

W | A | M *Leaders*

Investment update

As at 31 December 2016



Snapshot

Pre-tax net tangible assets

\$1.145

Gross assets

\$413.0m

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$413.0m
Market cap	\$413.7m
Share price	\$1.15
Option price	\$0.051
NTA before tax	\$1.145
Shares on issue	359,714,378
Options on issue	357,212,777
Number of stocks held	46

Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior Equity Analyst

Company overview

WAM Leaders Limited (ASX: WLE) is a listed investment company managed by Wilson Asset Management. Listed in 2016, WAM Leaders provides investors with diversified exposure to a portfolio of undervalued growth companies within the S&P/ASX 200 Index and exposure to market mispricing opportunities in large-cap companies.

Market overview

The S&P/ASX 200 Accumulation Index closed up 4.4% for the month. The Index ended the calendar year up an impressive 13.7% after surging 24.1% from its lows in February. Although the market's performance was positive overall in December, sector performance was mixed with financials and energy up 5.5% and 6.1% respectively, while industrials rose just 1.4%

With investors continuing to focus on the potentially stimulatory impact of US President-elect Donald Trump's proposed policies, the so-called 'Trump Rally' continued strongly in December across markets globally, including the US where the Dow Jones index reached an all time high. Australian September quarter Gross Domestic Product (GDP) data released in December fell a worse-than-expected 0.5%. This reading is the steepest decline in GDP since the global financial crisis of late 2008 and dragged down the annual growth rate to 1.8%. During the month, the US Federal Reserve raised interest rates for only the second time in 10 years with the funds rate target range increased by 0.25% to 0.5-0.75%.

Portfolio update

The investment portfolio entered the month well positioned to capitalise on December's so-called 'Santa Rally' which saw many of the top 20 stocks record strong share price gains. The overall composition of the investment portfolio did not change considerably during December. We modestly increased weightings of banks and insurance companies, as well as businesses with US dollar earnings. In addition, exposure to oil companies was also increased to take advantage of the surge in global oil prices following the Organisation of the Petroleum Exporting Countries (OPEC) announcement it would cut production to ease the global oil glut. During the month we participated in a placement by Santos Limited (ASX: STO). Together with a share purchase plan (SPP) due to be completed at the end of the month, Santos is aiming to raise approximately \$1.5 billion via the capital raising. Over the month the equity exposure to the market increased slightly from 79.9% to 81.5%.

Net tangible asset (NTA) figures

NTA before tax	114.49c
NTA after tax and before tax on unrealised gains	115.24c
NTA after tax	113.32c

The above figures are not adjusted for the 357,212,777 options on issue with an exercise price of \$1.10.

Performance

In December, the portfolio grew 3.9% while the S&P/ASX 200 Accumulation Index increased 4.4%.

Diversified portfolio

Investment Type	November 2016		December 2016	
	\$m	%	\$m	%
Listed equities	326.8	82.1	340.6	82.5
Short portfolio	(8.9)	(2.2)	(4.2)	(1.0)
Fixed interest & cash	79.9	20.1	76.6	18.5
Gross assets	397.8m	100.0	413.0m	100.0
Total shares on issue	359,609,178		359,714,378*	

* During the month, 105,200 Options were exercised.

Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
NAB	National Australia Bank Limited	20,134,855	4.9%
ANZ	Australia and New Zealand Banking Group Limited	18,373,680	4.4%
ORA	Orora Limited	17,595,316	4.3%
CBA	Commonwealth Bank of Australia	14,792,595	3.6%
WBC	Westpac Banking Corporation	14,718,900	3.6%
IPL	Incitec Pivot Limited	13,435,200	3.3%
SUN	Suncorp Group Limited	13,143,292	3.2%
MQG	Macquarie Group Limited	12,851,594	3.1%
STO	Santos Limited	12,527,128	3.0%
RWC	Reliance Worldwide Corporation (Aust) Limited	12,032,000	2.9%

Equity portfolio composition by market capitalisation

