

Product Assessment

Rating issued on 06 Jun 2016

WAM Leaders Limited

VIEWPOINT & RATING

WAM Leaders Limited (ASX:WLE) was the fourth in a stable of listed investment companies (LICs) managed by Wilson Asset Management (Wilson AM) and is due to be listed on 30 May 2016. WLE provides investors with an exposure to Australian equities. Although Zenith regards the investment team and process highly, our conviction in WLE is moderated due to the limited track record of the strategy. **Zenith rates WLE APPROVED.**

Wilson AM was founded in 1997 by Geoff Wilson, who owns 100% of the business. Wilson AM managed more than \$1.2 billion (as at 31 March 2016) across four investment strategies offered through LICs. Zenith believes Wilson AM is one of the prominent players in the LIC segment of the market. In addition, we believe Wilson AM's ongoing commitment to investor communication is a key factor behind the success of their strategies.

Although the broader Wilson investment team of seven is led by Wilson, WLE is managed by Matthew Haupt who is directly supported by John Ayoub. Zenith believes the team's pedigree is in covering small companies as such, we believe the team has less of an edge covering larger companies and will have to be more reliant on external research.

Focused on investments within the S&P/ASX 200 Index, Wilson AM's approach is absolute return orientated using a combination of two investment strategies: Research Driven and Market Driven. The Research Driven process seeks to identify targets through micro and macro-economic trends and under researched opportunities with a focus on free cash flow and an assessment of management, earnings potential, valuation and industry position. The Market Driven process seeks to take advantage of relative short-term arbitrages and mispricings in the market including: participating in IPOs, placements, block trades and rights issues.

Although WLE will adopt the same absolute return investment approach used across Wilson AM's investment suite, Zenith believes WLE is limited by the constraints imposed upon it. Furthermore, we believe there is a mismatch in investment philosophy given Wilson AM has historically derived the majority of its success outside the S&P/ASX 200 Index.

Consistent with its capital preservation focus, WLE may hold significant levels of cash if investment opportunities cannot be found. WLE will typically hold between 20 to 50 stocks and exhibit relatively high levels of portfolio turnover.

WLE raised \$394 million under the Offer, this includes free attaching Options on a one-for-one base exercisable 17 November 2017. Upon listing WLE expects the shares to have a Net Asset Value of \$1.10.

LIC FACTS

- Benchmark unaware, absolute return style investment strategy
- S&P/ASX 200 focussed
- May hold high cash allocations

APIR Code

ASX:WLE

Asset / Sub-Asset Class

Australian Shares
Listed Investment Companies - LICs

Investment Style

Growth

Investment Objective

The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth over the medium-to-long term and to preserve capital.

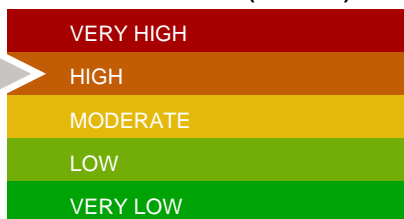
Zenith Assigned Benchmark

S&P/ASX 300 (Accum)

Fees (% p.a., Incl. GST)

Management Cost: 1.10%
Performance Fee: 22% of the outperformance of the S&P/ASX 200 Accumulation Index subject to a high watermark.

ABSOLUTE RISK (SECTOR)



RELATIVE RISK (FUND WITHIN SECTOR)



INCOME DISTRIBUTIONS PER



INVESTMENT TIMEFRAME



APPLICATIONS OF INVESTMENT

SECTOR CHARACTERISTICS

Listed Investment Companies (LIC)

In assessing the performance of the LIC sector, it is vital to understand how their structure affects the final performance figures as it is materially different to unlisted funds. As listed companies, the portfolio returns generated are exposed to additional volatility from share price movements and can trade at significant premiums or discounts to Net Tangible Assets (NTA).

In addition, the impact of pre and post-tax returns needs to be considered because LICs distribute returns net of company tax, whilst benchmark index returns are quoted on a pre-tax basis. Accordingly, it is difficult to accurately compare shareholder returns to either benchmarks which do not account for tax or realised peer group LICs where the timing of company tax on realised gains differs.

As an indication however, a series of return data can be viewed on the basis of the returns generated by:

- Share price and dividends
- Change in pre-tax NTA value and dividends
- Returns generated internally by the investment portfolio

For comparison purposes, the use of the internal portfolio returns versus the benchmark gives the closest measure of the investment manager's skill in generating returns. However, these returns may not be able to be fully crystallised to shareholders given the potential for share price movements.

Caution should be used in the comparison of these figures as share price and pre-tax asset NTA are measures which take into account company tax paid on realised capital gains and unfranked income, whereas benchmark performance is a wholly untaxed measure.

At various times when assessed on a purely quantitative basis, a LIC can trade away from its NTA which may represent good buying or selling opportunities. While these instances may boost investment returns, there is no guarantee that the discount or premium will converge to NTA, therefore, gains can not be crystallised.

Australian Equities

The sector incorporates both benchmark aware and benchmark unaware strategies but the funds focus predominantly on large capitalisation stocks. The sector is one of the most competitive in the investment landscape, based on the number of managers and strategies available to investors. Despite the competitiveness of the sector, the Australian share market has historically provided many opportunities for active management, with the median active manager outperforming a passive index over the longer term.

The Australian share market, as represented by the S&P/ASX 300 Accumulation Index, is highly concentrated and narrow. Technically, a company is assigned the large cap moniker if it falls within the S&P/ASX 50, with those companies falling between the S&P/ASX 50 and S&P/ASX 100 assigned to the mid cap category. All stocks below the top 100 are considered small capitalisation stocks.

As at 30 April 2016, the Financials and Resources sectors

combined represented a significant portion of the S&P/ASX 300 Accumulation Index, with the Financials sector accounting for close to 45% of the index, and Resources approximately 15%. The split between Industrials and Resources stocks was approximately 85%/15%. The top 10 stocks represented approximately 45% of the weighting of the index, and the top 20 stocks represented over 60% of the index.

In comparison to the S&P/ASX 300 Index, the S&P/ASX Emerging Companies Accumulation Index has a much lower weighting to the Financials sector and is represented by a larger weighting to the Resources sector, which reflects the importance of resources related industries to the micro-cap sector. A significant proportion of these resource companies are classified as "exploration" companies, and in many cases are not cash flow positive, can be highly volatile and their fortune can be linked to whether (or not) a resource body is discovered.

The Small and Micro Cap sector typically have a market capitalisation of less than \$500 million and the sector is comprised of approximately 1,600 listed companies with a combined total value of circa \$110 billion. Over the longer-term, active management in this sector has historically demonstrated an ability to significantly outperform a passive index given it is an "under researched" segment of the market.

PORTFOLIO APPLICATIONS

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer-term with some income. However, this higher growth is also often associated with higher volatility. Therefore, it is recommended that investors adopt a longer time frame when investing in equities.

Investors should also be cognisant of the fact that the Australian equity market is relatively concentrated, with the Materials and Financials sectors dominating the market; the market also only represents approximately 1% of global equity markets (in terms of market capitalisation). Therefore, to mitigate this concentration risk it is highly recommended that investors diversify their investments across asset classes, both domestically and globally.

WLE may suit investors seeking a liquid (i.e. ASX listed), benchmark unaware, transparent and high yielding exposure to Australian equities. WLE is managed which an absolute return approach which allows for significant levels of cash to be held when investment opportunities are not apparent.

WLE may also suit investors seeking a consistent income stream, with the Board committed to paying an increasing stream of fully franked dividends to shareholders.

Despite the relative merit of a strategy, investors should give consideration to the method of access. While the unlisted fund structure may be less convenient for some investors, accessing a strategy via a LIC will mean that the effectiveness of the strategy may be significantly diminished due to WLE's own trading movements. That is, investors may not be able to benefit from the portfolio's performance, as the performance of WLE is driven by market sentiment.

One of the benefits of the LIC structure is that WLE, unlike in an unlisted managed fund, does not have to sell holdings to fund redemptions. Zenith believes this feature is a key

competitive advantage for WLE as it will not have to sell positions at inopportune times to meet redemption requests.

RISKS OF THE INVESTMENT

SECTOR RISKS

Funds within the "Australian Equities/Listed Investment Company" sector are exposed to the following broad risks:

MARKET & ECONOMIC RISK: As is the case with all long only Australian Share funds, the biggest risk to performance is a sustained downturn across the Australian share market. In addition, changes in economic, social, technological or political conditions, as well as market sentiment could also lead to negative fund performance. This risk can be significantly reduced by investors adhering to the LIC's prescribed investment time frame.

SPECIFIC SECURITY RISK: This is the risk associated with an individual security. The price of shares in a company may be affected by unexpected changes in that company's operations such as changes in management or the loss of a significant customer.

LIQUIDITY RISK: This is the risk that a security or asset cannot be traded quickly enough, due to insufficient trading volumes in the market. When trading volumes are low, sellers can significantly impact the price of a security when attempting to quickly exit a material position.

STYLE BIAS RISK: Australian equity managers will either employ a Growth, Value or Neutral (combination of Value & Growth) styled approach to investing. Each style is conducive to certain market conditions, i.e. Growth should outperform Value in an upward trending market and vice versa in a downward trending market. As with Market Risk, investors should adhere to the LIC's investment time frame to avoid short-term market movements and style impact.

CAPACITY RISK: High levels of funds under management (FUM) can present additional challenges to an Australian equity manager, as high FUM has the potential to hamper the manager's ability to trade efficiently and/or be forced to disclose substantial shareholdings to the market (most common in smaller companies).

PREMIUM / DISCOUNT TO NET TANGIBLE ASSETS (NTA): The appetite for LICs can be cyclical and sentiment driven and this can result in inefficiencies with LICs trading at either a greater (premium) or lesser (discount) value relative to the value of the underlying assets. There continues to be several LICs trading at large discounts (value traps) and large premiums (investors over paying for assets) which should be avoided.

FUND RISKS

Zenith has identified the following key risks associated with WAM; this is not intended to highlight all possible risks:

MANAGER RISK: Zenith believes the success of WLE will be largely dependent on Wilson AM and the ability of the investment team to produce returns through bottom-up stock selection and sector/market positioning. Unlike many traditional funds, we believe WLE has the ability to deploy two important levers which many others do not have at their disposal: an absolute return focus (i.e. ability to hold significant cash when

investment opportunities are not apparent) and not having to be concerned about fund redemptions.

CONFLICT RISK: Many LICs are exposed to conflict risk because there is a direct link typically between the Company and the Manager. In the case of WLE, this is present with Geoff Wilson who is the Chairman and also the sole director and "beneficial" owner of Wilson AM.

KEY PERSON RISK: Zenith believes Geoff Wilson, founder and 100% owner of Wilson AM, is integral to the success of WLE and the firm. Although Chris Stott is the obvious successor and highly regarded by Zenith, Wilson's departure would trigger a reassessment of our rating.

More specifically to WLE, given the portfolio management role played by Matthew Haupt, we believe his continued involvement is important to the success of WLE.

TRACK RECORD RISK: Zenith cautions that WLE's strategy was not run in simulation mode or incubated internally prior to its launch in May 2016. Although the team have a long and successful track record managing similar strategies, Zenith highlights that the vast majority of returns have been generated outside of WLE's investment universe, i.e. S&P/ASX 200 Index.

In addition, we note that WLE is Haupt's first opportunity as portfolio manager of a strategy. However, Zenith draws comfort from the oversight provided by Wilson and Stott.

SHORT SELLING RISK: WLE may be engaged in short selling. Short selling involves borrowing and selling securities WLE does not own. The action of stock borrow creates an obligation to redeliver the securities borrowed (or their equivalent) on an agreed date, or if circumstances change on demand from the stock lender. Short sale positions create an unlimited risk for the portfolio, if the stock price of the security rises and WLE is unable to buy the securities back in the market place. The act of buying securities in a rising market can add to the positive price momentum and add to the losses in WLE.

DERIVATIVES RISK: WLE can use various derivatives including options and futures and these investment securities can be volatile, speculative, illiquid and leveraged.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Wilson Asset Management

Wilson Asset Management - International (Wilson AM) is an independently owned boutique funds management organisation established in 1997 by Geoff Wilson. Wilson AM is the manager of WAM Capital Limited (WAM).

Through a separate entity in MAM Pty Ltd (MAM), three LICs are managed - WAM Research Limited (WAX), WAM Active Limited (WAA) and Wilson Leaders Limited (WLE). MAM was initially 80% owned by Wilson and 20% by Matthew Kidman. In June 2011, Wilson acquired Kidman's ownership in MAM, taking full control of the entity.

Zenith would prefer to see a single Investment Manager (i.e. Wilson AM or MAM) in place which would make for a cleaner, simpler structure. We would also prefer to see a wider distribution of equity to key individuals beyond Geoff Wilson.

However, we note that Chris Stott, Kate Thorley (Chief Executive Officer & Company Secretary), Matthew Haupt and Martin Hickson own some non-voting preference shares.

Zenith is of the understanding that Wilson AM and MAM may merge into a single entity, which we believe to be logical.

In aggregate, Wilson AM and MAM managed approximately \$1.2 billion, as at 31 March 2016.

MAM was engaged by WLE as the Manager via an investment management agreement (IMA) dated 4 April 2016. This agreement had an initial five year term with an option to repeatedly extend by a further five years. This option is up for expiry in 4 April 2021.

The IMA in place provides for provision whereby MAM may be terminated after the initial term (i.e. on three month notice by way of ordinary resolution, which typically requires a majority). After the initial term it became much harder to terminate MAM. In the event that Wilson is terminated, a 12 month fee penalty applies.

INVESTMENT PERSONNEL

Name	Title	Tenure
Geoff Wilson	Chairman / Portfolio Manager	19 Yr(s)
Chris Stott	Chief Investment Officer	9 Yr(s)
Matthew Haupt	Portfolio Manager	5 Yr(s)

WAM Leaders Limited

WLE has no employees.

Board of Directors

The Board of Directors of WLE comprises the following individuals: Geoff Wilson, Lindsay Mann, Melinda Snowden, Kate Thorley and Chris Stott.

Wilson Asset Management

The investment team of seven is led by Geoff Wilson who established Wilson Asset Management in 1997. Wilson has in excess of 30 years' experience in equity markets and in managing equity portfolios. Zenith holds Wilson in very high regard, highlighting his impressive long-term track record.

Directly reporting to Wilson is Chris Stott, who has over 13 years investment experience. Having joined Wilson AM in December 2006, Stott assumed the role of Chief Investment Officer following Kidman's departure in 2011. Wilson and Stott co-manage WAM, WAX and WAA. Zenith believes Stott is a strong investor, which reduces the key person risk associated with Wilson.

With the launch of the Wilson Leaders Limited (WLE) in 2016, which focuses on S&P/ASX 200 companies, the team expanded progressively, with three additions over the past three years. In addition, there were some responsibility changes within the team with Matthew Haupt assuming the role of portfolio manager for WLE and John Ayoub being a dedicated resource for WLE. Although Haupt and Ayoub are dedicated resources to WLE, Zenith still expects them to be solid contributors to Wilson AM's other strategies.

Haupt joined Wilson AM in January 2011 and has been primarily involved in the Research Driven portion of the

investment process. Zenith notes that WLE is Haupt's first opportunity as portfolio manager of a strategy. However, Zenith draws comfort from the oversight provided by Wilson and Stott.

Zenith believes the team's pedigree is in covering small companies as such, we believe the team has less of an edge covering larger companies and will have to be more reliant on external research.

INVESTMENT PROCESS

Focussed on investments within the S&P/ASX 200 Index, WLE's investment objective is to deliver investors a rising stream of fully franked dividends, provide capital growth and preserve capital.

Wilson AM's overall investment philosophy is to focus on investing in growth companies with an emphasis on under researched and undervalued stocks. These companies tend to be small to mid-cap sized listed industrial companies. Wilson AM's style is best described as fundamentally driven and absolute return focused. In instances where investment opportunities cannot be found, significant levels of cash will be held.

WLE's investment strategy can be distilled into two independent sub-strategies: Research Driven and Market Driven. The sub-strategies are combined at approximately equal weights.

The Research Driven strategy aims to identify micro and macro-economic trends and under researched opportunities. Particular attention is placed on modelling a company's free cash flow and understanding its return on equity. Other important aspects of note are: the ability of management, earnings growth potential, valuation and industry position.

The Market Driven strategy targets relatively short-term arbitrage and mispricings which include: IPOs, placements, block trades, rights issues, corporate transactions, arbitrage opportunities (i.e. LICs relative value discounts), trading market themes and trends.

One of the key beliefs within Wilson AM from a top down, structural perspective is that listed investment companies (LICs) provide a distinct advantage to unlisted funds which are open ended. Given LICs manage a captured pool of assets, fund managers are not hindered by inflows and outflows, which can have a significant impact on performance. Although Zenith believes LICs have this advantage over unlisted peers, we note that the effectiveness of the strategy may be altered by WLE's own trading movements. That is, investors may not be able to benefit from the strategy's capital preservation focus as the performance of WLE is driven by market sentiment.

SECURITY SELECTION

Wilson AM adopts two independent investment processes to achieve its investment objectives and to identify investment opportunities.

Research Driven Process

The team considers relevant micro and macro-economic trends and targeting under researched companies. Once an attractive opportunity has been identified, the team will undertake extensive financial analysis and meet with the company. The team typically conducts over 1000 company visits a year with multiple members of the team involved.

The financial analysis includes entering all historical, publicly available financial information (P&L, Balance Sheet) into its own proprietary financial model. Two year forecast data is also input into the financial model.

Alongside financial analysis, the team will conduct company meetings with the aim of gathering information required to form a view on management, the ability of the company to grow within an industry and the industry position within the broader economy.

The team also conducts industry level analysis. Key factors assessed include market niche, management skills, technology, marketing, earning prospects and product demand.

The output of the team's research and analysis is a one page company summary sheet, which includes:

- A valuation target
- Recommendation
- Upside to valuation (%)
- Cash backing per share (one of the measures of downside potential)
- Broker consensus forecasts (used as an overlay only)
- Various stability, cash flow, working capital and profitability ratios

In addition, a WAM rating score is produced from each company, which is an aggregation of the following four variables - two qualitative and two quantitative.

- *Management*: score out of 10
- *Industry Position*: score out of 10
- *Earnings per share (EPS) Growth*: average % EPS growth next two years (for example, 31% in year 1 and 7% in year 2 will result in a score of 19)
- *EPS/Price Earnings (PE)*: EPS Growth Score/average PE next two years

A WAM Rating Score above 50 sees the stock progress onto a potential investment list. A WAM Rating Score below 50 triggers an "Under Review" rating. There are approximately 50 to 100 stocks with a WAM Rating score.

For a company to be considered for portfolio inclusion, the team also requires the identification of a catalyst or an event which will alter the market's perception and trigger a valuation change. Catalysts typically include: management changes, acquisitions and earnings surprises. Zenith believes the identification of a catalyst is an attractive feature of the process as it ensures the efficient deployment of capital.

Zenith believes the team's pedigree is in covering small companies as such, we believe the team has less of an edge covering larger companies and will have to be more reliant on external research which places WLE at a disadvantage relative to peers who conduct internal research.

Market Driven Process

This strategy attempts to take advantage of relatively short-term arbitrages and mispricings in the market. This process is active and can result in a high turnover of trade ideas. The types of trades that might form part of this process include:

- Initial public offerings (IPO)
- Capital raisings

- Block trades
- Oversold positions
- Takeovers
- Valuation arbitrage (i.e. stocks or LICs trading at discounts to net tangible assets)
- Earnings momentum/surprise
- Market themes and trends

Once an opportunity is identified, the team will assess the risk and return characteristics of the trade. The team will also evaluate whether the trade has sufficient liquidity for successful implementation. Similar to the research driven approach, a catalyst is needed prior to portfolio inclusion.

Zenith believes the Market Driven strategy will be adversely affected by the investment universe constraint as several of its underlying strategies will not be effective. For example, there are less IPOs in the large cap segment of the market.

PORTFOLIO CONSTRUCTION

The Research Driven and Market Driven strategies are combined at roughly equal weights. For both strategies, once a catalyst is identified, a position or trade can be initiated. To size positions, considerations are made with regards to the overall risk/return profile of the existing portfolio

The portfolio will rarely hold resource companies (exception being a short-term trade under the Market Driven strategy) due to their often unpredictability and volatility and will comprise predominantly undervalued, small cap industrial companies. For the Research Driven component of the portfolio, companies that can grow in excess of the market (i.e. 15% p.a to 20% p.a. and trade on a P/E of 10 times of less) are preferred.

WLE is typically well diversified, holding 20 to 50 stocks. Portfolio positions will typically be initiated at a maximum of 5% and spread across multiple industry sectors.

WLE will hold significant levels of cash if investment opportunities cannot be found. Cash is generally held in the form of term deposits with the major local banks on various staggered maturities to allow for liquidity. Although Zenith prefers actively managed funds to be fully invested, we note that the ability to hold high cash exposures is consistent with WLE's capital preservation investment objective.

In addition, WLE is able to short sell securities, however, the team expects to use this ability sparingly. Short sold positions are subject to a 10% stop loss limit.

Positions may be sold for one of the following reasons:

- The position has fulfilled expectations
- The catalyst which triggered an investment no longer remains true
- The company is trading at or above the re-assessed fair value
- 10% stop loss limit is breached

WLE's portfolio turnover is expected to be between 120% p.a. to 400% p.a., which Zenith considers to be high relative to actively managed Australian equities peers. The portfolio turnover generated by the Research Driven strategy is expected to be significantly lower than the Market Driven strategy. The portfolio turnover of the Research Driven strategy

is expected to be between 40% p.a. to 90% p.a., which is consistent with the team's two year investment time frame. Conversely, the Market Driven strategy is expected to produce portfolio turnover between 200% p.a. to 400% p.a.

Overall, Zenith believes the portfolio construction approach allows for the team's best ideas to be represented in the portfolio.

RISK MANAGEMENT

Portfolio Constraints	Description
Expected Number of Securities	20 to 50
Cash (%)	max: 100%
Single Stock (%)	max: 20%

Consistent with WLE's flexible investment philosophy and approach, portfolio constraints are not prescriptive. Given the broader portfolio constraints, investors should note that WLE may be significantly overweight certain sectors at different points in the market cycle.

Zenith believes risk management is embedded in the investment process, with WLE seeking to understand the risk and return characteristics of each investment. In addition, we believe the requirement of a catalyst before portfolio inclusion reduces the uncertainty of an investment.

WLE has a particular emphasis on capital preservation, with the flexibility to allocate up to 100% in cash when there are a lack of investment opportunities. Zenith believes the wide cash constraint can potentially add value in overvalued equity markets and/or falling market conditions.

Zenith is satisfied that the Fund's risk management processes are embedded throughout the entire investment process and that the liquidity of holdings are adequately monitored. However, given WLE's broad mandate, Zenith believes investors should be aware that there is a significant reliance on the team's skill and judgement in managing risks.

ADMINISTRATION AND OPERATIONS

Dividend Policy

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends will be made with consideration to cash flow, cash holdings and available franking credits.

No dividends have been paid to date.

INVESTMENT FEES

Wilson AM is entitled to a management cost of 1.1% p.a. inclusive of GST (1% p.a. exclusive of GST), which is calculated and paid monthly in arrears.

There is also a performance fee of 22% inclusive of GST (20% exclusive of GST) of any excess return over benchmark (S&P/ASX 200 Accumulation Index), net of fees. A high water mark is attached to the performance fee calculation, meaning that any negative relative performance is carried forward and must be recouped prior to performance fees being paid. Given the unique nature of the strategy, Zenith believes the fee structure is reasonable. However, like all funds that charge a performance fee, Zenith would prefer to see an excess return hurdle (i.e. target return above the index other than base management fee) in place.

WLE will also reimburse Wilson AM expenses in relation to management of the portfolio or acquisition, disposal or maintenance of any investment.

LICs can broadly be categorised into two groups from a management and fee standpoint on the basis of whether they are internally or externally managed (operating under an individually managed account). Typically, internally managed LICs have lower proportional management costs due to a larger asset pool. Externally managed LICs tend to have management costs more in-line with unlisted managed funds.

WLE's management cost is broadly in line with its externally managed peers.

Fee Type	LIC / Peer Group	Fee %
Management Cost	WAM Leaders Limited	1.10%
Sector Average - Internally managed ¹	Australian Equities LICs	0.30%
Sector Average - Externally managed		1.11%
Performance Fee	22% of excess return over the S&P/ASX 200 Accumulation Index and subject to a high water mark	

¹ Internally Managed LICs data use published MER's as at 31 March 2016 and are ex-GST. All other fees are inclusive of GST. Source: ASX, Zenith.

REPORT CERTIFICATION

Date of issue: 6 Jun 2016

Role	Analyst	Title
Author	Quan Nguyen	Senior Investment Analyst
Sector Lead	Dugald Higgins	Senior Investment Analyst
Authoriser	Bronwen Moncrieff	Head of Research

RATING HISTORY

As At	Rating
6 Jun 2016	Approved
Last 5 years only displayed. Longer histories available on request.	

DISCLAIMER AND DISCLOSURE

Zenith Investment Partners (ABN 27 103 132 672) is the holder of Australian Financial Services Licence 226872 and is authorised to provide general financial product advice. This Product Assessment Report (report) has been prepared by Zenith exclusively for Zenith clients and should not be relied on by any other person. Any advice or rating contained in this report is limited to General Advice for Wholesale clients only, based solely on the assessment of the investment merits of the financial product. This report is current as at the date of issue until it is updated, replaced or withdrawn and is subject to change at any time without notice in line with Zenith's regulatory guidelines. Zenith clients are advised to check the currency of reports and ratings via Zenith's website for updates. Any advice contained in this report has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek their own independent financial advice, obtain a copy of, and consider any relevant PDS or offer document and consider the appropriateness of this advice in light of their own objectives prior to making any investment decision. Zenith charges an upfront flat fee to the Product Issuer, Fund Manager or other related party to produce research on funds that conform to Zenith's Research Methodology. Zenith's fee and Analyst remuneration are not linked to the rating outcome in any way. Views expressed in Zenith reports accurately reflect the personal, professional, reasonable opinion of the Analyst who has prepared the report. Zenith may also receive a fee for other non-research related services such as subscription fees for Zenith's research services and/or for the provision of investment consultancy services. Conflicts management arrangements are in place where Zenith provides research services to financial advisory businesses who provide financial planning services to investors and are also associated entities of the product issuers, with any such conflicts of interest disclosed within reports as appropriate. Full details regarding such arrangements are outlined in Zenith's Conflicts of Interest Policy www.zenithpartners.com.au/ConflictsOfInterestPolicy

Zenith's research process seeks to identify investment managers considered to be the 'best of breed' through a comprehensive, multi-dimensional selection process. Zenith utilises both quantitative and qualitative factors in its ratings models. Models maximise commonality across different asset classes while retaining flexibility for specialist asset classes and strategies. The selection process is rigorous in both its qualitative and quantitative analysis and each component is equally weighted. Zenith does not manage any proprietary assets and as such Zenith is able to choose investment managers with absolute independence and objectivity. More detailed information regarding Zenith's research process, coverage and ratings is available on Zenith's website www.zenithpartners.com.au/ResearchMethodology

This report is subject to copyright and may not be reproduced without the consent of the copyright owner. The information contained in this report has been prepared in good faith and is believed to be reliable at the time it was prepared, however, no representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this report. Except for any liability which cannot be excluded, Zenith does not accept any liability, whether direct or indirect arising from the use of information contained in this report. Past performance is not an indication of future performance.

Full details regarding the methodology, ratings definitions and regulatory compliance are available at www.zenithpartners.com.au/RegulatoryGuidelines

© 2016 Zenith Investment Partners. All rights reserved.

Zenith has charged Wilson Asset Management a fee to produce this report.