



WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
JULY 2013

Company overview

WAM Research Limited ('WAX' or the 'Company') is a listed investment company that invests in undervalued growth companies, primarily small to medium sized industrial companies listed on the Australian Securities Exchange ('ASX').

Investment objectives

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

The performance of WAX's 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 2013	1 Mth %	6 Mths %	1 Yr %	3 Yrs %pa
WAX Investment Portfolio	5.4%	11.4%	34.0%	17.6%
S&P/ASX All Ordinaries Accumulation Index	5.5%	4.8%	22.7%	8.4%
Outperformance	-0.1%	+6.6%	+11.3%	+9.2%

Net Tangible Asset (NTA) figures

NTA before tax	103.35c
NTA after tax and before tax on unrealised gains	103.21c
NTA after tax	102.82c

Market Outlook

The S&P/ASX All Ordinaries Accumulation Index increased 5.5% for July - the best monthly performance since October 2011. This was despite downgrades from companies such as Treasury Wine Estates, Woodside Petroleum and Orica during the month. The local share market rally has continued into the new financial year with the local equity market up 6.8% following positive data out of China and the United States. In Australia, political uncertainty has contributed to anaemic economic growth with unemployment standing at 5.7% and retail trade figures flat.

The Australian dollar has continued to fall having an adverse impact on import-focused businesses, however, it is a boon for a number of industries including tourism, manufacturing and firms that are export-oriented.

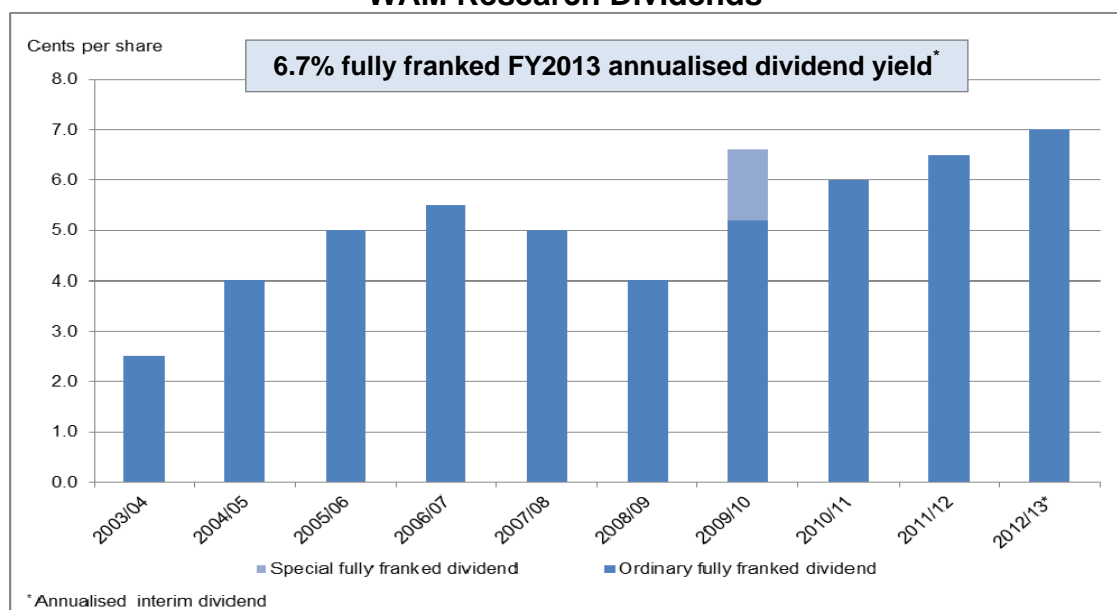
While we expect softer economic growth in the near term, the medium-to-long term outlook for Australia's economy is positive supported by strong underlying fundamentals. With the official cash rate at its lowest level since 1959, and house prices on the rise in many areas, we expect this will stimulate consumer confidence boosting the economy and have a positive impact on cyclical stocks. With the federal election date now announced, this creates some political certainty which we believe will help counter weak consumer and business confidence.

Dividends – 3.5 cents per share fully franked interim

On 19 April 2013, the Company paid a fully franked interim dividend of 3.5 cents per share. This was a 7.7% increase on the previous year's interim dividend and represents an annualised fully franked dividend yield of 6.7% based on the last sale price. The interim dividend includes 1.1 cents of LIC capital gain which will enable some shareholders to claim a further tax deduction.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

WAM Research Dividends



*Based on the 13 August 2013 closing price.

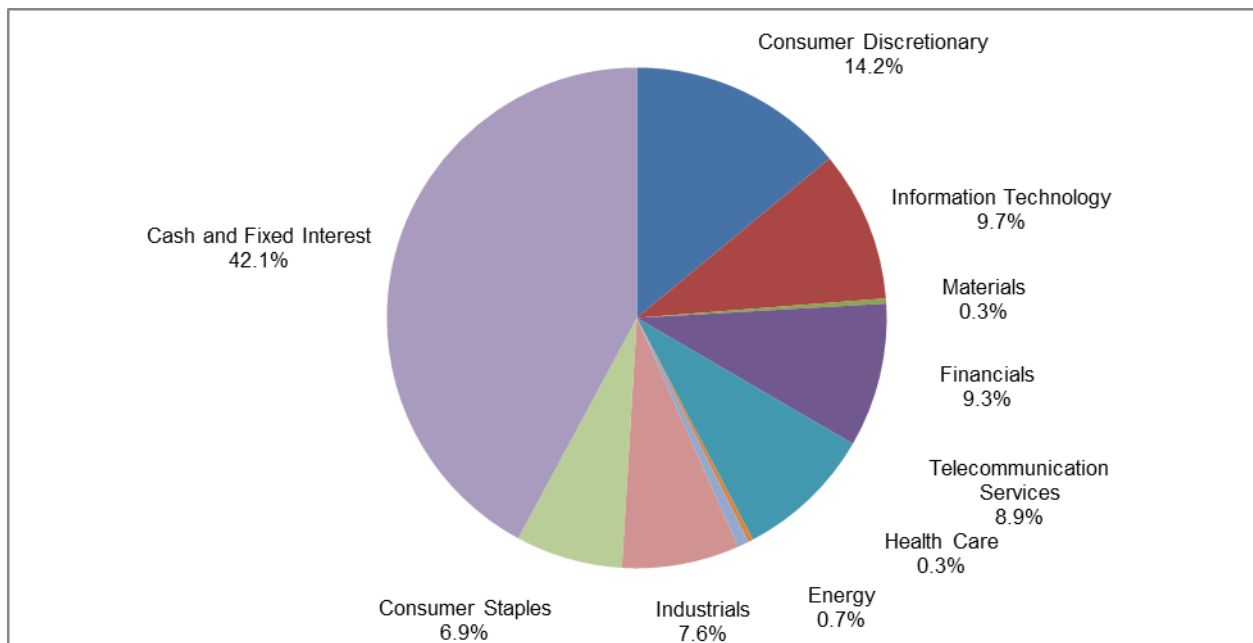
Portfolio structure

Investment Type	As at 30 June 2013		As at 31 July 2013	
	\$m	%	\$m	%
Listed Equities	68.1	55.5%	74.6	57.9%
Fixed Interest and Cash	54.6	44.5%	54.2	42.1%
Total Gross Assets	\$122.7m	100.0%	\$128.8m	100.0%
Total number ordinary shares on issue	122,599,235		122,599,235	

At 31 July 2013, the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % of Gross Assets
GNC	Graincorp Limited	7,299,129	5.7%
SGH	Slater & Gordon Limited	4,253,368	3.3%
MTU	M2 Telecommunications Group Limited	3,801,948	3.0%
CSV	CSG Limited	3,470,887	2.7%
SFW	SFG Australia Limited	3,199,462	2.5%
AHE	Automotive Holdings Group Limited	3,060,925	2.4%
TPM	TPG Telecom Limited	3,004,398	2.3%
CIW	Clime Investment Management Limited	2,990,485	2.3%
VRL	Village Roadshow Limited	2,980,437	2.3%
RCR	RCR Tomlinson Limited	2,891,943	2.2%
NEA	Nearmap Limited	2,883,417	2.2%
SGN	STW Communications Group Limited	2,809,487	2.2%
VOC	Vocus Communications Limited	2,565,412	2.0%
IPP	iProperty Group Limited	2,153,825	1.7%
NXT	NEXTDC Limited	2,110,563	1.6%
RWH	Royal Wolf Holdings Limited	2,073,957	1.6%
SHJ	Shine Corporate Limited	1,856,187	1.4%
LCM	Logicamms Limited	1,694,050	1.3%
YBR	Yellow Brick Road Holdings Limited	1,631,092	1.3%
GBT	GBST Holdings Limited	1,464,479	1.1%

Portfolio structure - sector allocation



Performance – yearly comparison

Set out below is the performance of WAX's investment portfolio since listing to 31 July 2013 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	WAX 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%
2012/2013	30.4%	20.7%	+9.7%
YTD 2013/2014	5.4%	5.5%	-0.1%

For more information

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