



2019 Half Year Results



Dear Shareholders,

During the six-month period to 31 December 2018, equity market volatility increased as investor sentiment oscillated with global macroeconomic and political news. Slowing economic growth in major global markets, quantitative tightening (QT) and rising interest rates in the United States (US), the US-China trade war and the ongoing Brexit drama were some of the major drivers of the significant fluctuations in equity prices during the period.

In Australia, the second half of the calendar year was defined by weaker economic growth, Federal Government instability and a raft of interventionist proposals from the Opposition, the Royal Commission into the Banking, Superannuation and Financial Services Industry, falling property prices and diminishing consumer and business sentiment.

These factors weighed on the Australian equity market during the six-month period with the S&P/ASX 200 Accumulation Index falling by 6.8%.

Given the heightened volatility during the period, we increased our exposure to defensive sectors and invested in gold and

mining companies as a result of improvements in the US-China trade war. Contributors to performance included: QBE Insurance Group (ASX: QBE), Evolution Mining (ASX: EVN), Brambles (ASX: BXB), Mayne Pharma Group (ASX: MYX) and Boral (ASX: BLD). Detractors included Aristocrat Leisure (ASX: ALL), James Hardie Industries (ASX: JHX), Sims Metal Management (ASX: SGM), Australia and New Zealand Banking Group (ASX: ANZ) and Westpac Banking Corporation (ASX: WBC).

Despite significant volatility in the equity market, the Board of Directors is pleased to declare a fully franked interim dividend of 2.65 cents per share, an increase of 6.0% on the prior corresponding period and currently representing an annualised dividend yield of 4.6%. The dividend has been achieved through the performance of the investment portfolio since inception and the profits reserve available. This is consistent with our investment objective of delivering investors a stream of fully franked dividends. Since inception in 2016, WAM Leaders has paid 8.0 cents per share in fully franked dividends to shareholders.

Overall, the investment portfolio decreased by 7.1% in the half year to 31 December 2018,

resulting in a reduction of \$61 million in assets and an operating loss after tax of \$42.5 million.

At the end of 2018 our market outlook was extremely bearish due to signs that the US Federal Reserve would raise interest rates in 2019 and QT was continuing at unprecedented levels. At the same time, leading economic indicators were pointing to a slowing global economy. The combined impact of these factors on equity markets would have been brutal. This did not occur and the major turning point in January was the unexpected about-face of the US Federal Reserve, holding interest rates for the foreseeable future and indicating that QT might be over. This change in approach provided equity markets with strong support.

Also during January, President Xi Jinping increased China's stimulus significantly, which will have implications for global economic growth, with particular relevance to Australia. We remain focused on these macroeconomic factors and their impact on markets and company results.

The investment portfolio's cash level is currently 9.2%.

We look forward to providing an update to our WAM Leaders shareholders during our Investor Conference Call on 19 March 2019 and meeting you at our next Shareholder Presentations in May 2019.

Thank you for your support of WAM Leaders and good luck investing in 2019.

Geoff Wilson AO
Chairman & Chief Investment Officer

*Based on 21 February 2019 share price of \$114.



Highlights

Dividend increase

6.0%

Annualised fully franked interim dividend

5.3c

Annualised fully franked dividend yield^{*}

5.0%

Fully franked interim dividend

The Board declared a fully franked interim dividend of 2.65 cents per share.

Key dividend dates

Ex dividend date	10 April 2019
Record date	11 April 2019
Last election date for DRP	15 April 2019
Payment date	26 April 2019

The Board is committed to paying a 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 8.0 cents per share in fully franked dividends to shareholders.

Performance

as at 31 December 2018

	6 mths	1 yr	Since inception %pa (May-16)
WLE Investment Portfolio [*]	-7.1%	-2.2%	7.8%
S&P/ASX 200 Accumulation Index	-6.8%	-2.8%	6.3%
Outperformance	-0.3%	+0.6%	+1.5%

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

Top 20 holdings in alphabetical order

as at 31 December 2018

Code	Company
ALL	Aristocrat Leisure Limited
AZJ	Aurizon Holdings Limited
BHP	BHP Billiton Limited
CBA	Commonwealth Bank of Australia
CSL	CSL Limited
EVN	Evolution Mining Limited
FMG	Fortescue Metals Group Limited
NAB	National Australia Bank Limited
NCM	Newcrest Mining Limited
ORG	Origin Energy Limited
OSH	Oil Search Limited
RIO	Rio Tinto Limited
S32	South32 Limited
TAH	Tabcorp Holdings Limited
TCL	Transurban Group
TLS	Telstra Corporation Limited
SGR	The Star Entertainment Group Limited
WBC	Westpac Banking Corporation
WPL	Woodside Petroleum Limited
WOW	Woolworths Group Limited



^{*}Based on the 31 December 2018 share price of \$1.06 per share.