

W | A | M Leaders

Focus: large-cap Australian companies
(ASX: WLE)

Portfolio update

The WAM Leaders portfolio increased 5.1% in January, driven primarily by our tactical iron ore and oil positions. Contributors with exposure to iron ore included Fortescue Metals Group (ASX: FMG), Rio Tinto (ASX: RIO) and BHP Group (ASX: BHP). We increased our investments in FMG, RIO and BHP as the US-China trade wars emerged, believing that a mutually beneficial deal would eventually be struck and we continue to hold this view. FMG, RIO and BHP share prices increased 34.8%, 10.9% and 1.8% respectively for the month of January. BHP's most significant contribution came through a fully franked special dividend of US\$1.02 per share paid on 30 January 2019 from the sale of its onshore oil and gas assets in the US.

Our investment in Woodside Petroleum (ASX: WPL) was driven by an expectation of higher oil prices and an equity market overreaction to the slowdown in the Chinese economy. We believe China's central government will continue to stimulate the economy in a bid to keep its 1.4 billion citizens content. An example of this is the recent relaxation of reserve requirements for banks to encourage business lending, which is helpful for increased demand for iron-ore and oil, by making capital more available. Meanwhile, Venezuela, the country with the largest proven oil reserves in the world, has teetered on the brink of violent civil unrest following its disputed Presidential election. WTI Crude Oil prices rallied amidst the political uncertainty, increasing 18.5% in January as investors predicted impacts to supply. WPL's share price increased 9.6% during the month.

The investment portfolio's cash weighting is currently 12.6%.



Matthew Haupt
BCom GradDip App Fin CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	114.60c
NTA after tax and before tax on unrealised gains	114.50c
NTA after tax	114.04c

Based on the 31 January 2019 share price of \$1.09 per share.

Pre-tax net tangible assets

\$1.15

Gross assets

\$809.7m

FY18 fully franked full year dividend

5.0c

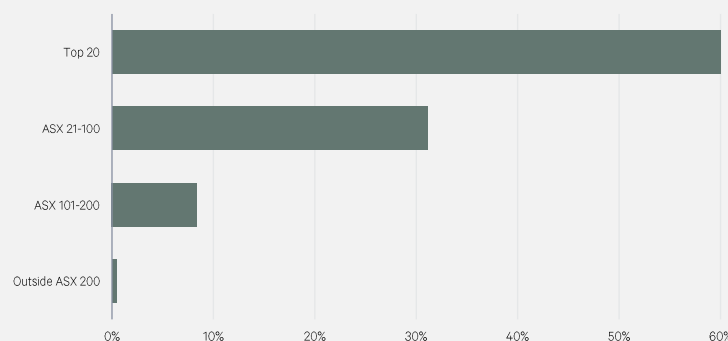
Performance (p.a. since May 2016)

9.5%

Performance at 31 January 2019	1 mth	Fin YTD	1 yr	Since inception %p.a. (May-16)
WLE Investment Portfolio	5.1%	-2.4%	3.2%	9.5%
S&P/ASX 200 Accumulation Index	3.9%	-3.2%	1.4%	7.6%
Outperformance	+1.2%	+0.8%	+1.8%	+1.9%

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

Equity portfolio composition by market capitalisation



Investment type	December 2018		January 2019	
	\$m	%	\$m	%
Listed equities	697.3	90.4	739.0	91.3
Short portfolio	(1.8)	(0.2)	0.0	0.0
Fixed interest & cash	75.9	9.8	70.7	8.7
Gross assets	\$771.4m	100.0	\$809.7m	100.0
Market capitalisation	\$746.4m		\$767.5m [†]	
Total shares on issue	704,135,905		704,135,905	

Top 20 holdings in alphabetical order

Aristocrat Leisure Limited	ALL
Australia and New Zealand Banking Group Limited	ANZ
BHP Group Limited	BHP
Commonwealth Bank of Australia	CBA
CSL Limited	CSL
Fortescue Metals Group Limited	FMG
Goodman Group	GMG
Macquarie Group Limited	MQG
National Australia Bank Limited	NAB
Newcrest Mining Limited	NCM
Oil Search Limited	OSH
OZ Minerals Limited	OZL
Rio Tinto Limited	RIO
Tabcorp Holdings Limited	TAH
Telstra Corporation Limited	TLS
The Star Entertainment Group Limited	SGR
Treasury Wine Estates Limited	TWE
Westpac Banking Corporation	WBC
Woodside Petroleum Limited	WPL
Woolworths Group Limited	WOW