

W | A | M *Leaders*

Investment update

As at 30 June 2017



Snapshot

Pre-tax net tangible assets

\$1.17*

Gross assets

\$479.7m

*Not diluted for options outstanding

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$479.7m
Market cap	\$457.5m
Share price	\$1.115
Option price	\$0.012
NTA before tax	\$1.17
Shares on issue	410,269,192
Options on issue	306,843,451
Number of stocks held	51
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	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	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.

Market overview

The S&P/ASX 200 Accumulation Index increased 0.2% in June, to finish the financial year up 14.1%. The sectors that drove the advance during FY2017 were materials (+20.6%), utilities (+14.7%), banks (+11.9%) and healthcare (+11.8%).

Global equity markets ended the month down as central banks foreshadowed the end of easy monetary policy. The US Federal Reserve raised interest rates for the third consecutive time to between 1% to 1.25% in response to improving confidence in the US economy. In China, the official purchasing managers' index data was stronger than expected, which helped support the sentiment in the Australian market.

In Australia, the unemployment rate fell to a lower than expected 5.5% from 5.7% the previous month, the lowest level since February 2013. The political attack on banks continued with the South Australian Government announcing it would introduce a bank tax in addition to the Federal Government's levy. The policy was met by widespread criticism across the industry. In July, the SA opposition announced it would block the tax in parliament.

Portfolio update

In June, the investment portfolio increased 0.5%, outperforming the Index by 0.3%. Since the portfolio became fully invested in August 2016, the portfolio has increased by 8.5% outperforming the index by 1.2%.

A contributor to the outperformance was our exposure to insurance companies, which are benefitting from increased premiums. We increased our exposure to Insurance Australia Group Limited (ASX: IAG) before the company surprised the market with an increased profit forecast arising from better than expected claims costs. We believe the sector will deliver further earnings upgrades.

We selectively added to existing positions during periods of market weakness during the month. We capitalised on the declining oil price, which fell to seven-month lows, to increase our holdings in Woodside Petroleum (ASX: WPL) and Oil Search (ASX: OSH).

The equity weighting of the portfolio increased 9% to finish the month at 77.4%.

Net tangible asset (NTA) figures

NTA before tax	116.60c
NTA after tax and before tax on unrealised gains	116.16c
NTA after tax	114.68c

The above figures are not adjusted for the 306,843,451 options on issue with an exercise price of \$1.10.

Performance

Performance at 30 June 2017	1 Mth	3 Mths	6 Mths	Fin YTD	Since inception %pa (May-16)	Since fully invested %pa (Aug-16)
WLE Investment Portfolio*	0.5%	1.0%	4.1%	12.4%	11.5%	8.5%
S&P/ASX 200 Accumulation Index	0.2%	-1.6%	3.2%	14.1%	11.9%	7.3%
Outperformance	+0.3%	+2.6%	+0.9%	-1.7%	-0.4%	+1.2%

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

Fully franked dividends

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 board currently anticipates the final dividend will be higher than the interim dividend. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

Diversified portfolio

Investment type	May 2017		June 2017	
	\$m	%	\$m	%
Listed equities	325.0	68.1	371.5	77.4
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	152.5	31.9	108.2	22.6
Gross assets	477.5m	100.0	479.7m	100.0
Total shares on issue	410,118,329		410,269,192*	

*During the month, 150,863 options were exercised and allotted.

Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
NAB	National Australia Bank Limited	23,549,941	4.9%
WOW	Woolworths Limited	21,236,587	4.4%
CPU	Computershare Limited	18,833,151	3.9%
IAG	Insurance Australia Group Limited	18,047,892	3.8%
WBC	Westpac Banking Corporation	17,136,460	3.6%
BHP	BHP Billiton Limited	16,722,327	3.5%
CBA	Commonwealth Bank of Australia	15,651,090	3.3%
CGF	Challenger Limited	15,350,458	3.2%
MQG	Macquarie Group Limited	11,857,496	2.5%
CSL	CSL Limited	10,366,329	2.2%

Equity portfolio composition by market capitalisation

