

WAM Research Limited (WAX)

Investor Presentation

May 2011



**SUPERIOR
RETURNS
FROM THE
SMALL TO
MID CAP
SECTOR**

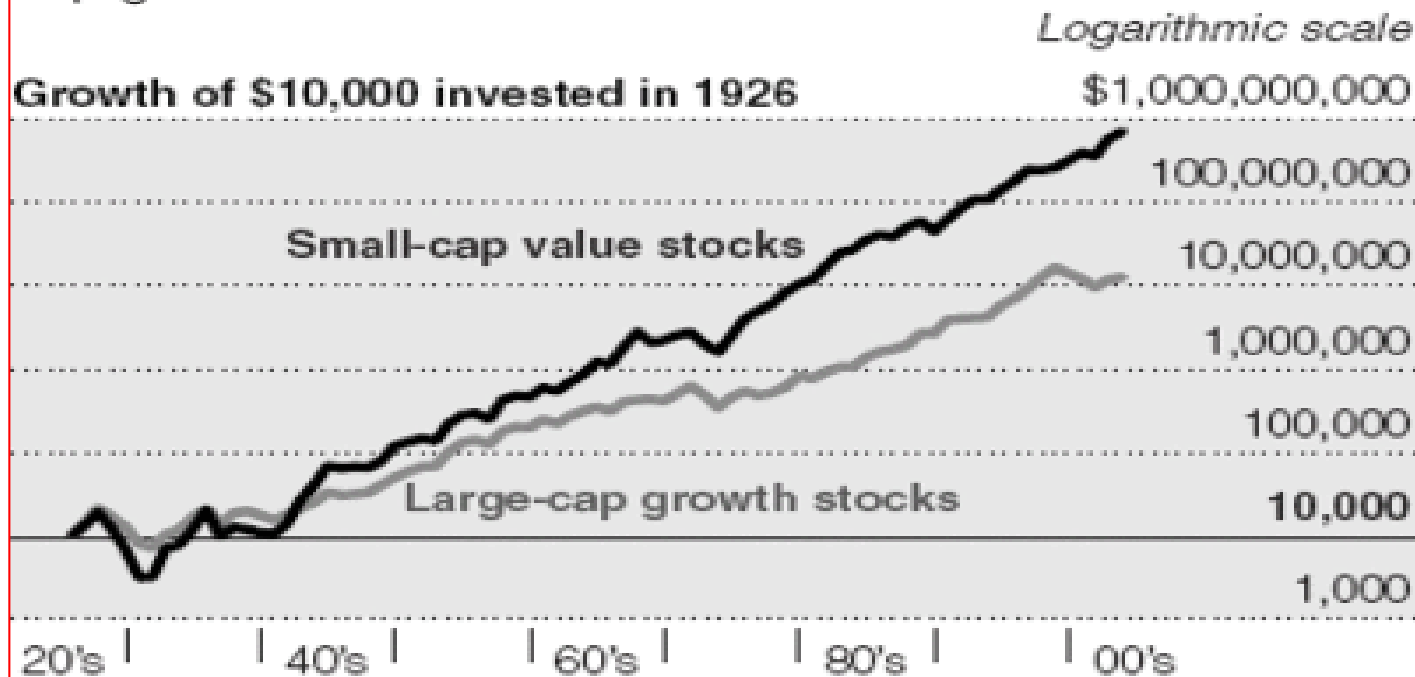
- > more opportunities
- > more growth
- > more dividends

Small Cap Value



Smaller and More Rewarding

Since 1926, the average small-cap value stock has significantly outperformed the average large-cap growth stock.



Source: Eugene S. Fama, Kenneth R. French

The New York Times

Mid to Small Cap Sector Benefits



- Small cap value has outperformed all other sectors*
- Under researched – the market valuation is inefficient
- Access to management - ability to build strong relationships
- Life cycle of the business – ability to grow at a faster rate than larger companies
- Higher risk and higher returns
- More takeover activity

LIC Structure Benefits



Listed Investment Company's are very attractive investment vehicles

- Studies show LICs outperform managed funds*
- Closed pool of capital – never forced seller or buyer
- Provide consistent flow of fully franked dividends
- Lower MER compared to managed funds
- Provide opportunities – can trade at a premium/discount to assets
- Trades on the ASX which provides intra-day liquidity

* UK Study Source: Collins Stewart Pty Ltd

Our Experienced Team



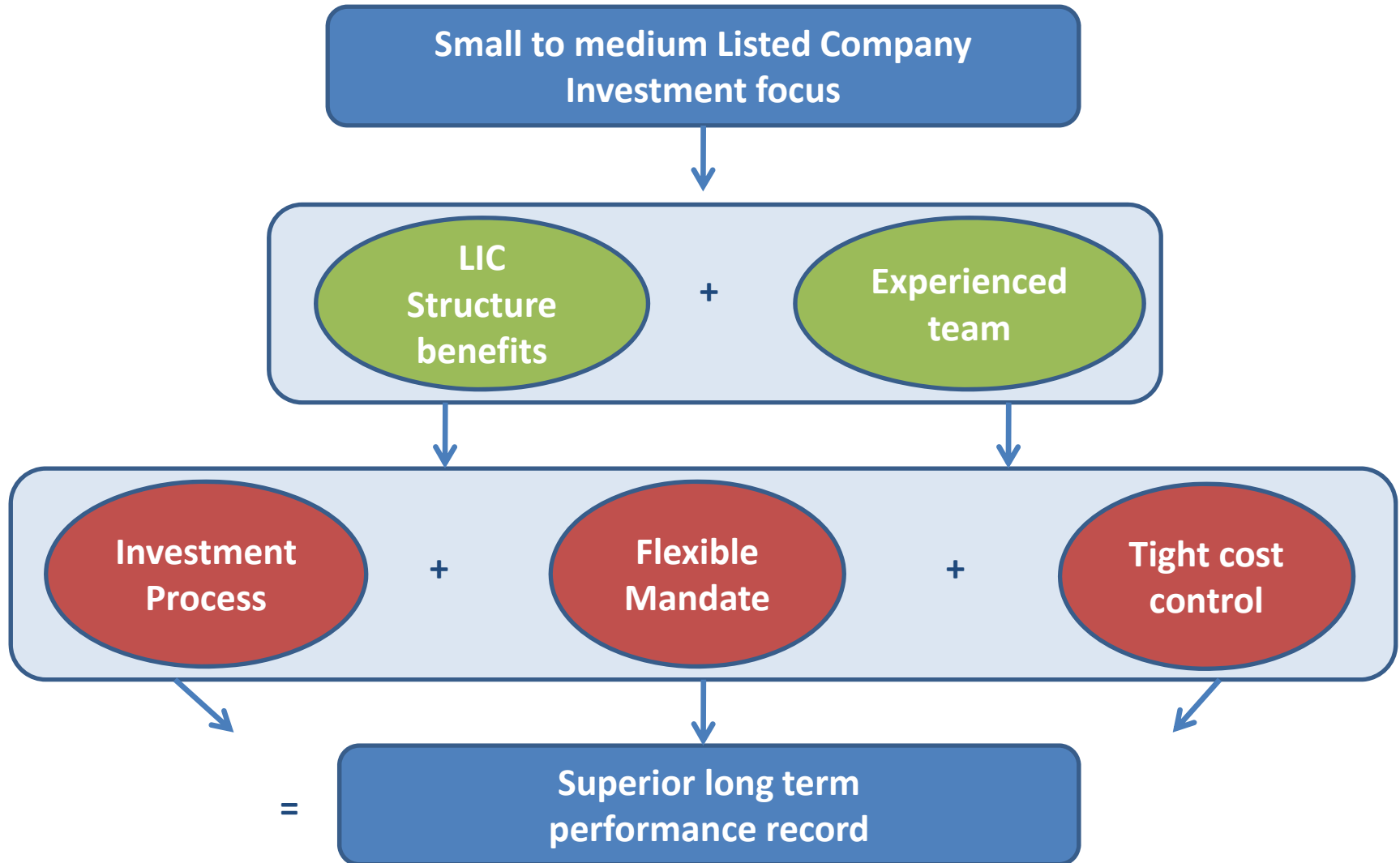
- Geoff Wilson - Chairman and Portfolio Manager
- Chris Stott - CIO and Portfolio Manager, previously Head of Research
- Kate Thorley - CEO of Wilson Asset Management. Kate was previously our CFO and remains Company Secretary for WAM, WAX and WAA.
- Matthew Kidman to step down from day to day activities to pursue other interests at the end of June.
Matthew will remain on the Boards of WAM, WAX and WAA
- Martin Hickson - Analyst/Dealer, focus on Market Driven investments
- Matt Haupt - Research Analyst, CFA with 6 years experience as a Portfolio Manager and Analyst, focus on Research Driven investments

Investment Process

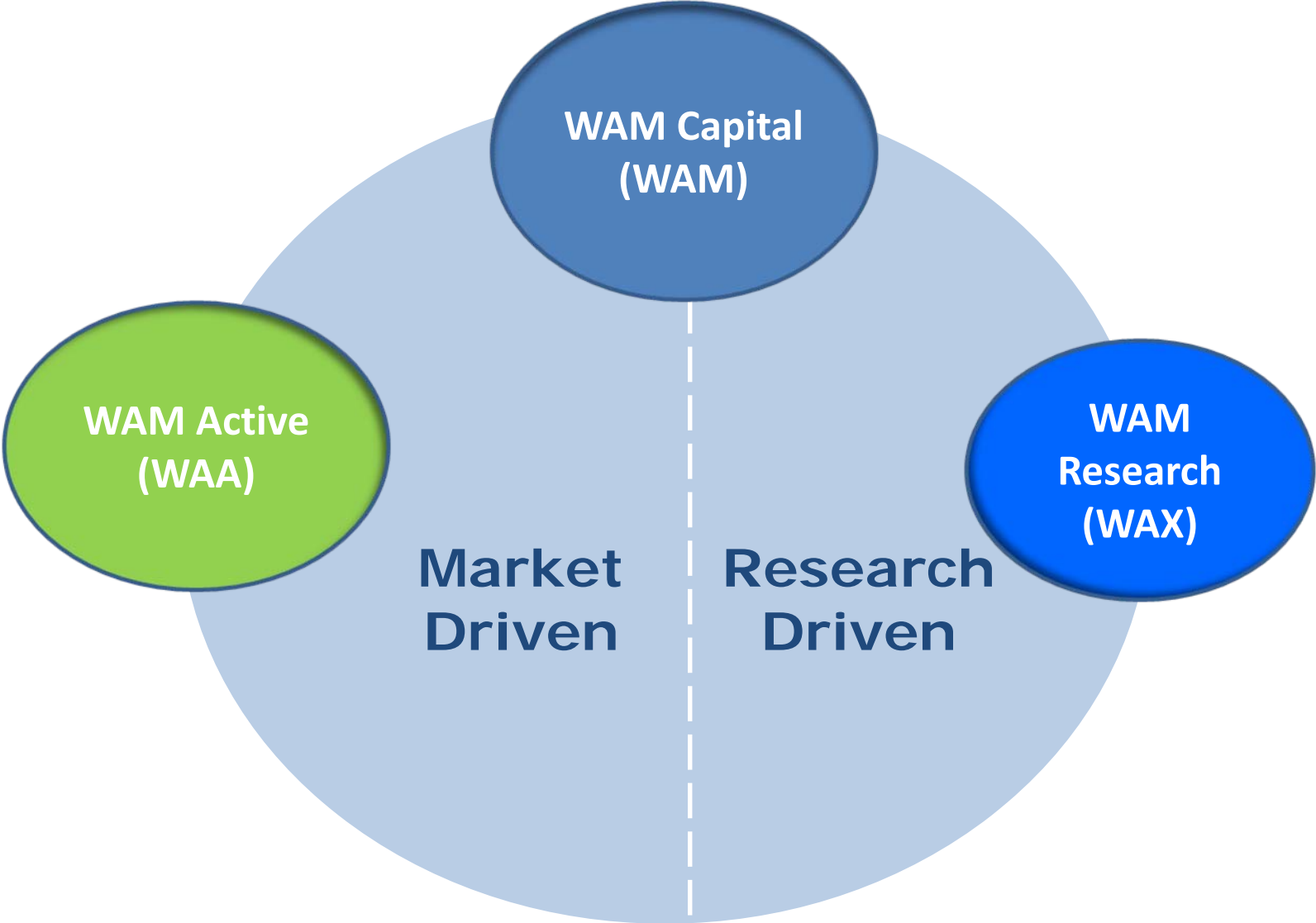
“Research Driven”



Business Model



Our Funds



Performance

Financial Year to Date to 30 April 2011



Gross Portfolio	22.4%
Pre-tax NTA per share growth plus dividends	18.5%
Share price growth plus dividends	32.7%

Performance to 30 April 2011



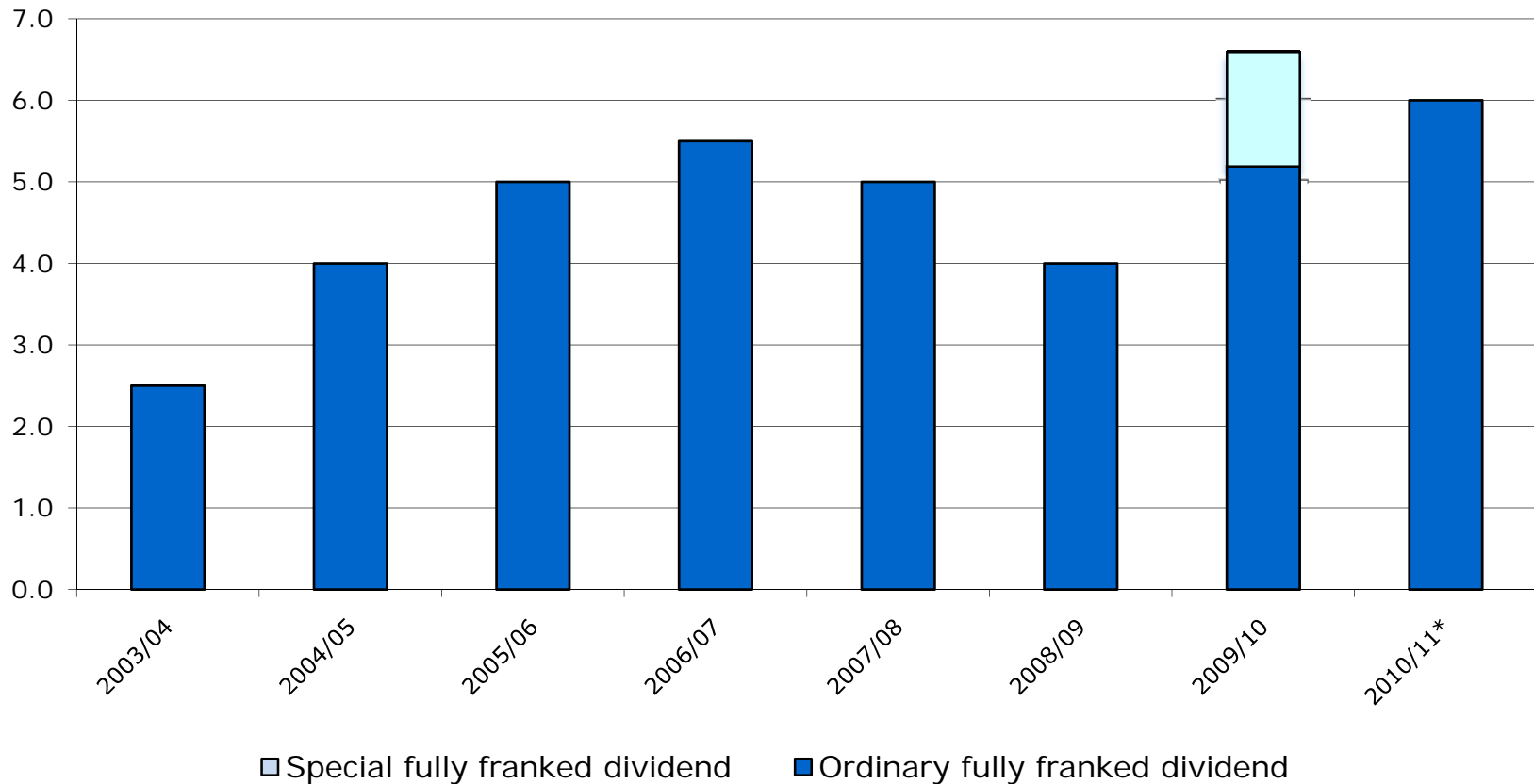
Annualised Performance	WAM Research (WAX)*	S&P/ASX 300 Industrials Accum. Index	S&P/ASX Small Industrials Accum. Index
1 year	+12.9%	+0.3%	+4.9%
3 years	+5.2%	-1.0%	-4.2%
5 years	+2.6%	+0.3%	-2.3%
Since inception	+5.1%	+7.4%	+6.3%

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

Dividends



cents per share



* Annualised interim dividend

Dividends



- The Board is committed to paying an increasing stream of fully franked dividends
- Government reform in June 2010 has changed the way dividends are paid
- Dividends paid if the company is solvent
- WAM Research has franking credits which allows it to pay 0.67 cents per share as at 30 April 2011

Top 15 Stocks



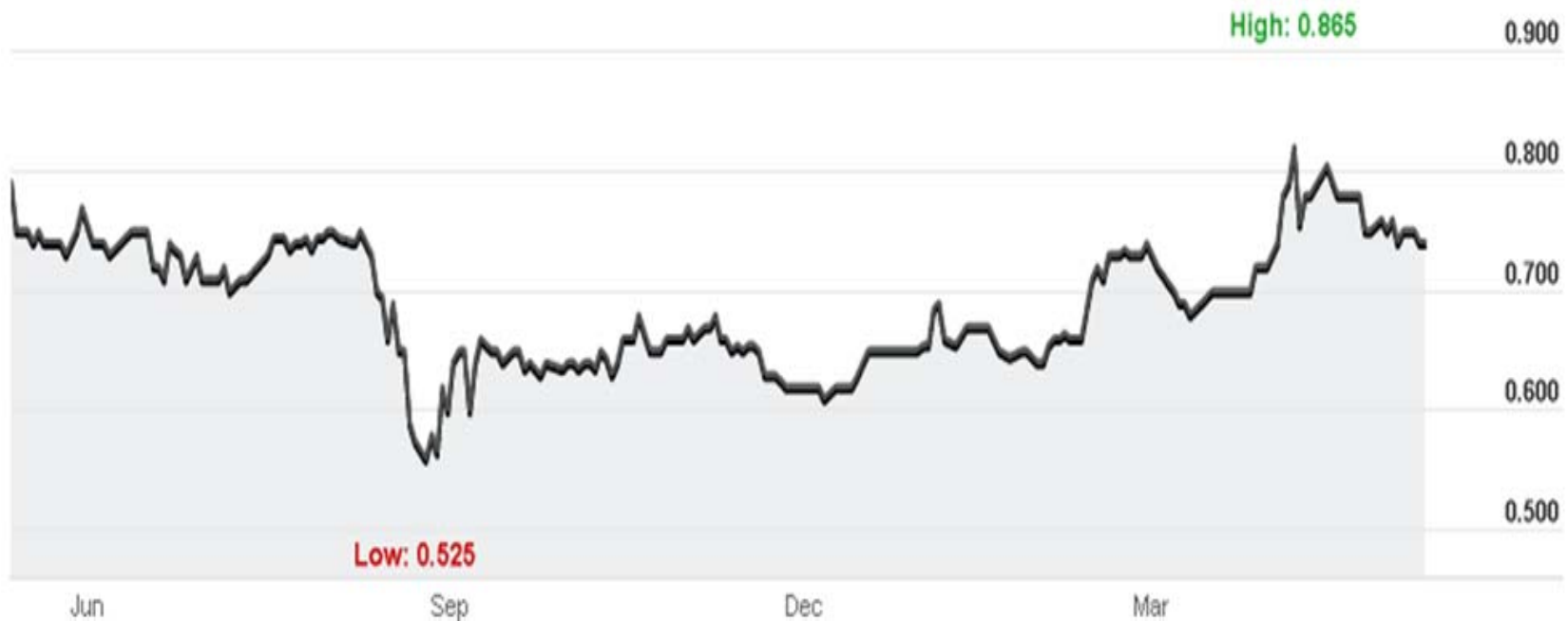
As at 30 June 2010			Vs	As at 30 April 2011		
Code	Company	% of Gross Assets	Code	Company	% of Gross Assets	
NAB	National Australia Bank Ltd	5%	MMS	McMillan Shakespeare Ltd	6%	
WBC	Westpac Banking Corporation	5%	NAB	National Australian Bank Ltd*	5%	
BEN	Bendigo and Adelaide Bank Ltd	5%	CCP	Credit Corp Group Ltd	5%	
APE	AP Eagers Ltd	4%	WBC	Westpac Banking Corporation*	4%	
MMS	McMillan Shakespeare Ltd	4%	APE	AP Eagers Ltd	4%	
WBB	Wide Bay Australia Ltd	4%	RHG	RHG Ltd	4%	
MTS	Metcash Ltd	4%	CBA	Commonwealth Bank of Australia*	4%	
CBA	Commonwealth Bank of Australia	5%	WBB	Wide Bay Australia Ltd	4%	
ARP	ARB Corporation Ltd	3%	SGN	STW Communications Group Ltd	3%	
ANZ	ANZ Banking Group Ltd	3%	MYS	MyState Ltd	3%	
PRY	Primary Health Care Ltd	3%	ANZ	ANZ Banking Group Ltd*	3%	
SAI	SAI Global Ltd	3%	BRG	Breville Group Ltd	3%	
CCP	Credit Corp Group Ltd	3%	SAI	SAI Global Ltd	2%	
GNC	Graincorp Ltd	2%	ARP	ARB Corporation Ltd	2%	
IFL	IOOF Holdings Ltd	2%	SKE	Skilled Group Ltd	2%	

* Indicates that options were outstanding against the holding

Prime Media Group Ltd (PRT)



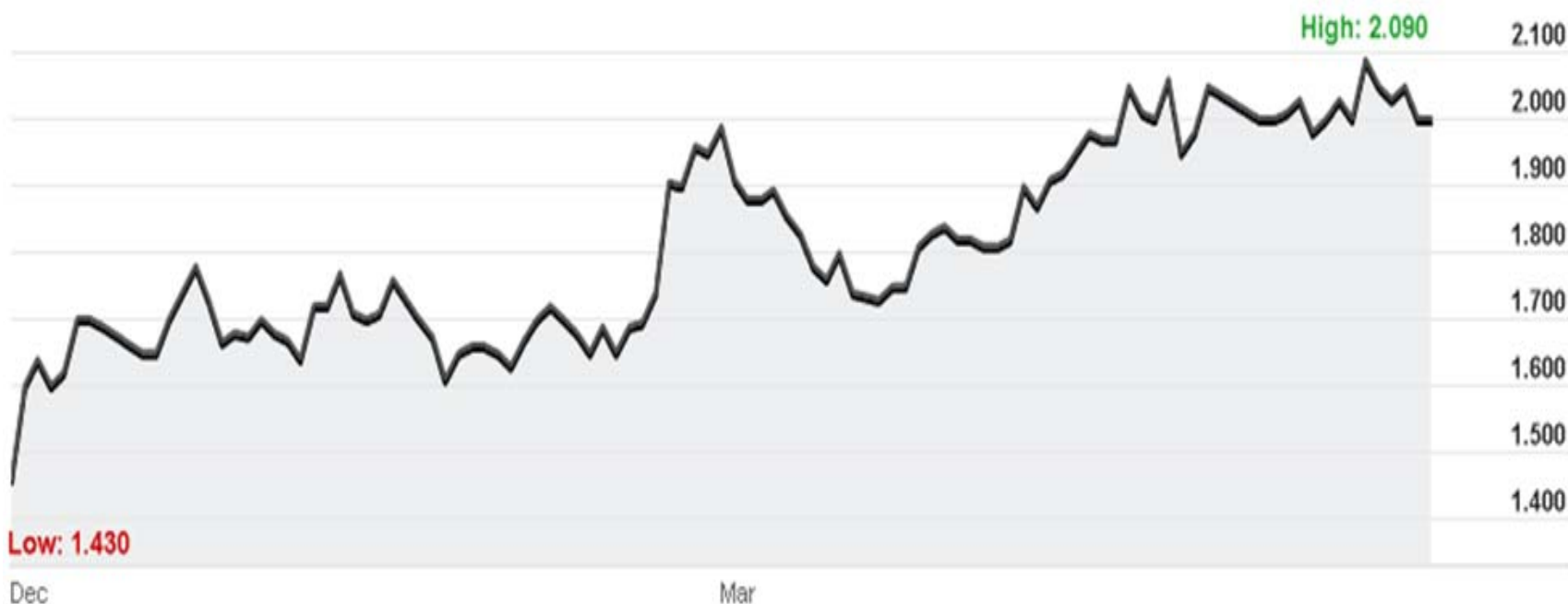
- Operator of commercial television & radio stations
- Distribution arrangement with Channel 7 until 2016
- New senior executive team
- Launch of new digital channels
- Discounting of inventory a concern



Corporate Travel Management Ltd (CTD)



- Provider of travel management services to the corporate market
- Forecasted FY12 PE 11.1x
- Forecasted FY12 EPS Growth 34.8%
- Recently upgraded IPO guidance
- Strong momentum in SME corporate travel market



RHG Ltd Update



- We took action because we believed our capital was at risk
- RHG action was the exception and not the rule
- Our focus is to manage shareholders money
- We actively pursued a change of the Board to protect the value of our investment, to keep the company listed on the stock exchange and to make money for our shareholders
- As at 30 June 2011, we estimate \$0.40c of cash plus \$4 billion mortgage book in run-off. Mortgage book is valued at approximately \$0.20c a share
- Since our intervention, RHG has paid a 79c fully franked dividend and has announced it's intention to liquidate within 18 months
- We expect further fully franked dividends

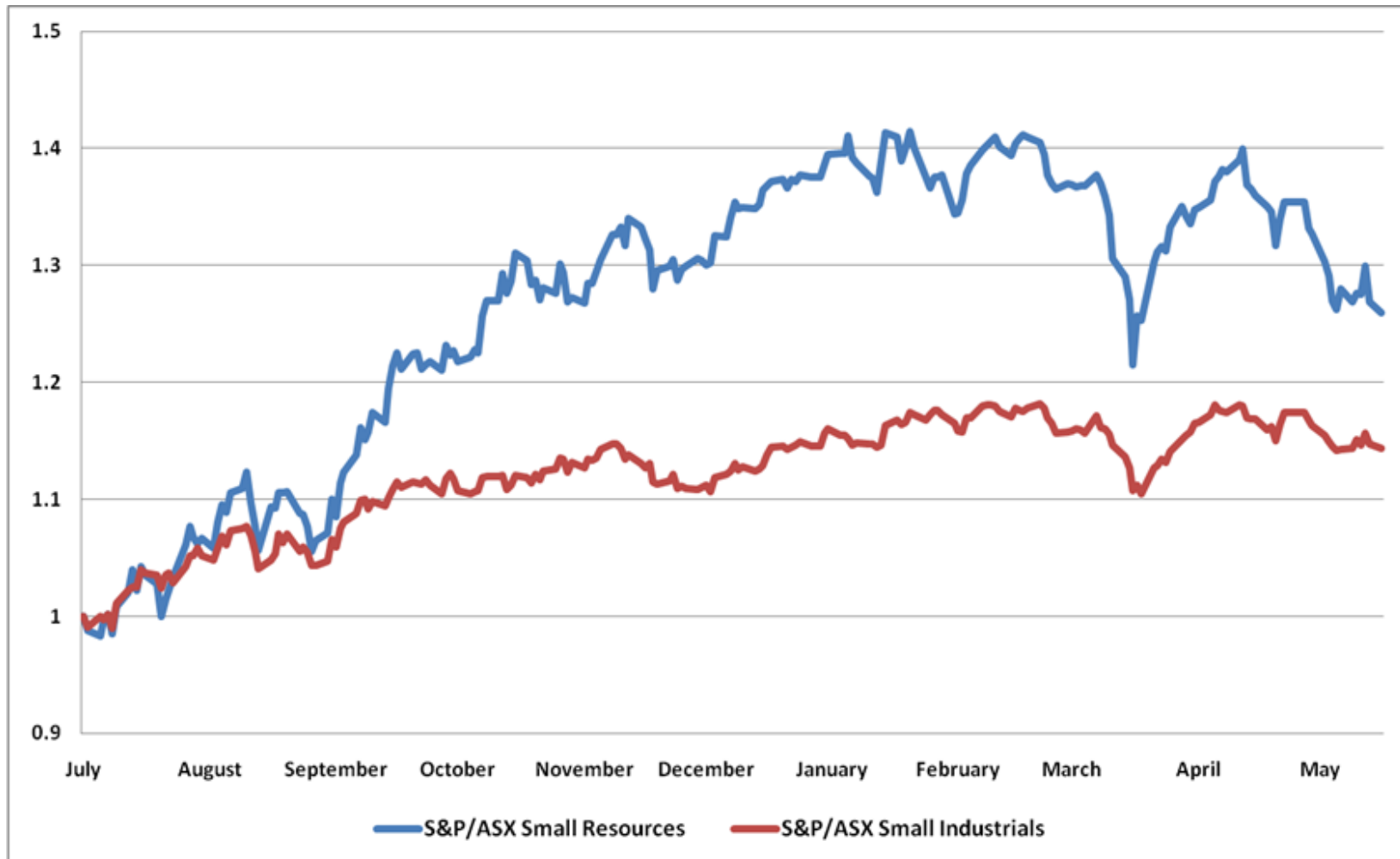


Market Outlook

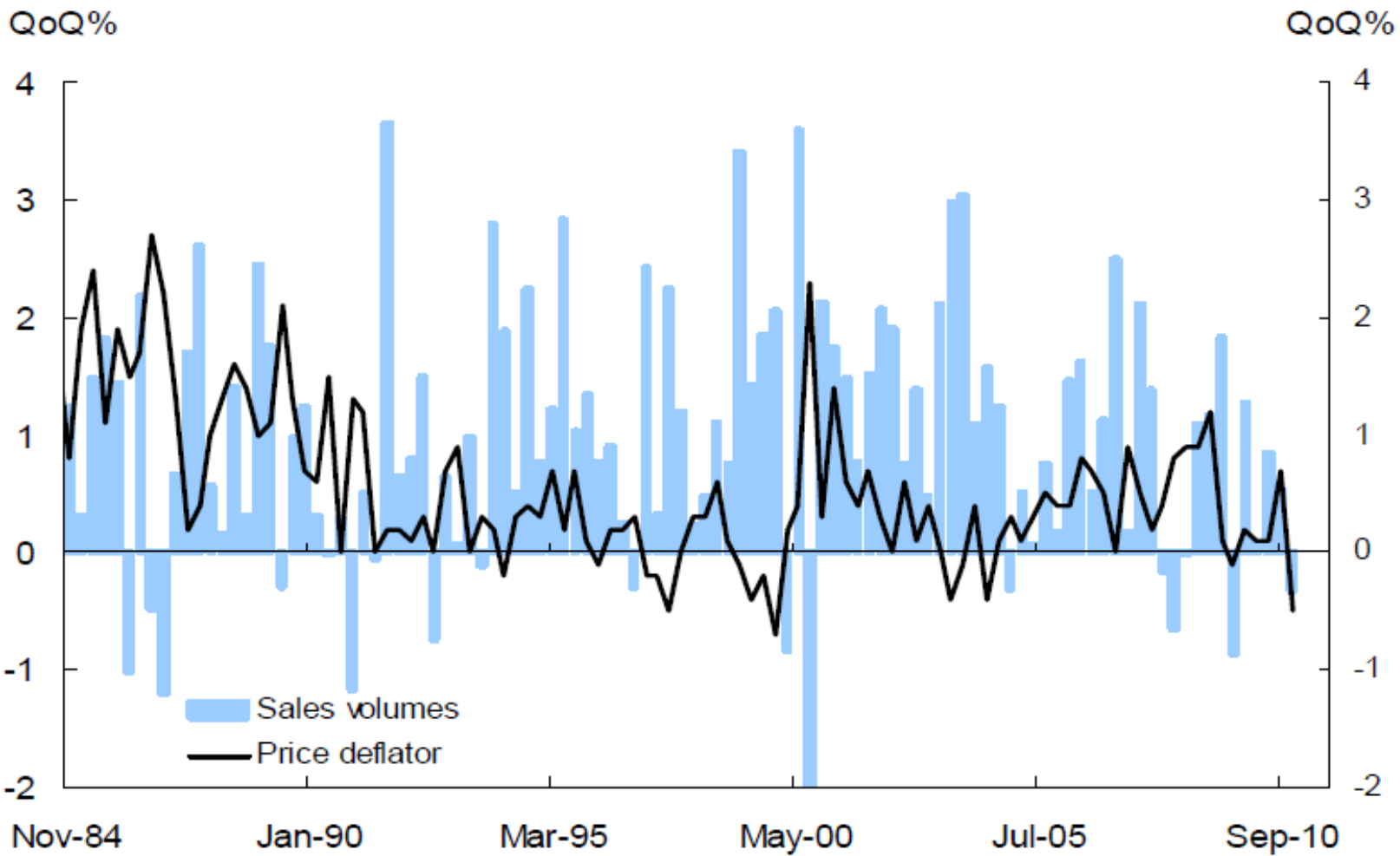
S&P/ASX Small Industrials vs Small Resources



12 months to 11 May 2011

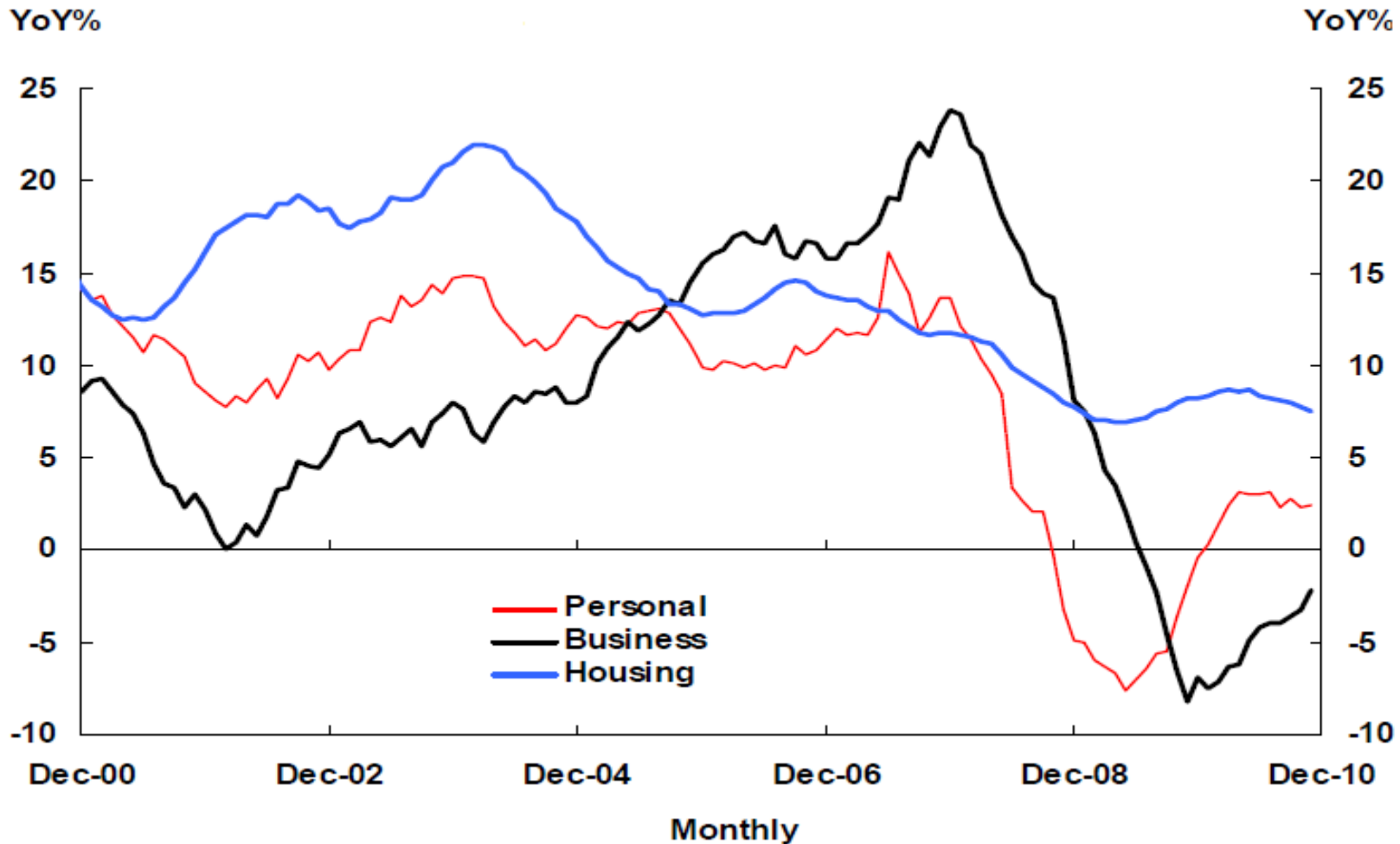


Australian Retail Sales



Source: Macquarie Research, May 2011

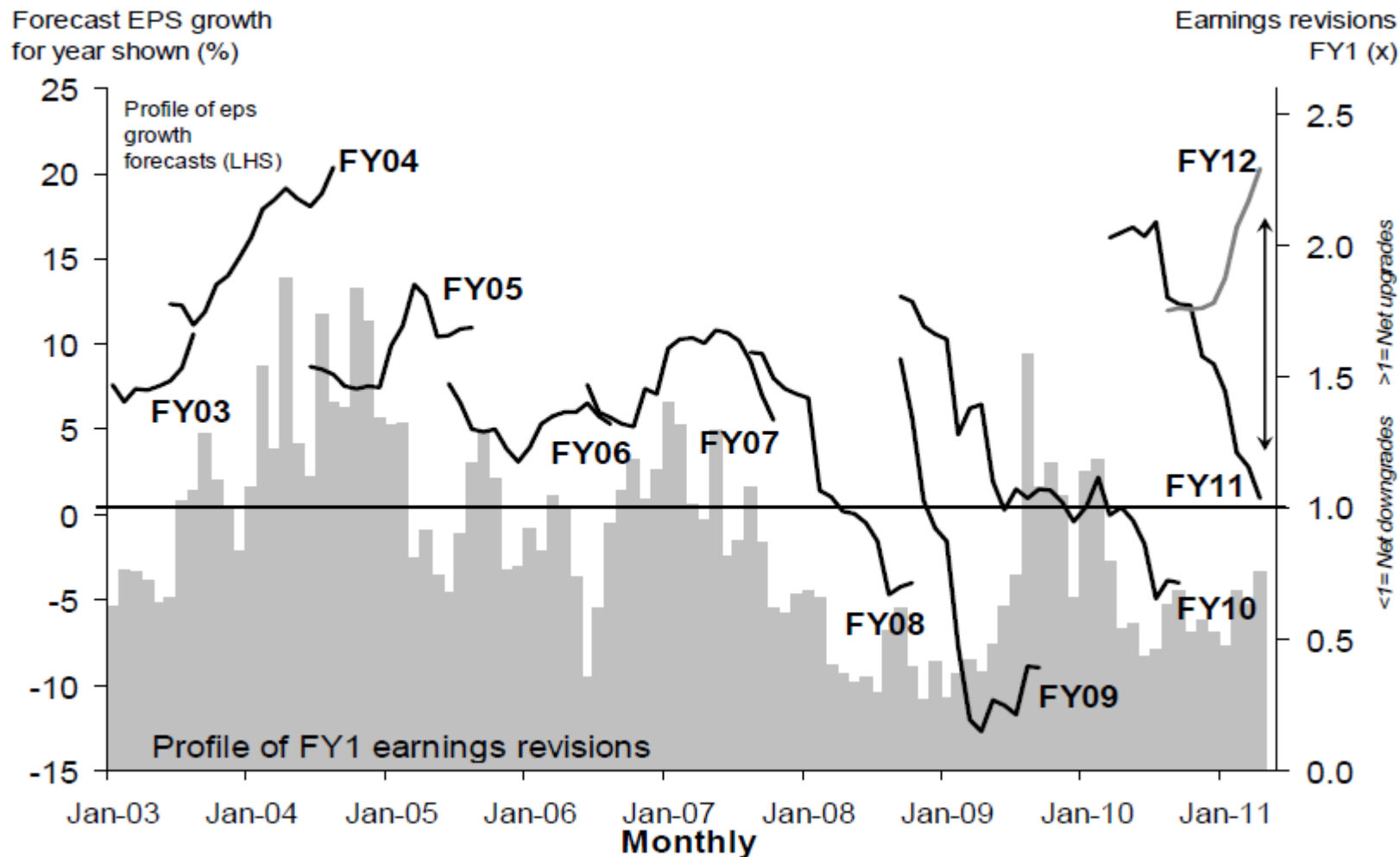
Private Sector Credit Growth



S&P/ASX 200 Performance



Analyst EPS Forecasts



Current Issues



- Australian Dollar
- Carbon Tax
- Interest Rates
- Australian Housing Market
- China

Shareholder Communications



- New Website – WAMFunds.com.au
- Media – Sky Business, Switzer, CNBC, Newspapers
- Research Reports – Bell Potter, Patersons & Independent Research Reports
- Audio casts – Monthly
- Subscribe for weekly emails
- Bi-annual presentations

WAM in the Community



Our people are passionate about the well-being of our customers and the wider community because helping others is part of our culture. As part of the WAM in the Community Program, we recently donated to the QLD Premier Disaster Relief Appeal.

We have also proudly supported other various initiatives as below.



THE CURRAN FOUNDATION

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