



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NTA – NOVEMBER 2011

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.

Performance as at 30 November 2011	1 Mth %	6 Mths %	Fin Ytd %	1 Yr %	3 Yrs %pa	5 Yrs %pa
WAM Research Limited*	-1.4%	-6.9%	-4.2%	+1.9%	+12.0%	-1.4%
S&P/ASX 300 Industrials Accumulation Index	-2.2%	-5.4%	-4.5%	-1.3%	+7.6%	-3.2%
Outperformance	+0.8%	-1.5%	-0.3%	+3.2%	+4.4%	+1.8%
S&P/ASX Small Industrials Accumulation Index	-3.2%	-9.9%	-8.3%	-6.4%	+10.5%	-6.9%
Outperformance	+1.8%	+3.0%	+4.1%	+8.3%	+1.5%	+5.5%

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

The following NTA figures are after the payment of a fully franked final dividend of 3.0 cents per share paid on 21 October 2011.

NTA before tax	80.75c
NTA after tax and before tax on unrealised gains	87.82c*
NTA after tax	87.82c*

*These figures include tax assets of 7.07 cents per share.

Market Outlook

The European debt crisis continued to weigh on investor sentiment and equity markets over the course of November. Despite a 0.25% cut in interest rates by the RBA on Melbourne Cup day, the S&P/ASX All Ordinaries Accumulation Index finished down 3.4% for the month, its 6th down month in the last 7. The failure of the US debt super committee to reach any sort of agreement by its scheduled deadline in late November also weighed on investors. It also shows that in the US, which was dealing with its own debt crisis back in early August, just how difficult it is to implement the necessary measures to reign in large government deficits and impose fiscal discipline.

Market Outlook (contd)

Positive US retail sales growth, wage growth and a slight uptick in economic activity indicators gave us some small hints that things maybe improving in the world's largest economy. Intervention in global credit markets to address rising funding costs and credit spreads at the end of the month has led to a strong relief rally in early December but we don't view this as being a major turning point in the European debt crisis and continue to remain cautious on the outlook for equity markets.

Dividends

On 21 October 2011, the company paid a fully franked final dividend of 3.0 cents per share. This brings the FY2011 full year dividend to 6.0 cents per share fully franked.

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. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits.

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 31 October 2011		As at 30 November 2011	
	\$m	%	\$m	%
Listed Equities	72.1	73.0%	67.5	69.0%
Fixed Interest and Cash	26.7	27.0%	29.9	31.0%
Total Fund Size	\$98.8m	100.0%	\$97.4m	100.0%
	No.		No.	
Total ordinary shares on issue	119,983,168		119,983,168	

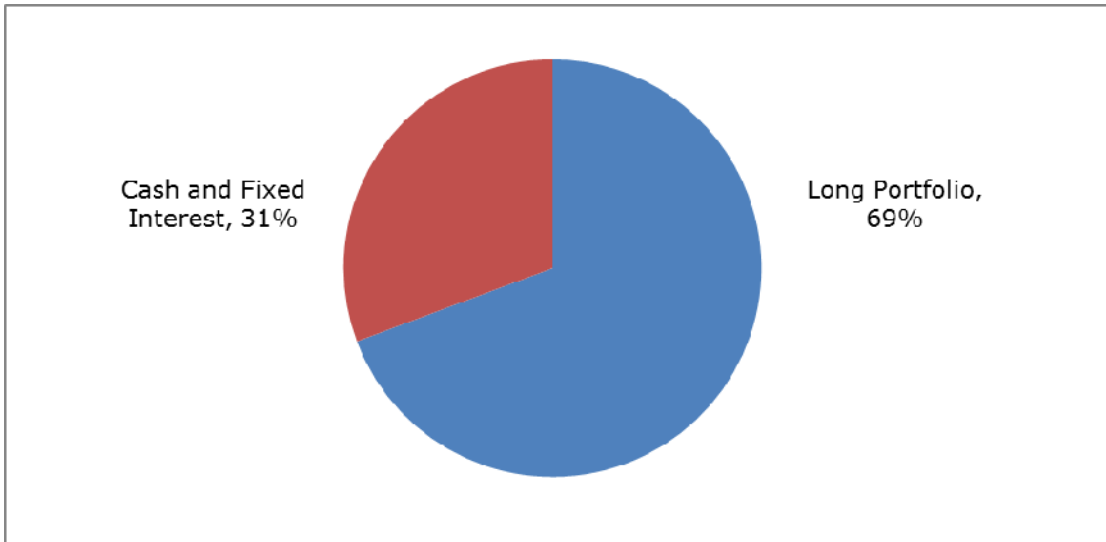
Portfolio Structure (continued)

At 30 November 2011 the major securities held in the portfolio were:

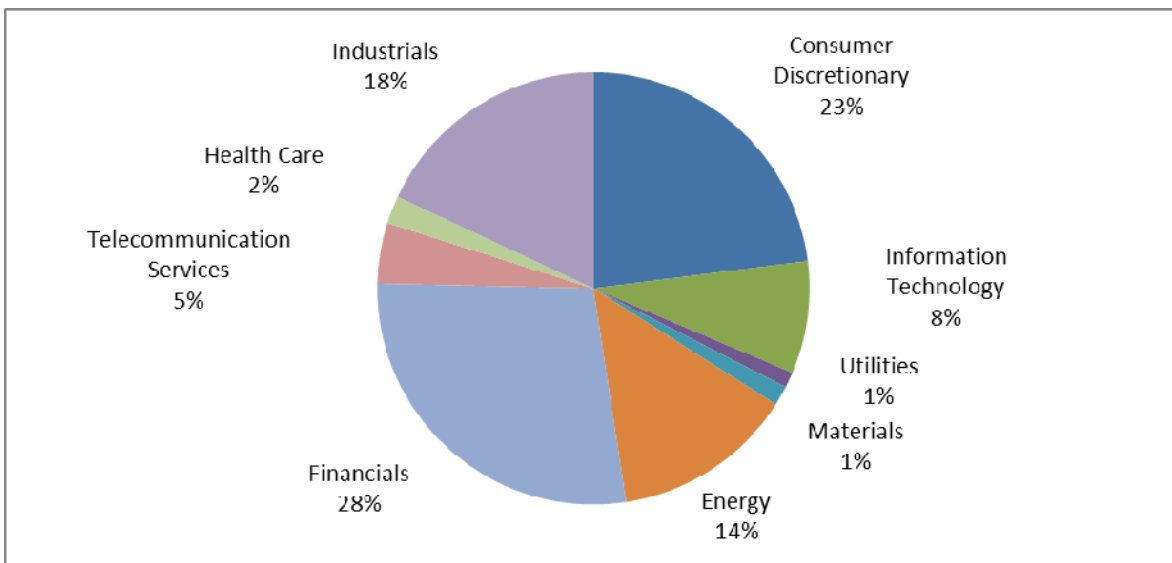
Code	Company	Market Value \$	Market Value as % of Gross Assets
CNA	Coal & Allied Industries Limited	9,154,337	9.4%
NAB	National Australia Bank Limited*	5,384,300	5.5%
APE	AP Eagers Limited	4,065,815	4.2%
RKN	Reckon Limited	3,755,710	3.9%
MMS	McMillan Shakespeare Limited	3,695,792	3.8%
MYS	MyState Limited	3,135,832	3.2%
ANZ	Australia and New Zealand Banking Group Limited*	2,636,750	2.7%
BRG	Breville Group Limited	2,608,207	2.7%
WBB	Wide Bay Australia Limited	2,412,480	2.5%
ARP	ARB Corporation Limited	2,318,912	2.4%
SGN	STW Communications Group Limited	1,738,093	1.8%
SKE	Skilled Group Limited	1,525,825	1.6%
IPP	Iproperty Group Limited	1,515,044	1.6%
AMM	Amcom Telecommunication Limited	1,514,776	1.6%
AAD	Ardent Leisure Group	1,500,955	1.5%
SAI	SAI Global Limited	1,433,553	1.5%
RCR	RCR Tomlinson Limited	1,430,828	1.5%
CIW	Clime Investment Management Limited	1,419,373	1.5%
BKL	Blackmores Limited	1,395,545	1.4%
SVWPA	Seven Network Limited Preference Shares	1,287,150	1.3%

*Indicates that options were outstanding against the holding.

Portfolio Structure - Asset Allocation



Long Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAX since listing to 30 November 2011 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	+17.3%	+9.2%	+8.1%	+15.7%	+1.6%
YTD 2011/2012	-4.2%	-4.5%	+0.3%	-8.3%	+4.1%