30 July 2012

WAM RESEARCH LIMITED (WAX)

ABN 15 100 504 541

MEDIA RELEASE
YEAR TO 30 JUNE 2012 RESULTS

"INVESTMENT PORTFOLIO OUTPERFORMS MARKET BY 11.5% AND DIVIDEND INCREASED BY 8.3%"

Key Highlights

- The Investment Portfolio increased 4.5% for the 12 months to 30 June 2012, while the S&P/ASX All Ordinaries Accumulation Index fell by 7.0%. This was an outperformance of 11.5%.

- An 8.3% increase in the fully franked full year dividend to 6.5 cents per share. This represents a fully franked yield of 8.6% based on the 27 July 2012 closing price. The final fully franked dividend is 3.25 cents per share, which includes a 0.4 cent LIC capital gain dividend.

The performance of the WAM Research Investment Portfolio against the S&P/ASX All Ordinaries Accumulation Index is shown in the table below. The investment portfolio performance is before expenses, fees and taxes.

Performance as at 30 June 2012	**1 Yr %**	**3 Yrs %pa**	**5 Yrs %pa**	**Since Inception (Aug-03) %pa**
WAM Research Investment Portfolio	+4.5%	+10.7%	-2.5%	+4.5%
S&P/ASX All Ordinaries Accumulation Index	-7.0%	+5.9%	-4.1%	+7.7%
Outperformance	**+11.5%**	**+4.8%**	**+1.6%**	**-3.2%**

Results

WAM Research's investment portfolio increased 4.5% for the 12 months to 30 June 2012 while the S&P/ASX All Ordinaries Accumulation Index fell 7.0%. This represents an outperformance of 11.5%.

This performance was achieved with an average equity holding 63.4% for the year. The top contributing stocks during the year were AP Eagers Limited (APE), Ainsworth Game Technology Limited (AGI) and Breville Group Limited (BRG).

"We are pleased to deliver strong outperformance for our investors over the year. We expect the coming 12 months will see a heightened level of M&A activity in the small to medium cap sector given the low growth environment," said Chris Stott, Chief Investment Officer of WAM Research.

WAM Research reported an operating profit before tax for the year ended 30 June 2012 of $0.8 million (2011:$9.2 million) and an operating profit after tax of $2.0 million (2011: $9.4 million). The after tax profit was boosted by a $1.2 million income tax benefit resulting from franking credit offsets. The decrease in profit in comparison to the previous year is a reflection of the investment portfolio returning 4.5% compared to 17.5% in FY2011.

Under Australian Accounting Standards, realised gains and losses and dividend income are added to or reduced from the changes in the market value of WAM Research's investments. This can lead to large variations in reported profits. Therefore, percentage changes in income and profit are not reflective of underlying performance.

Dividends – 8.3% increase on the previous year

The Board's commitment to paying a growing stream of fully franked dividends when possible continued, with a fully franked final dividend of 3.25 cents per share having been declared by the Board. This brings the full year fully franked dividend to 6.5 cents per share. This is an 8.3% increase on the previous year. The final dividend includes 0.4 cents of LIC capital gain which will enable some shareholders to claim a further tax deduction.

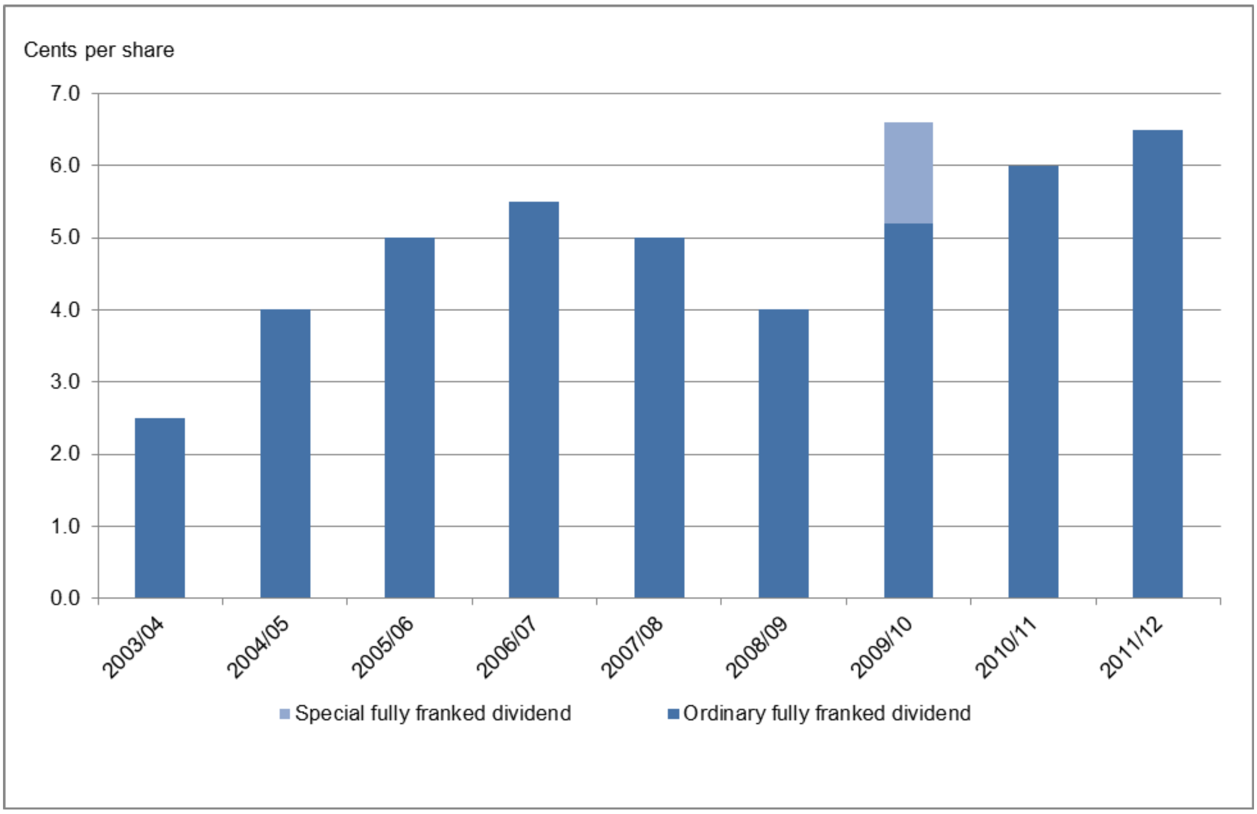
"In what has been another volatile year in the equity markets, we are pleased with the 8.3% increase in fully franked dividends" said Geoff Wilson, Chairman of WAM Research.

➢ 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.

Dividends (continued)

The dividend re-investment 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 re-investment plan, please send your election to our share registrar no later than 12 October 2012. The current share price ($0.76 being closing price 27 July 2012) is a 9.2% discount to the 30 June 2012 pre-tax NTA.



The above dividend figures include 10.7 cents in LIC Capital gain dividends.

Net Asset Backing

The net tangible assets (NTA) on listing in August 2003 were 98.0 cents a share.

Below is a table of the Company's position as at 30 June 2012. These figures are after the full year review.

NTA before tax (cents per share)	83.66
NTA before tax payable and after tax assets (cents per share)	89.37*
NTA after tax (including unrealised gains tax) (cents per share)	89.37*

*The above figures include tax assets of 5.71 cents per share.

The above figures are after the payment of 41.85 cents a share in fully franked dividends since inception, of these 10.7 cents have had LIC capital gains attached to them.

Performance

- The Fund's gross portfolio increased 4.5% for the 12 months to 30 June 2012, while the S&P/ASX All Ordinaries Accumulation Index fell 7.0%, the S&P/ASX 300 Industrials Accumulation Index rose by 3.5% and the S&P/ASX Small Industrials Accumulation Index fell 2.7%.

- The after tax NTA, including tax assets and adjusted for dividends, increased 2.6% for the 12 months to 30 June 2012.

- The share price adjusted for dividends rose 10.4% for the 12 months to 30 June 2012.

These performance results were achieved while holding an average of 36.6% in cash during the 12 months to 30 June 2012.

The table below shows the investment performance of WAX since listing to 30 June 2012 on a financial year basis. The performance data is before all expenses, fees and taxes. It is used as a guide to the performance of the Company's investment portfolio 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.

Financial Year	WAM Research 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%**

Investment Strategy

WAM Research's investment philosophy is to invest predominately in industrial companies with an emphasis on stocks that exhibit strong growth, are under researched and mispriced. We believe this is a situation that has preponderance in the small to medium end of the market as measured by market capitalisation. We see the greatest opportunity for superior risk adjusted returns in this sector. Small to mid cap companies are generally in a growth phase and have greater upside potential than larger cap stocks. We have a defined investment process to identify and rate companies with the best business fundamentals, valuations and potential for growth.

WAM Research's Research Driven investment process involves the Manager undertaking extensive research with over 800 company visits with management each year. It includes understanding the company's ability to generate free cash flow, rating the company's management, earnings growth potential, valuation, industry position and identifying a catalyst that will change the market's valuation of the company.

Portfolio Structure

Investment Type	As at 30 June 2011 $m	%	As at 30 June 2012 $m	%
Listed Equities	77.4	73.5%	51.5	50.3%
Fixed Interest and Cash	27.9	26.5%	50.9	49.7%
Total Assets	**$105.3m**	**100.0%**	**$102.4m***	**100.0%**
Total number of ordinary shares on issue	119,217,215		120,854,228	

* This is after the payment of $6.3m in fully franked dividends since 30 June 2011.

Portfolio Structure (continued)

At 30 June 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	6,028,812	5.9%
BRG	Breville Group Limited	3,409,506	3.3%
MMS	McMillan Shakespeare Limited	3,090,374	3.0%
CBAPB	CBA Perpetual Exchangeable Resale Listed Sec - PERLS IV	2,875,600	2.8%
ARP	ARB Corporation Limited	2,637,762	2.6%
RKN	Reckon Limited	2,276,606	2.2%
SKE	Skilled Group Limited	2,255,140	2.2%
AMM	Amcom Telecommunication Limited	2,231,855	2.2%
FXL	Flexigroup Limited	2,199,205	2.1%
WEB	Webjet Limited	2,097,243	2.0%
IPP	iProperty Group Limited	1,789,983	1.7%
MYS	MyState Limited	1,746,793	1.7%
CIW	Clime Investment Management Limited	1,687,903	1.6%
NXT	NEXTDC Limited	1,581,039	1.5%
COF	Coffey International Limited	1,562,578	1.5%
FAN	Fantastic Holdings Limited	1,524,389	1.5%
TWO	Talent2 International Limited	1,473,385	1.4%
ONT	1300 Smiles Limited	1,238,630	1.2%
CTD	Corporate Travel Management Limited	1,137,531	1.1%
RHG	RHG Limited	1,121,605	1.1%

Market Outlook

The S&P/ASX All Ordinaries Accumulation Index finished down 7.0% for the financial year. This marks the third time in the last five years that the index has finished in negative territory. The European sovereign debt crisis dominated news flow which negatively affected both investor and consumer sentiment throughout the year. Concerns about growth prospects in Australia and worldwide, impacted on the Australian equity market. The resources and retail sectors of the market were particularly influenced.

We have a conservative view on equity markets for the next 12 months. We believe analyst earnings forecasts are too high for FY2013 given the current low growth environment. These earnings forecasts will be revised downward by analysts over the coming period. The 1.25% cut in interest rates by the RBA in the last financial year should support investor and consumer confidence in the second half of FY2013. We believe there is the prospect of one or two more interest rate cuts in the current calendar year.

The global economy is in a period of deleveraging which we believe will continue over the medium term. As a result, equity market returns may not be as high as experienced in

Market Outlook (continued)

previous periods. We are strongly of the view that we can continue to find opportunities irrespective of market conditions.

We continue to research actively for individual stock opportunities and believe we will see a heightened level of takeover activity in the small to mid cap space over the next 6-12 months.

We would like to thank our investors for their continued support throughout the financial year. We look forward to seeing you at our shareholder presentations in November where we will give you a further update on WAM Research's performance and the broader equity market.

For more information

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