

W | A | M *Leaders*

# Investment update

As at 30 June 2018



## Snapshot

Pre-tax net tangible assets

**\$1.22**

Gross assets

**\$864.2m**

Fully franked full year  
dividend

**5.0c**

Performance  
(p.a. since May 2016)

**13.4%**

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

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## WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$864.2m
Market cap	\$808.7m
Share price	\$1.15
NTA before tax	\$1.22
Shares on issue	703,203,693
Number of stocks held	60
Fully franked full year dividend (FY2018)	5.0c

## Investment objectives

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

## Wilson Asset Management investment & management team

Geoff Wilson AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
John Ayoub	Senior Equity Analyst
Tobias Yao	Senior Equity Analyst
Nick Healy	Equity Analyst
Cooper Rogers	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 announced strong performance and increased fully franked dividend

On Monday 9 July WAM Leaders **announced** the investment portfolio has increased 17.8% for the financial year to 30 June 2018, outperforming the S&P/ASX 200 Accumulation Index by 4.8%. The WAM Leaders Board of Directors also announced a fully franked full-year dividend of 5.0 cents per share, an increase of 66.7% on the previous year, with the fully franked final dividend being 2.5 cents per share, payable on 26 October 2018.

The fully franked full year dividend of 5.0 cents per share represents a yield of 4.3%.<sup>\*</sup> WAM Leaders shares are currently trading at a 3.7%<sup>\*</sup> discount to the 30 June 2018 pre-tax net tangible assets of \$1.22 per share. The 2018 full year result will be released in the coming weeks.

## Key dividend dates

Dividend ex-date	12 October 2018
Record date	15 October 2018
Last election date for DRP	17 October 2018
Payment date	26 October 2018

<sup>\*</sup>As at 12 July 2018.

## Market update

The S&P/ASX 200 Accumulation Index increased 3.3% in June, to finish the financial year up 13.0%. The best performing sectors for the month included energy, up 7.8%, consumer staples, up 6.2%, utilities, up 6.0% and financials, up 4.1% while telecommunications dragged on the index, underperforming by 5.8%.

Globally, the escalating prospect of trade conflicts between the US and China weighed heavily on sentiment. US President Donald Trump imposed steel and aluminium tariffs on Europe, Canada and Mexico before announcing a US\$34 billion list of Chinese goods subject to tariffs, prompting a plan by Chinese authorities to announce equal tariff rates on the same value of goods. The US Federal Reserve lifted interest rates by 0.25 percentage points and signalled that two more increases are likely in 2018 as policymakers gave a bullish assessment of the US economy citing accelerating growth and rapid job creation.

## Performance

Performance at 30 June 2018	1 mth	6 mths	1 yr	Since inception %pa (May-16)
WLE Investment Portfolio <sup>*</sup>	2.6%	5.3%	17.8%	13.4%
S&P/ASX 200 Accumulation Index	3.3%	4.3%	13.0%	11.4%
<b>Outperformance</b>	<b>-0.7%</b>	<b>+1.0%</b>	<b>+4.8%</b>	<b>+2.0%</b>

<sup>\*</sup>Investment performance and Index returns are before expenses, fees and taxes.

## Portfolio update

The WAM Leaders investment portfolio rose 2.6% in June. We increased our exposure to the banks during the month as market valuations became supportive. With the Bank of Queensland, AMP and Suncorp recently repricing to offset additional costs, we believe this current dynamic has the potential to offset some of the negative headwinds for the sector in the short term. Positive contributors to the portfolio included Mayne Pharma Group (ASX: MYX), up 12.3%, Corporate Travel Management (ASX: CTD), up 10.9%, Caltex (ASX: CTX), up 10.6%, APN Outdoor (ASX: APO), up 10.4%, and Whitehaven Coal (ASX: WHC), up 9.9%.

## Net tangible asset (NTA) figures

<b>NTA before tax</b>	<b>122.03c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>121.16c</b>
<b>NTA after tax</b>	<b>118.74c</b>

## Diversified portfolio

Investment type	May 2018		June 2018	
	\$m	%	\$m	%
<b>Listed equities</b>	708.9	84.2	<b>749.3</b>	<b>86.7</b>
<b>Short portfolio</b>	0.0	0.0	<b>0.0</b>	<b>0.0</b>
<b>Fixed interest &amp; cash</b>	133.5	15.8	<b>114.9</b>	<b>13.3</b>
<b>Gross assets</b>	<b>842.4m</b>	<b>100.0</b>	<b>864.2m</b>	<b>100.0</b>
<b>Total shares on issue</b>	703,203,693		<b>703,203,693</b>	

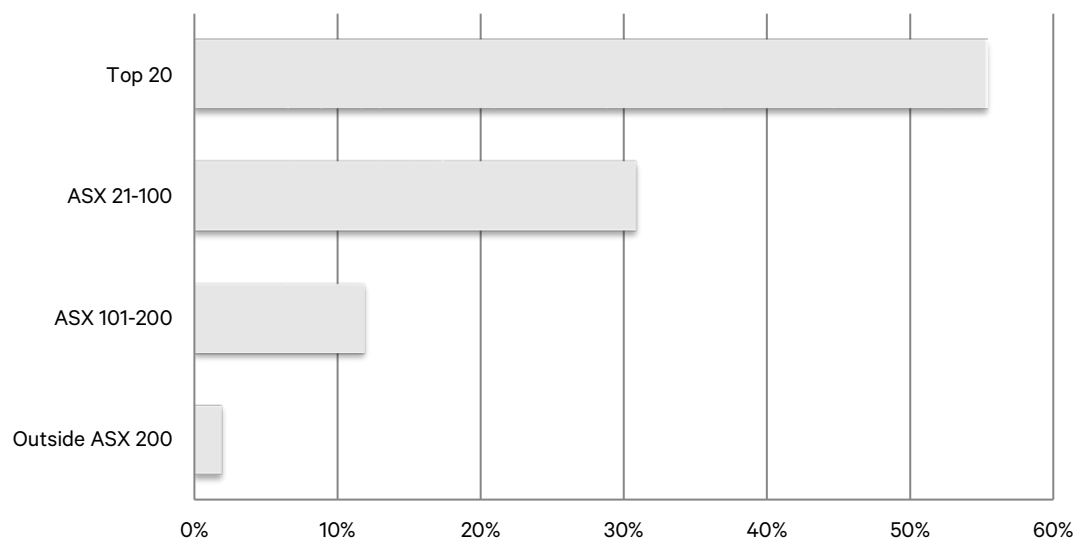
## Top 20 holdings

Code	Company	Code	Company
AGL	AGL Energy Limited	ORG	Origin Energy Limited
ANZ	Australia and New Zealand Banking Group Limited	QBE	QBE Insurance Group Limited
BHP	BHP Billiton Limited	RIO	Rio Tinto Limited
CBA	Commonwealth Bank of Australia	S32	South32 Limited
CSL	CSL Limited	SGR	The Star Entertainment Group Limited
FMG	Fortescue Metals Group Limited	TAH	Tabcorp Holdings Limited
JHX	James Hardie Industries Plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WES	Wesfarmers Limited
MYX	Mayne Pharma Group Limited	WOW	Woolworths Group Limited
NAB	National Australia Bank Limited	WPL	Woodside Petroleum Limited

The top 20 holdings are presented in alphabetical order.

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## Equity portfolio composition by market capitalisation



## Fully franked dividends

On 9 July 2018, the Company announced a fully franked final dividend of 2.5 cents per share. This brings the fully franked full year dividend to 5.0 cents per share. The final dividend will be paid on 26 October 2018 and will trade ex on 12 October 2018. The dividend reinvestment plan is available to shareholders for the final 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 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. Since inception in May 2016, WAM Leaders has paid 5.5 cents per share in fully franked dividends to shareholders.

## Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.