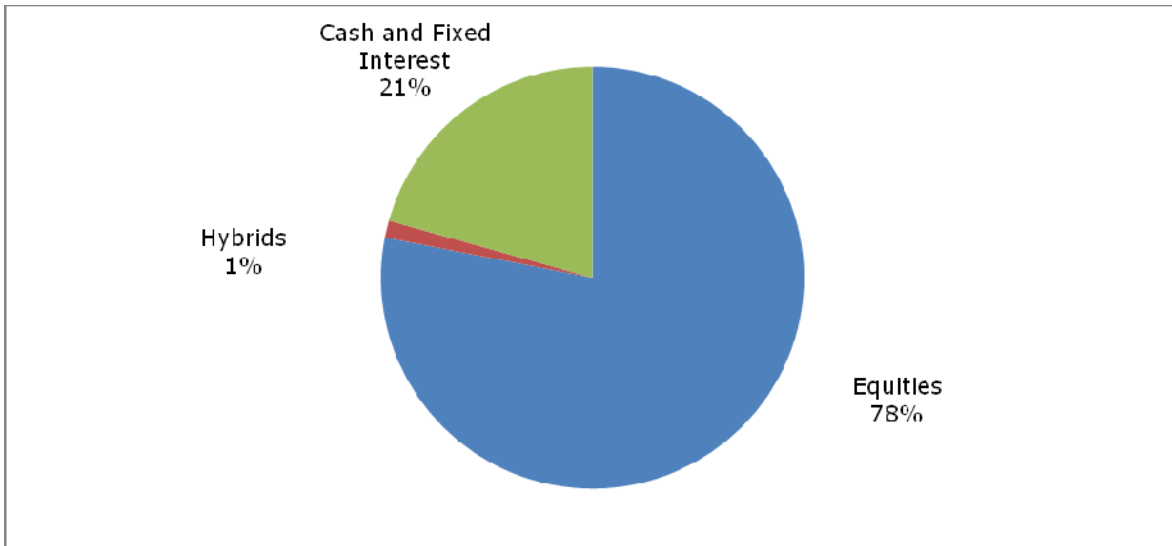
Investment Type	As at 31 Oct 2010		As at 30 Nov 2010	
	\$m	%	\$m	%
Listed Equities	91.43	90.3%	80.04	78.0%
Listed Hybrids	1.37	1.4%	1.34	1.3%
Fixed Interest and Cash	8.43	8.3%	21.19	20.7%
Total Assets	101.23	100.0%	102.57	100.0%
	No.		No.	
Total ordinary shares on issue	118,526,587		118,526,587	

PORTFOLIO STRUCTURE (CONTINUED)

As at 30 November 2010 the top listed equities and hybrids (value over \$1 million) were as follows:

Code	Company	Market Value \$	Market Value as % of Gross Assets
NAB	National Australia Bank Limited	5,393,500	5.3%
MMS	McMillan Shakespeare Limited	4,728,770	4.6%
WBC	Westpac Banking Corporation	4,541,125	4.4%
APE	AP Eagers Limited	4,404,342	4.3%
WBB	Wide Bay Australia Limited	4,375,602	4.3%
MTS	Metcash Limited	3,961,500	3.9%
CBA	Commonwealth Bank of Australia	3,712,732	3.6%
ARP	ARB Corporation Limited	3,582,437	3.5%
CCP	Credit Corp Group Limited	3,187,194	3.1%
SGN	STW Communications Group Limited	3,140,860	3.1%
TGA	Thorn Group Limited	3,106,132	3.0%
ANZ	Australia and New Zealand Banking Group Limited	3,002,450	2.9%
BKL	Blackmores Limited	2,438,979	2.4%
RHG	RHG Limited	2,402,734	2.3%
ORL	OrotonGroup Limited	2,400,000	2.3%
SAI	SAI Global Limited	2,282,500	2.2%
AMM	Amcom Telecommunication Limited	2,107,329	2.1%
BRG	Breville Group Limited	2,067,525	2.0%
CIW	Clime Investment Management Limited	1,726,264	1.7%
RCR	RCR Tomlinson Limited	1,646,217	1.6%
SHV	Select Harvest Limited	1,520,764	1.5%
SVWPA	Seven Network Limited Preference Shares	1,336,545	1.3%
CSR	CSR Limited	1,248,438	1.2%
IRE	IRESS Market Technology Limited	1,245,659	1.2%
MYS	MyState Limited	1,176,876	1.1%
BOQ	Bank of Queensland Limited	1,099,866	1.1%
TRS	The Reject Shop Limited	1,091,804	1.1%
REH	Reece Australia Limited	1,001,071	1.0%

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

