27 July 2011

WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
MEDIA RELEASE
YEAR TO 30 JUNE 2011 RESULTS

"RECORD RESULT, INCREASED DIVIDENDS"

Key Highlights

- Operating profit after tax increased 135.2% to $9.41 million for the year to 30 June 2011. The result reflected a significant increase in dividends and interest income received.
- A 15% increase in the fully franked full year dividend to 6.0 cents per share. A fully franked dividend yield of 8.5%.
- The Fund's gross portfolio increased 17.5% for the 12 months to 30 June 2011, while the S&P/ASX All Ordinaries Accumulation Index increased by 12.2%. This was an outperformance of +5.3%.
- During the transition year FY2011 the Manager, on a one off basis, has waived the $743,180 performance fee. This will increase the company's NTA by the corresponding amount.

WAM RESEARCH LIMITED

WAM Research Limited (WAX) today announced a 136.6% increase in operating profit before tax to $9.17 million and a 135.2% increase in operating profit after tax to $9.41 million for the year to 30 June 2011. The result reflected a significant increase in dividends and interest income received. In the 12 months, revenue from dividends and interest increased by 106.1%.

"The Board is pleased with the result. The updated investment strategy has resulted in greater flexibility which is already providing benefits to shareholders" said Geoff Wilson Chairman of WAM Research Limited.

The Board has undertaken a comprehensive review of the Fund to determine the best way to maximise value for shareholders. The major outcomes of this process were the dividend policy and the more active management of the portfolio. The Board is committed to this strategy, the long term performance of the company and acknowledges and thanks shareholders for their support.

The Manager in this transition year, on a one off basis, has waived the $743,180 performance fee. This has resulted in an increase in the company's NTA by the corresponding amount.

"The Board is grateful to the Manager for their gesture of waiving the performance fee in a year where they decisively outperformed the market" said Geoff Wilson.

The Board's commitment to paying a growing stream of fully franked dividends when possible continued, with a fully franked final dividend of 3.0 cents per share having been declared by the Board. This will be paid on 21 October 2011. This brings the full year fully franked dividend to 6.0 cents per share. This is a 15% increase on the prior year.

Over the last 12 months in a volatile market, the Manager has been able to find a number of new investment opportunities. The number of Research Driven investments in the portfolio has grown to 30 stocks at 30 June 2011.

"The company is extremely well positioned for what we believe will be a challenging year ahead" said Geoff Wilson.

Dividends

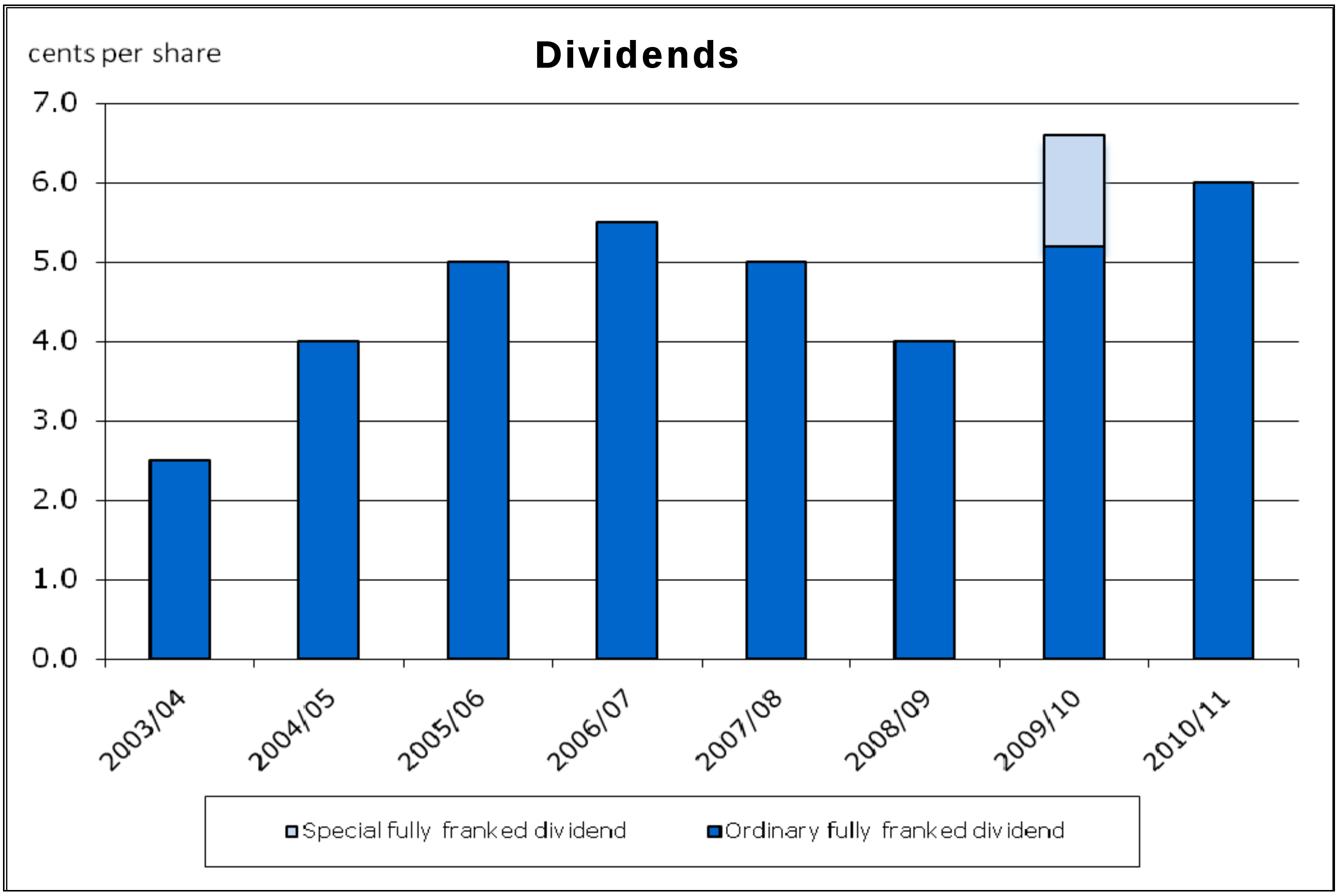
A fully franked final dividend of 3.0 cents per share has been declared by the Board and will be paid on 21 October 2011. The shares will trade ex dividend on 10 October 2011. This brings the full year fully franked dividend to 6.0 cents per share, a 15% increase on the prior year's dividend.

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.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Research will always be in a position to pay dividends providing it is deemed solvent by the Board.

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 14 October 2011. The current share price ($0.710 being closing price 26 July 2011) is a 19.3% discount to the 30 June 2011 pre-tax NTA.



The above dividend figures include 8.2 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 2011. The below figures have increased as a result of the waiver of the Manager's performance fee.

NTA before tax (cents per share)	88.00
NTA before tax payable and after tax assets (cents per share)	93.22*
NTA after tax (including unrealised gains tax) (cents per share)	93.22*

*The above figures include tax assets of 5.22 cents per share.

This is after the payment of 35.6 cents a share in fully franked dividends since inception, of these 8.2 cents have had LIC capital gains attached to them.

Performance

- The Fund's gross portfolio increased 17.5% for the 12 months to 30 June 2011, while the S&P/ASX All Ordinaries Accumulation Index increased by 12.2%, the S&P/ASX Small Industrials Accumulation Index increased 15.7% and the S&P/ASX 300 Industrials Accumulation Index increased 9.2%.

- The after tax NTA, including tax assets and adjusted for dividends, increased 13.3% for the 12 months to 30 June 2011.

- The share price adjusted for dividends rose 26.4% for the 12 months to 30 June 2011.

Set out below is the investment performance of WAM Research since listing to 30 June 2011. The performance data before all expenses, fees and taxes is used as a guide to how the company has performed against the S&P/ASX All Ordinaries Accumulation Index, S&P/ASX 300 Industrials Accumulation Index and the S&P/ASX Small Industrials Accumulation Index, all of which are before tax and expenses measures.

	1 Year %	3 Years % pa	5 Years % pa	Since Inception (Aug-03) % pa
WAM Research Limited*	+17.5%	+7.3%	+2.0%	+4.4%
S&P/ASX All Ordinaries Accumulation Index	+12.2%	-0.2%	+2.6%	+9.7%
Outperformance	**+5.3%**	**+7.5%**	**-0.6%**	**-5.3%**
S&P/ASX 300 Industrials Accumulation Index	+9.2%	+2.3%	+0.3%	+6.8%
Outperformance	**+8.3%**	**+5.0%**	**+1.7%**	**-2.4%**
S&P/ASX Small Industrials Accumulation Index	+15.7%	+0.0%	-2.6%	+5.7%
Outperformance	**+1.8%**	**+7.3%**	**+4.6%**	**-1.3%**

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

Financial Year	WAM Research 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%**

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. 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 700 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 2010		As at 30 June 2011	
	$m	%	$m	%
Listed Equities	80.8	82.1%	77.4	73.5%
Fixed Interest and Cash	17.7	17.9%	27.9	26.5%
Total Assets	**$98.5m**	**100.0%**	**$105.3m**	**100.0%**
Total number of ordinary shares on issue	117,549,582		119,217,215	

Portfolio Structure (continued)

At 30 June 2011 the top 20 securities held in the portfolio were:

Code	Company	Market Value $	Market Value as % of Gross Assets
MMS	McMillan Shakespeare Limited	6,121,840	5.8%
NAB	National Australia Bank Limited*	5,892,600	5.6%
WBC	Westpac Banking Corporation*	4,730,250	4.5%
APE	AP Eagers Limited	3,559,769	3.4%
WBB	Wide Bay Australia Limited	3,368,099	3.2%
MYS	MyState Limited	3,218,354	3.1%
ANZ	Australia and New Zealand Banking Group Limited*	2,915,000	2.8%
SGN	STW Communications Group Limited	2,874,577	2.7%
BRG	Breville Group Limited	2,856,823	2.7%
CCP	Credit Corp Group Limited	2,635,647	2.5%
RKN	Reckon Limited	2,338,977	2.2%
SAI	SAI Global Limited	2,264,396	2.1%
ARP	ARB Corporation Limited	2,194,270	2.1%
SKE	Skilled Group Limited	2,050,675	1.9%
NVT	Navitas Limited	2,003,244	1.9%
BKL	Blackmores Limited	1,840,458	1.7%
AAD	Ardent Leisure Group	1,835,338	1.7%
AMM	Amcom Telecommunication Limited	1,686,855	1.6%
CIW	Clime Investment Management Limited	1,649,541	1.6%
CAF	Centrepoint Alliance Limited	1,620,405	1.5%

*Call options have been sold against these positions

Outlook

The portfolio is well positioned with 26.5% in cash. Call options have been sold against the major bank holdings which equate to another 12.9%. The remaining 60.6% is made up of 43 companies.

The current economic environment in Australia is challenging with economic activity (ex mining) being held back by the impact of high interest rates, concerns relating to European and US debt worries and confusion about the impact of the proposed carbon dioxide tax. These factors are holding back revenue growth, while a number of companies costs are growing at a faster rate. We believe the slower revenue growth and higher costs will lead to a downward revision in analyst earning forecasts for 2011.

The portfolio is positioned in companies that will not be impacted by slowing retail spending or the downturn in residential property prices. We have identified companies that are on a strong growth path and reasonably priced.

Outlook (continued)

It is four years since the stock market peaked in November 2007. Global economies are still in a major adjustment phase as the excesses of the pre 2007 period are dealt with. It takes time for economies to recover from significant financial and economic dislocations. We believe it could easily take another 12-18 months. This challenging period will continue to provide significant opportunities in the equity market.

Looking into the new financial year, opportunities will exist for new research stocks to enter the portfolio (as we have seen in the last 12 months) on a select basis. These stocks must meet our strict investment criteria and filters in place relating to earnings growth and valuation. We believe we are well placed to identify and take advantage of these opportunities when they arise.

We would like to thank our investors for their continued support throughout the year which once again has been a volatile one for equity markets. We look forward to seeing you at our shareholder presentation in November where we will give you a further update on the Company's performance and the broader equity markets.

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