

W | A | M *Leaders*

# Investment update

As at 28 February 2017



## Snapshot

Pre-tax net tangible assets

\$1.14

Gross assets

\$423.8m

[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

ABN: 33 611 053 751

## WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$423.8m
Market cap	\$421.0m
Share price	\$1.14
Option price	\$0.041
NTA before tax	\$1.143
Shares on issue	369,303,431
Options on issue	347,623,724
Number of stocks held	44
Maiden fully franked interim dividend	1.0c

## Investment objectives

- Deliver investors a 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	Head of Trading
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.

## Key dividend dates

Ex date	13 April 2017
Record date	18 April 2017
Last election date for DRP	20 April 2017
Payment date	28 April 2017
Last day to exercise options to be eligible for the dividend	10 April 2017

## Market overview

The S&P/ASX 200 Accumulation Index closed up 2.3% for the month, driven upward by consumer staples, up 4.8%, financials, up 3.2% and industrials, up 3.0%. The worst performing sectors included resources, down 3.7% and energy, down 2.0%. Company reporting season was the most positive for many years with a return to earnings growth a key theme. Overall domestic economic conditions are improving, the housing market remains strong and the short-term outlook for the sharemarket is positive. However, our positive market outlook is tempered by the potential for further volatility caused by geopolitical risks over the calendar year.

## Portfolio update

During the month, we selectively deployed capital into the trading side of the portfolio to capitalise on opportunities that presented themselves during reporting season. On the research side of the portfolio, investment management firm Challenger Limited (ASX: CGF) announced its half year results. The Company reported a normalised net profit after tax (NPAT) of \$197 million, up 8% on the prior corresponding period and a 12% increase in assets under management to \$64.7 billion. The Company has continued to acquire new clients and distribution deals and we believe Challenger is well positioned to continue its growth in the annuities business.

## Net tangible asset (NTA) figures

NTA before tax	114.33c
NTA after tax and before tax on unrealised gains	114.64c
NTA after tax	113.29c

The above figures are not adjusted for the 347,623,724 options on issue with an exercise price of \$1.10.

## Performance

In February, the portfolio increased 0.7% while the S&P/ASX 200 Accumulation Index rose 2.3%.

## Maiden fully franked interim dividend

On 6 February 2017, the Company announced a maiden fully franked interim dividend of 1.0 cent per share. The interim dividend will be paid on 28 April 2017 and will trade ex on 13 April 2017. The board currently anticipates the final dividend will be higher than the interim dividend. The final dividend is expected to be announced in August 2017, provided the Company has sufficient profit reserves and franking credits.

The dividend reinvestment plan (DRP) will operate for the interim dividend. The last election date for the DRP will be 20 April 2017. Shareholders who exercise their options before 10 April 2017 will be eligible to receive the fully franked interim dividend. 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 is within prudent business practices.

## Diversified portfolio

Investment type	January 2017		February 2017	
	\$m	%	\$m	%
Listed equities	259.4	63.2	291.1	68.7
Short portfolio	(3.7)	(0.9)	(0.9)	(0.2)
Fixed interest & cash	154.9	37.7	133.6	31.5
<b>Gross assets</b>	<b>410.6m</b>	<b>100.0</b>	<b>423.8m</b>	<b>100.0</b>
<b>Total shares on issue</b>	359,902,169		369,303,431*	

\* During the month, 9,401,262 options were exercised.

## Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
TWE	Treasury Wine Estates Limited	12,800,261	3.1%
NAB	National Australia Bank Limited	12,685,635	3.1%
CGF	Challenger Limited	12,678,529	3.1%
QBE	QBE Insurance Group Limited	12,329,573	3.0%
CPU	Computershare Limited	12,321,134	3.0%
ORA	Orora Limited	12,243,656	3.0%
WBC	Westpac Banking Corporation	12,215,441	3.0%
IPL	Incitec Pivot Limited	11,918,303	2.9%
STO	Santos Limited	11,365,424	2.8%
AUB	AUB Group Limited	10,910,790	2.7%

## Equity portfolio composition by market capitalisation

