

WAM Research Limited (WAX)



SUPERIOR RETURNS FROM GROWTH COMPANIES

- more opportunities
- more value
- more dividends

Unchartered Waters



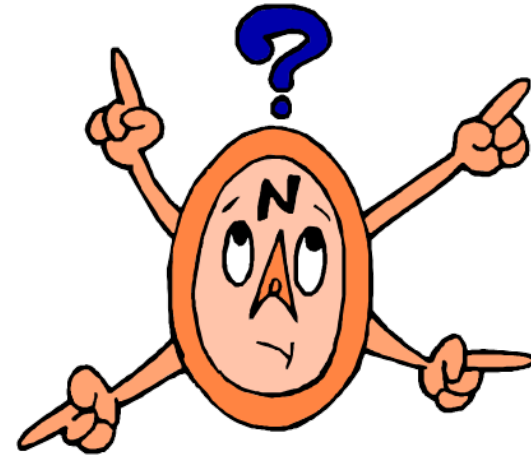
- The European debt crisis continues to create uncertainty
- Widespread sovereign and bank vulnerability in Europe
- Some European Governments unable to access capital markets
- European stability funds not large enough
- Emergence of so called “Zombie Banks” in Europe
- China appears unwilling to use their \$3 trillion of Euro reserves
- The political resolve of the Europe Union members is being tested



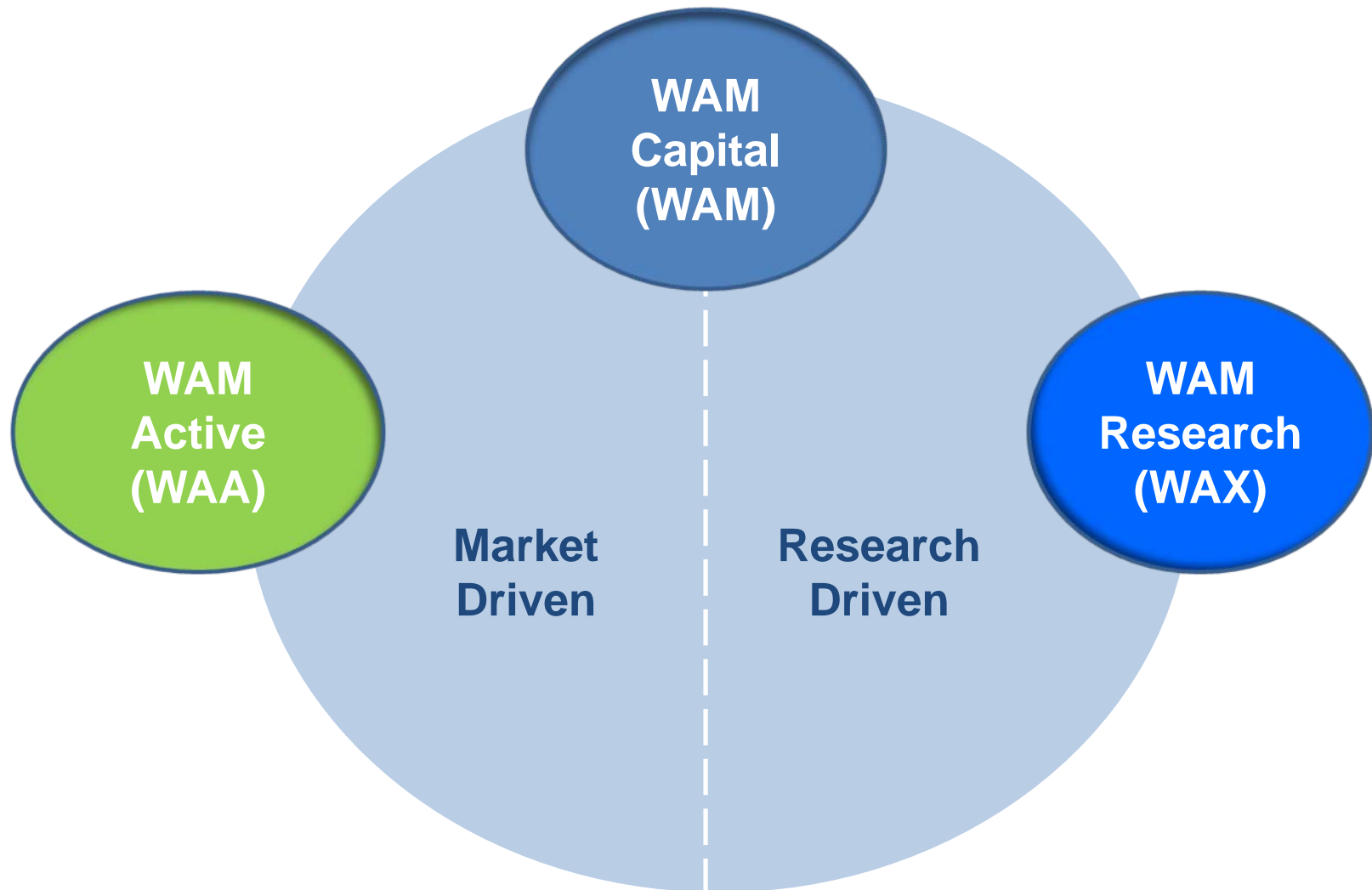
Current State of Play



- Governments in the developed world have to implement austerity measures
- The US economy appears to be recovering slowly
- Over 25% of US homeowners still having negative equity in their homes
- China remains strong with inflation appearing to be under control
- Ireland and Portugal re-financing in 2012
- Australian consumer sentiment is still poor



Our Funds

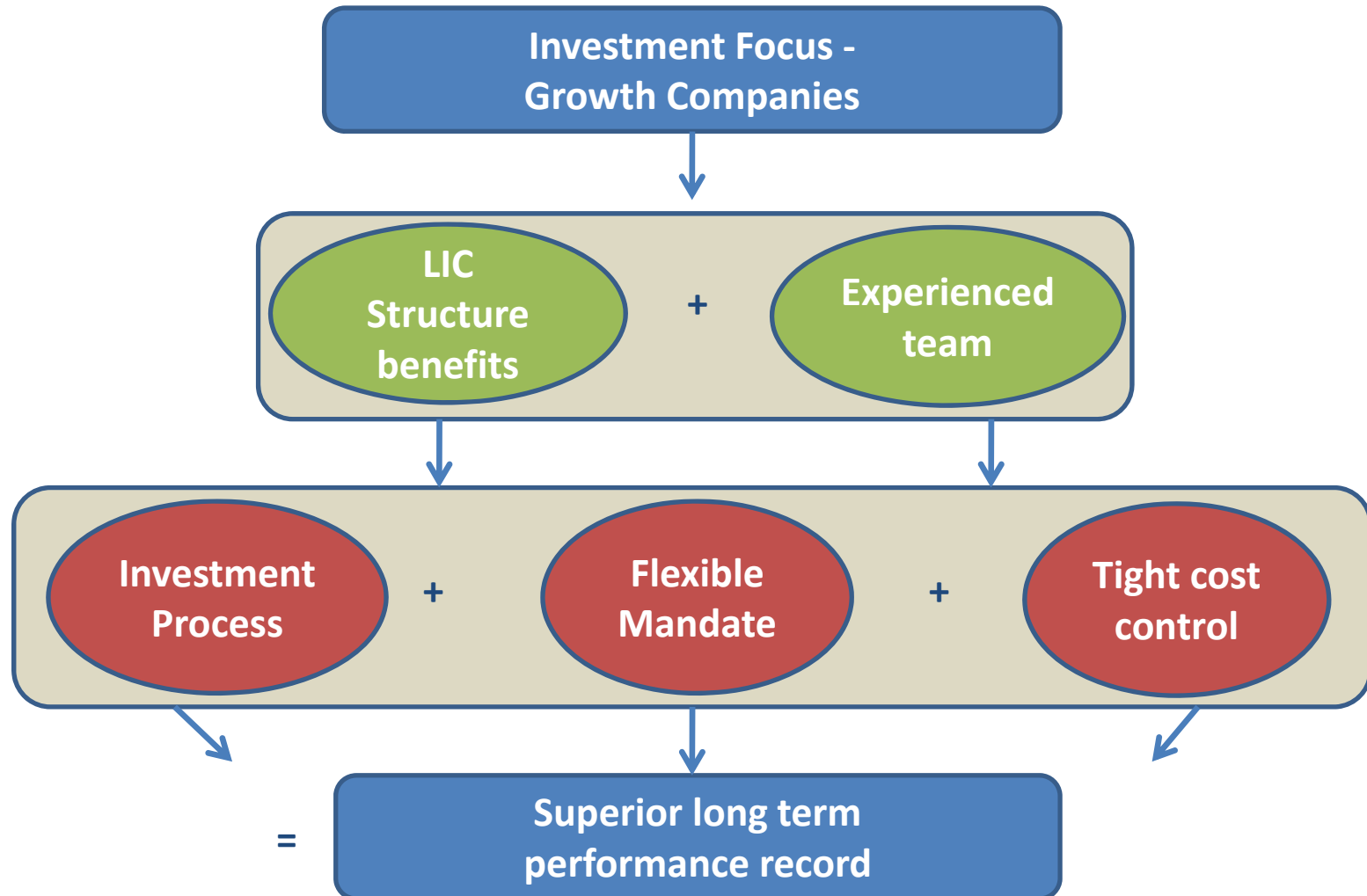


Investment Process

“Research Driven”



Our Business Model



Top 10 Stocks as at 31 October 2011



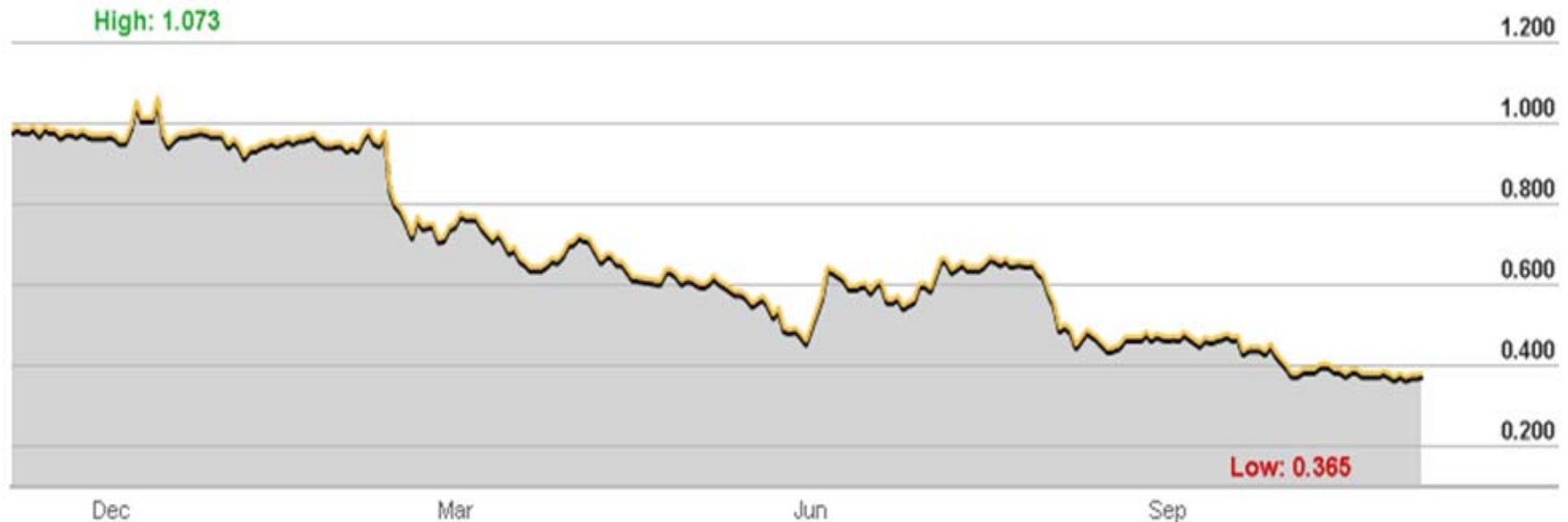
Company		% Gross Assets
CNA	Coal & Allied Industries Limited	9.2%
NAB	National Australia Bank Limited*	5.6%
MMS	McMillan Shakespeare Limited	4.4%
APE	AP Eagers Limited	4.1%
RKN	Reckon Limited	3.7%
MYS	MyState Limited	3.4%
BRG	Breville Group Limited	2.9%
ANZ	Australia and New Zealand Banking Group Limited*	2.9%
WBB	Wide Bay Australia Limited	2.7%
ARP	ARB Corporation Limited	2.3%

* Options outstanding against position

Coffey International Limited (COF)



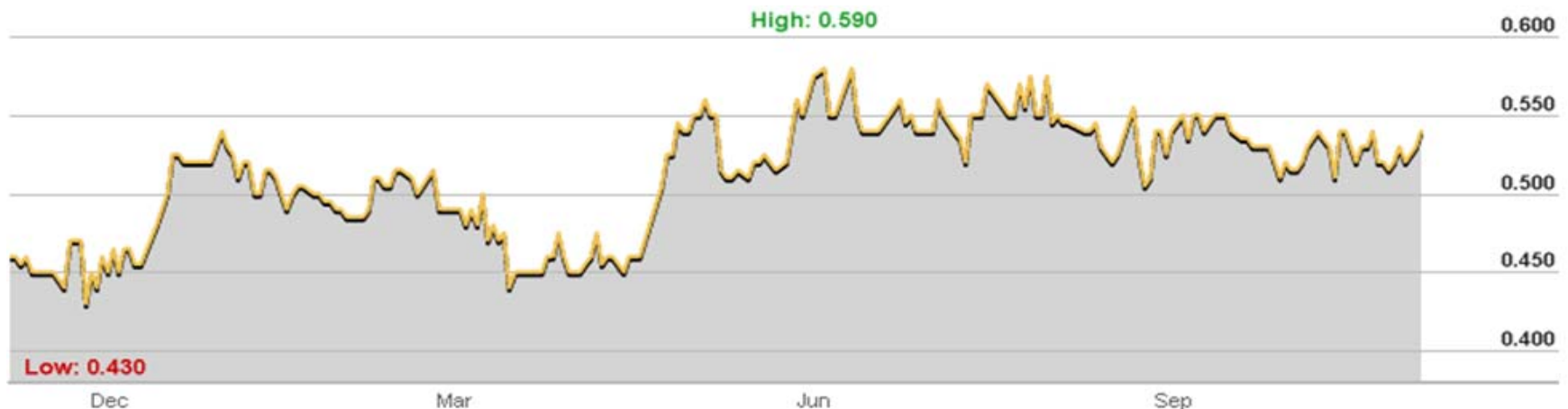
- Rating: 416.3
- Catalysts:
 - New Management
 - Recapitalisation to reduce debt levels
- Focus on core businesses
- Price to earnings 6x, with EPS growth of 283.8%



Australian Power and Gas Company Limited (APK)



- Rating: 312.3
- Catalysts: Earnings announcements, industry consolidation
- Australian electricity and gas retailer
- Signing up new customers at a rate of between 10k - 12k per month
- Entering into new states which should drive growth
- Secured new financing arrangements to accommodate faster growth



Financial Year to Date Returns

As at 31 October 2011



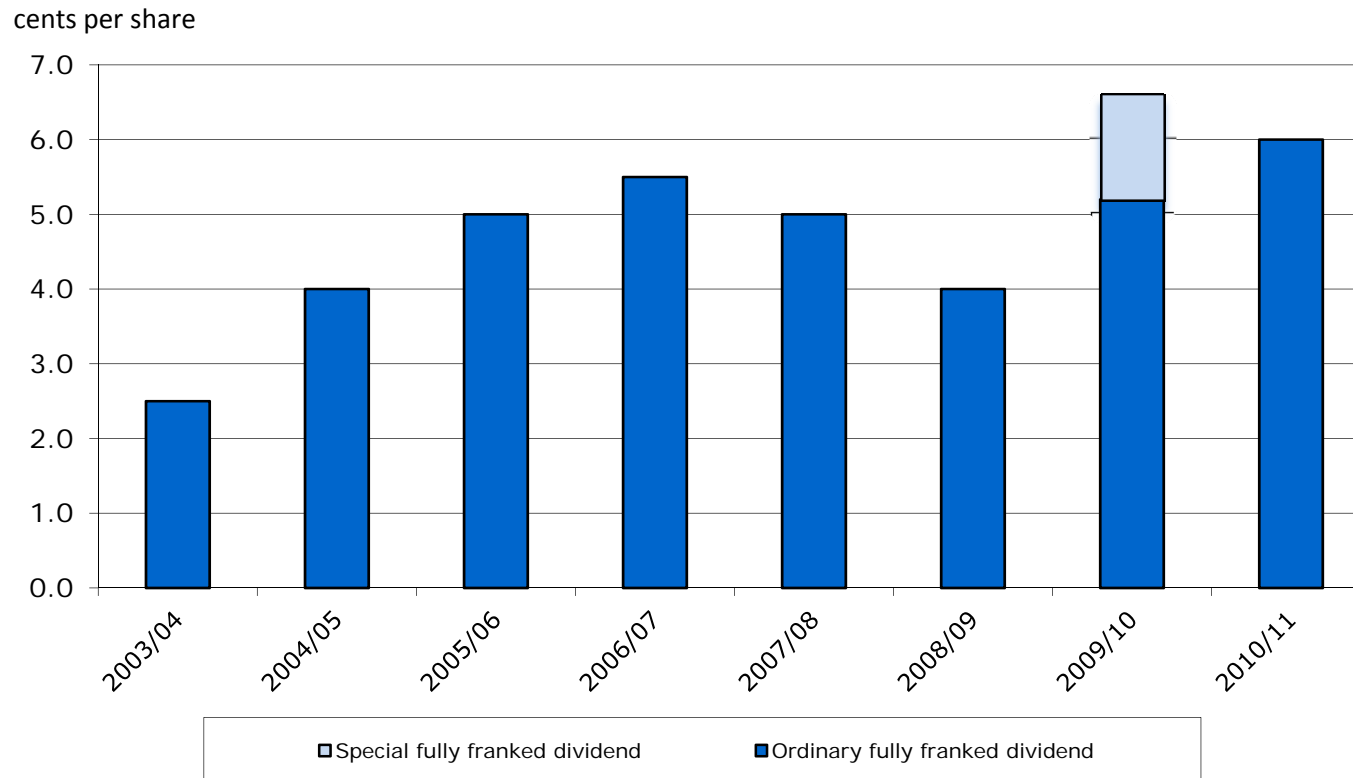
Gross Portfolio	-2.3%
Pre-tax NTA per share growth plus dividends	-3.4%
Share price growth plus dividends	2.1%
S&P/ASX All Ordinaries Accumulation Index	-4.9%

Performance to 31 October 2011



Annualised Performance	WAM Research (WAX)	S&P/ASX 300 Industrials Accum. Index	S&P/ASX Small Industrials Accum. Index
1 year	+5.0%	-1.1%	-4.6%
3 years	+9.6%	+5.5%	+7.9%
5 years	-0.8%	-2.1%	-5.6%
Since inception	+3.9%	+6.2%	+4.7%

Dividends



WAX has franking credits which allows it to pay a dividend equivalent to 2.5 cents per share as at 31 October 2011

Cash Position



- All other excess cash is put on term deposit (TD) with a variety of major Australian banks generally staggered up to a maximum maturity of 6 months.
- A ladder of TD's is generally created to ensure one TD is maturing on a bi-weekly basis to provide liquidity if required.
- TD's can also be broken at a cost if required for trading purposes but this is avoided where possible.

Current Issues



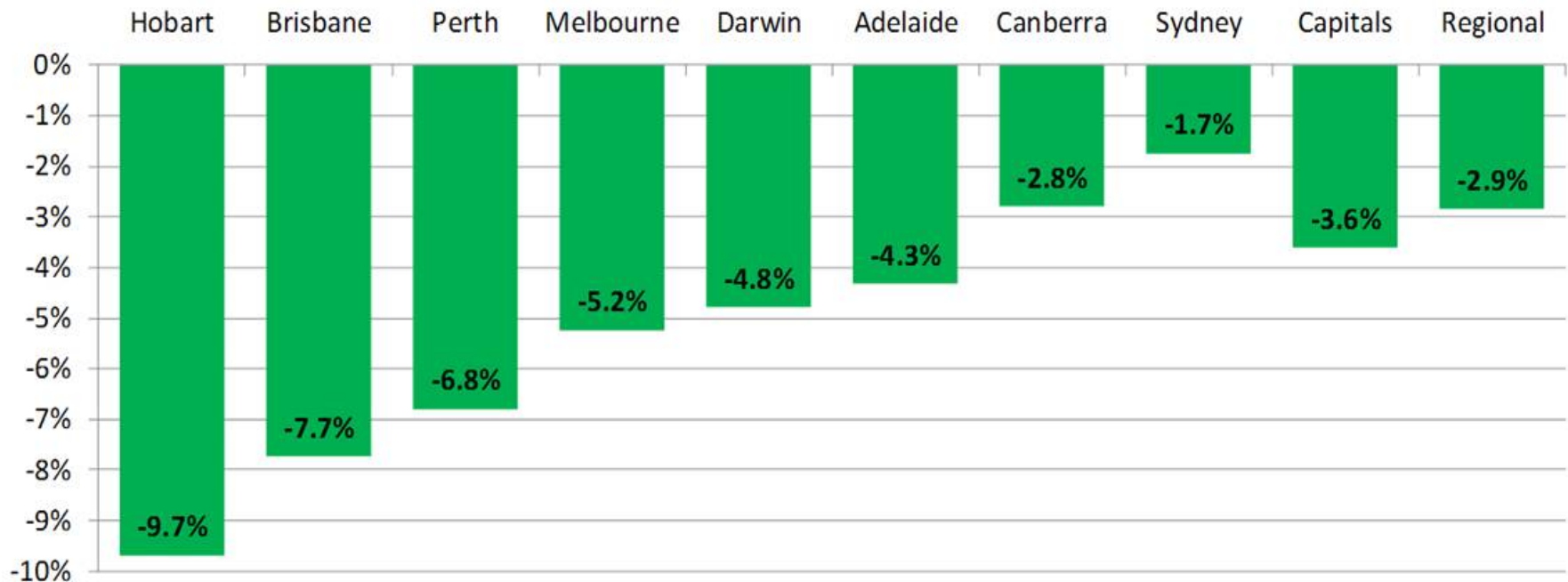
- Executive remuneration reports
- Interest rates
- House prices
- US economy
- Australian dollar

Australian Housing Market



Decline from peak

RP Data–Rismark Home Value Index, Seasonally-Adjusted Results, All dwellings



Source: RP Data–Rismark + Hobart data to July 2011 * Regional data based on results for houses only

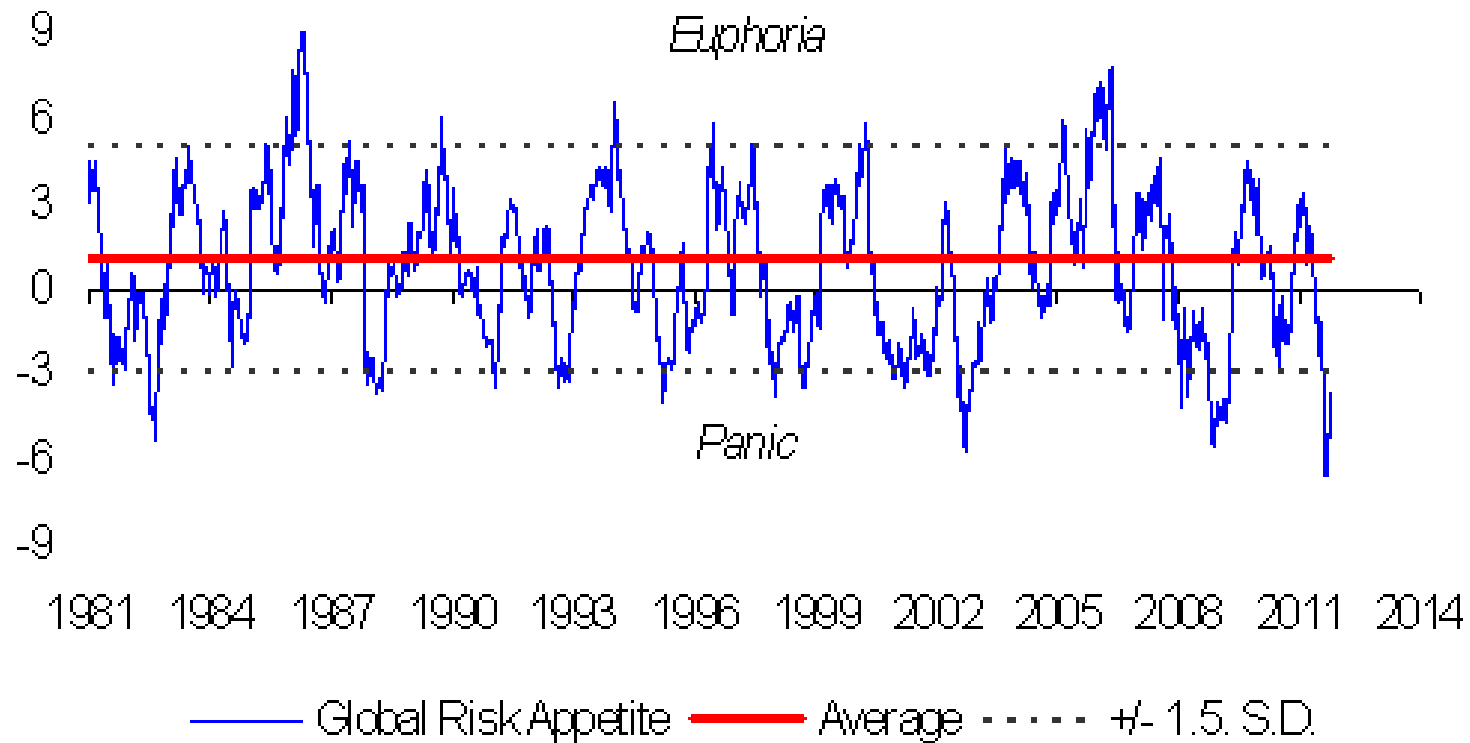
Looking Ahead



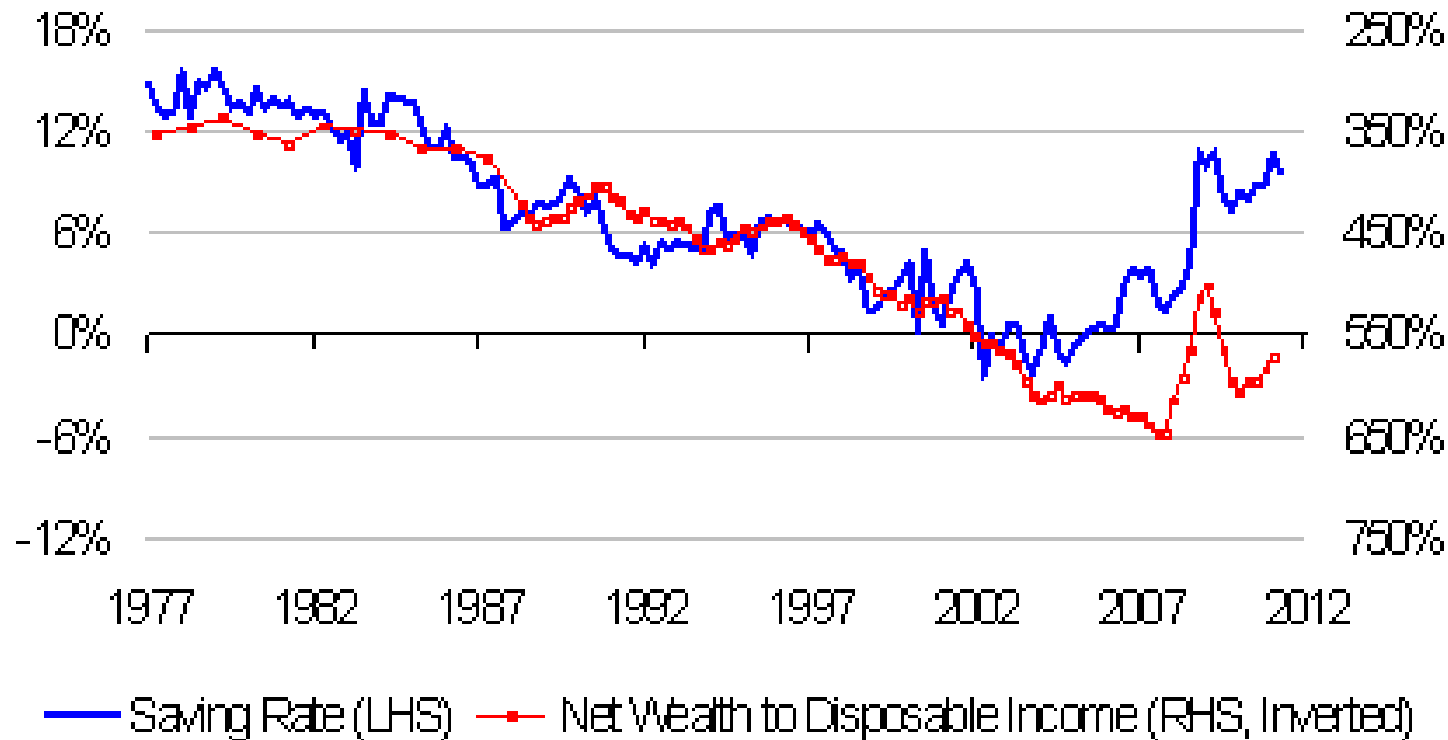
- Global deleveraging to continue
- Interest rate cuts positive for equity markets
- Industrial stocks cheap on a historical basis
- Expect continued merger and acquisition activity in Australia with balance sheets in good shape



Looking Ahead



Looking Ahead

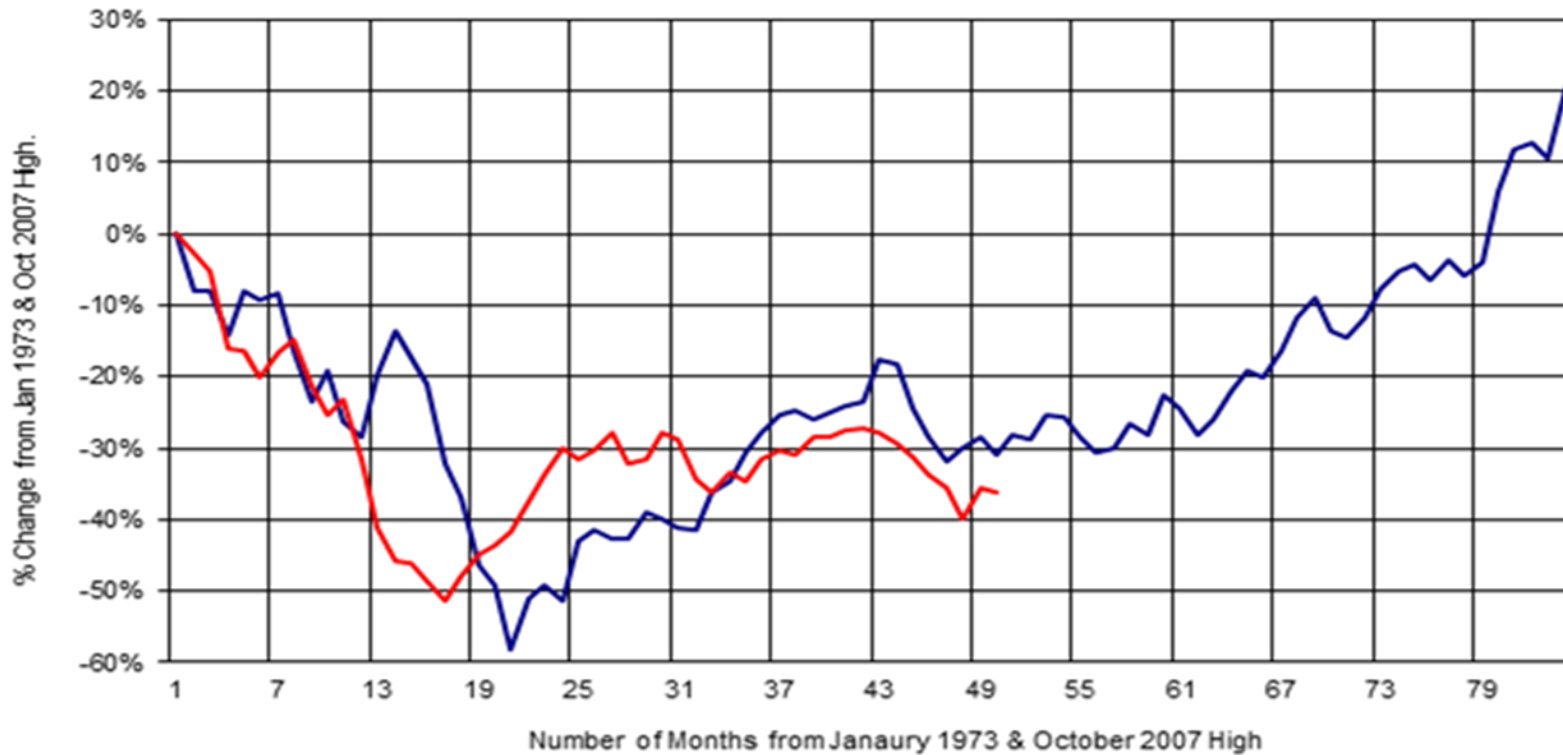


Source: Credit Suisse strategy

1970's bear market vs Today

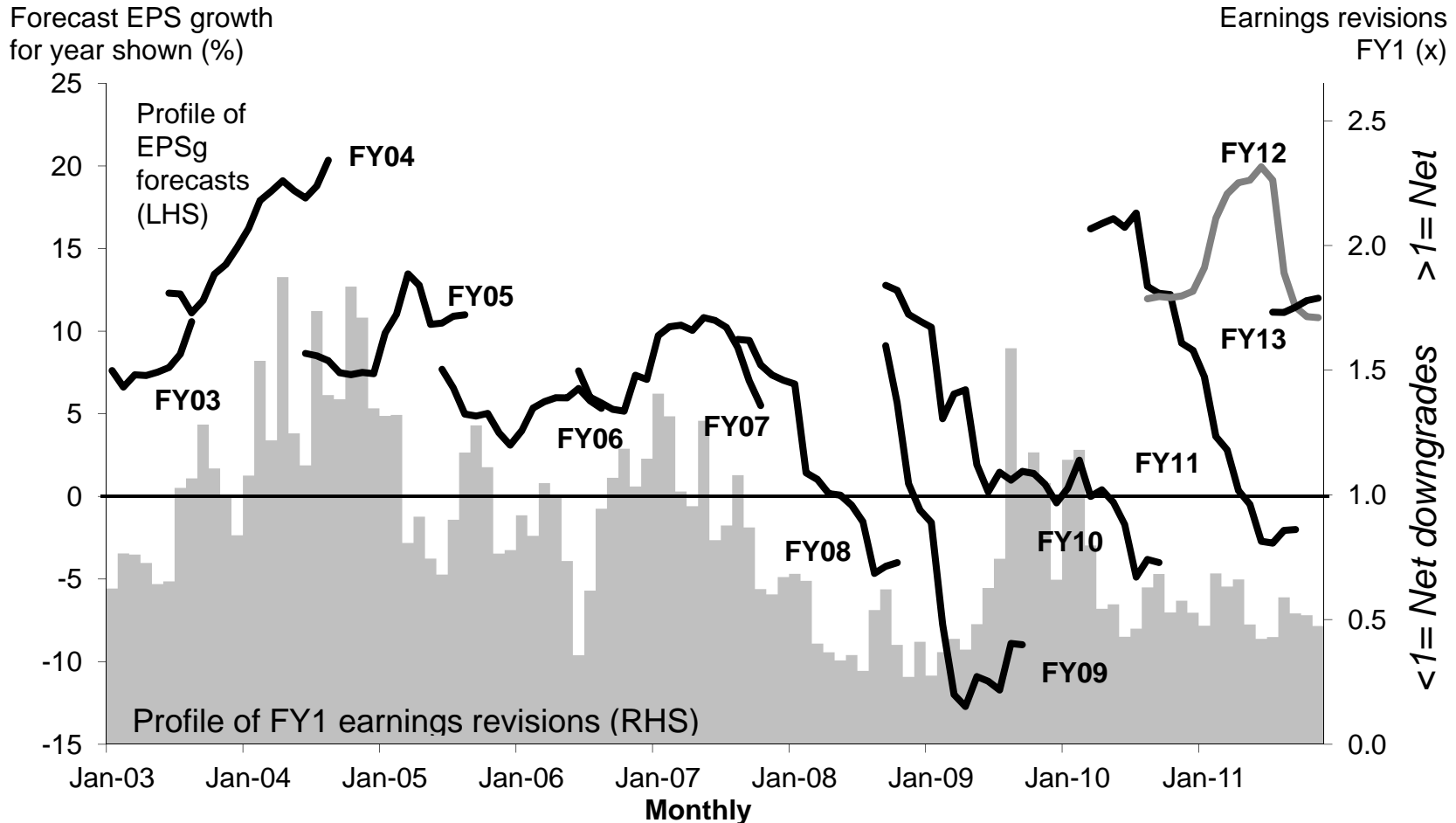


All Ordinaries Index - % Change from January 1973 High vs % Change from October 2007 High
Blue Line January 1973 & Beyond vs Red Line October 2007 & Beyond



— 1970's — Today

Analyst EPS Forecasts



Source: Macquarie Securities

Conclusion!



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