

W | A | M *Leaders*

Investment update

As at 31 August 2016



Snapshot

Pre-tax net tangible assets

110.67c

Gross Assets

\$398.7m

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders

ASX code	WLE
Listed	May 2016
Gross assets	\$398.7m
Market cap	\$418.0m
Share price	\$1.165
Option price	\$0.066
NTA before tax	\$1.11
Shares on issue	358,788,250
Options on issue	358,138,905
Number of stocks held	41

Investment objectives

- Deliver investors a rising 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	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Equity Analyst

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 finished down 1.5% for the month on the back of a mixed company reporting season. The extended federal election campaign was a commonly cited reason for a slowdown in activity leading into the end of the financial year. Consumer stocks provided mixed results, however grocery, electronics and furniture retailers all performed well. Positively, mining services companies are now positioned more favourably after in many cases deleveraging their balance sheets. During the August reporting season, many companies provided guarded outlook statements and were cautious in their guidance.

The overall theme to emerge from reporting season is that the current economy is tough and top line growth is difficult, however value has emerged through identifying companies and sectors that are 'unloved'. With the chance of the US Federal Reserve raising interest rates this calendar year we will approach the coming months with caution as we enter the Annual General Meeting confession season.

Portfolio overview

Packaging company Orora Limited (ASX: ORA) reported its full year results. The company reported net profit after tax (NPAT) of \$169 million, with earnings before interest and tax (EBIT) up 24.6% to \$280.5 million, beating market expectations. We like the defensive nature of the business with its exposure to beverage and food consumption and see potential for growth opportunities through further acquisitions following the recent acquisition of IntegraColor in the US.

Footwear retailer RCG Corporation (ASX: RCG) reported its full year results, with underlying FY16 earnings before interest, tax, depreciation and amortisation (EBITDA) of \$60.4 million, in line with the company's July market update. As the dominant player in Australia following its acquisition of the Accent Group and Hype DC, RCG now has a clear runway to roll out additional Platypus, Skechers and Hype DC stores over the coming years.

Net tangible asset (NTA) figures

NTA before tax	110.67c
NTA after tax and before tax on unrealised gains	111.71c
NTA after tax	110.41c

Performance

In August the portfolio increased 0.49%, outperforming the S&P/ASX 200 Accumulation Index, which fell 1.55%.

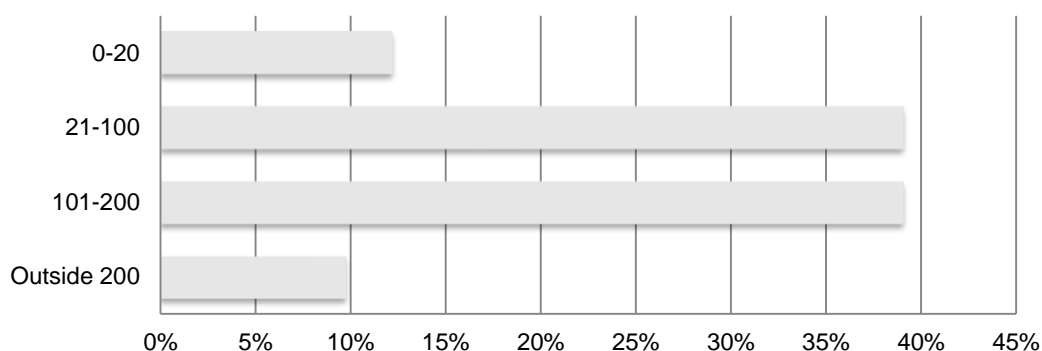
Diversified portfolio

Investment Type	July 2016		August 2016	
	\$m	%	\$m	%
Listed equities	266.3	67.0	281.5	70.6
Short portfolio	(25.5)	(6.4)	(1.4)	(0.4)
Fixed interest & cash	156.6	39.4	118.6	29.8
Gross assets	397.4m	100.0	398.7m	100.0
Total shares on issue	358,558,678		358,788,250	

Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
ORA	Orora Limited	19,107,259	4.8%
ALL	Aristocrat Leisure Limited	15,459,561	3.9%
CCP	Credit Corp Group Limited	13,739,156	3.4%
ALQ	ALS Limited	13,429,039	3.4%
RWC	Reliance Worldwide Corporation (Aust) Pty Limited	12,731,992	3.2%
CSL	CSL Limited	12,192,491	3.1%
JHX	James Hardie Industries PLC	12,168,090	3.1%
TPM	TPG Telecom Limited	11,895,026	3.0%
TWE	Treasury Wine Estates Limited	10,667,265	2.7%
ECX	Eclix Group Limited	10,584,022	2.7%

Portfolio composition by market capitalisation



WAM Leaders investor call

On 17 August 2016, Wilson Asset Management and WAM Leaders Chairman Geoff Wilson and Wilson Asset Management Portfolio Manager Matthew Haupt and Senior Equity Analyst John Ayoub conducted a teleconference with WAM Leaders shareholders.

If you were unable to dial in, you can still access the audio and presentation slides at this [link](#), or by visiting the News and insights section of our website, wilsonassetmanagement.com.au.