

W | A | M *Leaders*

Investment update

As at 31 January 2017



Snapshot

Pre-tax net tangible assets

\$1.14

Gross assets

\$410.6m

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$410.6m
Market cap	\$413.9m
Share price	\$1.15
Option price	\$0.049
NTA before tax	\$1.138
Shares on issue	359,902,169
Options on issue	357,024,986
Number of stocks held	45
Annualised fully franked interim dividend (FY2017)	2.0c
Fully franked dividend yield	1.7%

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	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior 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.

Key dividend dates

Ex date	13 April 2017
Record date	18 April 2017
Last election date for DRP	20 April 2017
Payment date	28 April 2017
Last day for option holders to exercise options to be eligible for the dividend	10 April 2017

Market overview

The S&P/ASX 200 Accumulation Index closed down 0.8% for the month with only four out of 11 sectors positive in January. The largest positive drivers of the Index were resources, up 5.2%, driven by rising commodity prices and healthcare, up 4.8%. The worst performing sectors included: consumer discretionary, down 4.3%; industrials, down 4.7%; and real estate investment trusts, down 4.8%. Following the inauguration of President Trump, US equity markets continued their march higher with the Dow Jones Industrial Average Index breaking through 20,000 for the first time. More recently, concerns around the Trump administration's widening diplomatic rifts with both key allies and trade partners have weighed on markets. During the month, US Federal Reserve chair Janet Yellen said interest rates were likely to rise "a few times a year" for the next two years. Locally, domestic fourth-quarter inflation data fell short of expectations, with core inflation increasing 0.4% over the three months to December 2016 and 1.5% over the year, well below the Reserve Bank of Australia's 2-3% target range.

Portfolio update

Entering January, the investment portfolio lightened its exposure to the major banks following the sector's strong run in November and December. Heading into the February reporting season the portfolio is currently well positioned to take advantages of opportunities as they arise. During the month, BlueScope Steel Limited (ASX: BSL) upgraded its FY17 earnings before interest and tax (EBIT) guidance to approximately \$600m, compared to previous guidance of at least \$510 million. The upgrade was due to stronger steel prices and spreads, higher realised iron ore prices and further productivity in the steel manufacturing portfolio. Portfolio Manager Matthew Haupt travelled to China to attend the Deutsche Bank Access China Conference. The consensus view was that China's leaders will ensure current growth levels continue.

Net tangible asset (NTA) figures

NTA before tax 113.81c

NTA after tax and before tax on unrealised gains 114.05c

NTA after tax 112.86c

The above figures are not adjusted for the 357,024,986 options on issue with an exercise price of \$1.10.

Performance

In January, the portfolio decreased 0.5% while the S&P/ASX 200 Accumulation fell 0.8%.

Maiden fully franked dividend and options

On 6 February 2017, the Company announced a maiden fully franked interim dividend of 1.0 cent per share. The interim dividend will be paid on 28 April 2017 and will trade ex on 13 April 2017. The board currently anticipates the final dividend will be higher than the interim dividend. The final dividend is expected to be announced in August 2017, provided the Company has sufficient profit reserves and franking credits.

The dividend reinvestment plan (DRP) will operate without a discount for the interim dividend. The last election date for the DRP will be 20 April 2017. Shareholders who exercise their options before 10 April 2017 will be eligible to receive the fully franked interim 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 is within prudent business practices.

Investor conference call

Shareholders have the opportunity to take part in an investor conference call in which the investment team will provide an update on the WAM Leaders investment portfolio and our equity market outlook. The call will also cover WAM Capital, WAM Research and WAM Active.

Date: Wednesday 8 March 2017

Time: 4:30pm – 5:30pm (AEST)

To register, please email Alexandra Hopper on investorcall@wilsonassetmanagement.com.au.

Diversified portfolio

Investment Type	December 2016		January 2017	
	\$m	%	\$m	%
Listed equities	340.6	82.5	259.4	63.2
Short portfolio	(4.2)	(1.0)	(3.7)	(0.9)
Fixed interest & cash	76.6	18.5	154.9	37.7
Gross assets	413.0m	100.0	410.6m	100.0
Total shares on issue	359,714,378		359,902,169*	

* During the month, 187,791 options were exercised.

Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
ORA	Orora Limited	14,541,963	3.5%
WOW	Woolworths Limited	12,763,784	3.1%
STO	Santos Limited	11,963,604	2.9%
NAB	National Australia Bank Limited	11,951,537	2.9%
ORG	Origin Energy Limited	11,437,623	2.8%
RWC	Reliance Worldwide Corporation (Aust.) Limited	10,904,000	2.7%
BHP	BHP Billiton Limited	10,211,991	2.5%
TWE	Treasury Wine Estates Limited	8,980,674	2.2%
CPU	Computershare Limited	8,876,067	2.2%
IPL	Incitec Pivot Limited	8,845,352	2.2%

Equity portfolio composition by market capitalisation

