

W | A | M *Leaders*

Investment update

As at 30 November 2017



Snapshot

Pre-tax net tangible assets

\$1.17

Gross assets

\$832.1m

Fully franked
dividend

3.0c

Performance
(p.a. since May 2016)

13.3%

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$832.1m
Market cap	\$796.4m
Share price	\$1.135
NTA before tax	\$1.17
Shares on issue	701,656,302
Number of stocks held	65
Fully franked dividends (FY2017)	3.0c

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	Portfolio Manager
Oscar Oberg	Portfolio Manager
John Ayoub	Senior Equity Analyst
Tobias Yao	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

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.

WAM Leaders options

WAM Leaders successfully raised \$377.4 million through the option issue. The options expired on 17 November 2017 with 95.7% being exercised. We have progressively deployed the cash into selected portfolio holdings. The current cash weighting is 13.3%.

Market update

The investment portfolio increased 2.2% in November 2017, outperforming the S&P/ASX 200 Accumulation Index, which rose 1.6%. The Index's best performing sectors included real estate investment trusts (REITs), up 5.3% and energy, up 4.1%.

The Australian government caved to mounting pressure for a Royal Commission of Inquiry into the financial services sector, which saw the banks underperform (-3.2%) through the month. The NAB Business survey reported yet another strong outcome in October 2017, with conditions soaring to an all-time high. In contrast, the Westpac-Melbourne Institute index of consumer sentiment registered a 1.7% fall in November 2017. Data from the Australian Bureau of Statistics (ABS) reported Australia's unemployment rate fell to a near five-year low.

Globally, stock markets continued to push through record highs during the month with the MSCI All World Index hitting an all-time high along with United States indices. The Australian market pushed through 6,000 point mark for the first time since the global financial crisis, largely driven by the energy and mining sectors. The oil price rose 5.1% for the month in anticipation of an extension of production cuts at the Organization of the Petroleum Exporting Countries meeting on 30 November 2017.

Net tangible asset (NTA) figures

NTA before tax, pre-dividend and option dilution	125.85c
NTA before tax and pre-option dilution	123.85c [^]
NTA before tax	117.27c ^{**}
NTA after tax and before tax on unrealised gains	116.93c ^{**}
NTA after tax	115.30c ^{**}

[^]After the 2.0 cents per share maiden fully franked final dividend paid on 5 December 2017. The shares went ex-dividend on 23 November 2017.

^{**}After the allotment of 241,214,107 options with an exercise price of \$1.10 during the month.

Performance

Performance at 30 November 2017	1 Mth	3 Mths	Fin YTD	6 Mths	1 Yr	Since inception %pa (Mav-16)
WLE Investment Portfolio*	2.2%	8.0%	9.2%	9.8%	18.1%	13.3%
S&P/ASX 200 Accumulation Index	1.6%	5.7%	6.4%	6.6%	14.6%	11.7%
Outperformance	+0.6%	+2.3%	+2.8%	+3.2%	+3.5%	+1.6%

*Investment performance and Index returns are before expenses, fees and taxes.

Portfolio update

The investment portfolio's outperformance during the month was driven by solid performance across the majority of holdings in the investment portfolio. Largest contributors included Origin Energy (ASX: ORG), which announced it will cut \$500 million of costs from its Queensland Australia Pacific LNG joint venture over the next 18 months, Tabcorp Holdings (ASX: TAH) following an approval from the Australian Competition Tribunal to complete a merger with Tatts, with Woolworths (ASX: WOW) and Santos (ASX: STO) also contributing to strong attribution. Other strong performers included Boral (ASX: BLD), Primary Healthcare (ASX: PRY), James Hardie Industries (ASX: JHX) and Westfield Corporation (ASX: WFD). The largest detractors for the month were National Australia Bank (ASX: NAB), following its dividend and dividend reinvestment plan (DRP) repricing, and Qantas (ASX: QAN).

Diversified portfolio

Investment type	October 2017		November 2017	
	\$m	%	\$m	%
Listed equities	509.8	89.8	578.8	69.6
Short portfolio	(4.9)	(0.9)	(5.0)	(0.6)
Fixed interest & cash	62.7	11.1	258.3	31.0
Gross assets	567.6m	100.0	832.1m**	100.0
Total shares on issue	460,442,195		701,656,302*	

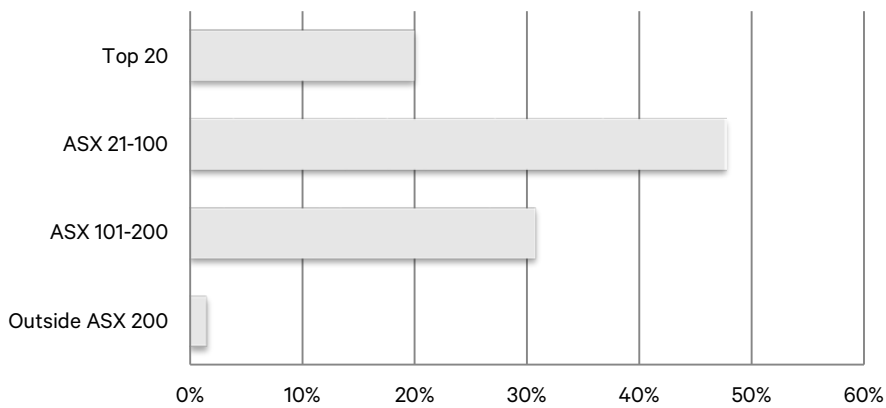
*During the month, 241,214,107 options were exercised and allotted.

**This figure has been adjusted for the 2.0 cents per share fully franked final dividend which traded ex-dividend on 23 November 2017 and was paid on 5 December 2017.

Top 20 holdings

Code	Company	Code	Company
BHP	BHP Billiton Limited	MQG	Macquarie Group Limited
CBA	Commonwealth Bank of Australia	CSL	CSL Limited
WOW	Woolworths Limited	AGL	AGL Energy Limited
ORG	Origin Energy Limited	WFD	Westfield Corporation
TAH	Tabcorp Holdings Limited	RIO	Rio Tinto Limited
WPL	Woodside Petroleum Limited	JHX	James Hardie Industries Plc
NAB	National Australia Bank Limited	SGR	Star Entertainment Group Limited
BLD	Boral Limited	CPU	Computershare Limited
WBC	Westpac Banking Corporation	QBE	QBE Insurance Group Limited
PRY	Primary Health Care Limited	JHG	Janus Henderson Group Plc

Equity portfolio composition by market capitalisation



Fully franked dividends

On 5 December 2017, the Company paid a maiden fully franked final dividend of 2.0 cents per share bringing the fully franked full year dividend to 3.0 cents per share.

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

November 2017 Shareholder Presentations

Thank you to those who attended our Shareholder Presentations, we greatly enjoyed the opportunity to meet over 3,000 of our shareholders. If you were unable to attend, you can access the full recording of our Sydney [presentation](#) and the presentation [slides](#), also available on our website.