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Annual Report

For the year ended 30 June 2018

WAM Leaders Limited

WAM Leaders Limited (WAM Leaders or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Lindsay Mann
Melinda Snowden
Kate Thorley

Auditor

Pitcher Partners

Country of Incorporation

Australia

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

Company Secretary

Linda Vo

Investment Manager

MAM Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000
(part of Wilson Asset Management)

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
T: (02) 9247 6755
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W: wilsonassetmanagement.com.au

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Leaders Limited
Ordinary Shares (WLE)

Shareholder Presentations 2018

Annual General Meeting and Presentation

Sydney, Tuesday 20 November

Presentation: 10.00am – 12.00pm

AGM: 2.15pm – 2.35pm

The Westin Sydney

1 Martin Place

Sydney NSW 2000

To be streamed live on our website wilsonassetmanagement.com.au.



Canberra

Monday 19 November

10.00am – 12.00pm

QT Canberra

1 London Circuit

Canberra ACT 2601

Brisbane

Thursday 22 November

10.00am – 12.00pm

Brisbane Convention & Exhibition

Centre, Cnr Merivale & Glenelg Streets

South Bank QLD 4101

Hobart

Friday 23 November

10.00am – 12.00pm

C3 Convention Centre

64 Anglesea Street

South Hobart TAS 7004

Adelaide

Monday 26 November

10.00am – 12.00pm

Adelaide Convention Centre

North Terrace

Adelaide SA 5000

Perth

Tuesday 27 November

10.00am – 12.00pm

Perth Convention & Exhibition Centre

21 Mounts Bay Road

Perth WA 6000

Melbourne

Thursday 29 November

10.00am – 12.00pm

Melbourne Convention & Exhibition

Centre, 1 Convention Centre Place

South Wharf VIC 3006

The Future Generation Presentations will be held from 12.15pm – 1.15pm in each city.

Access exclusive investment ideas from leading Australian and global fund managers at the

Future Generation Investment Forum which will be held from 1.45pm – 3.15pm on Thursday 29 November in Melbourne.

Key highlights FY2018

\$100.5m +17.8%

Record operating profit before tax

+17.8%

Investment portfolio performance

5.0c

Fully franked full year dividend

4.3%

Fully franked dividend yield

Snapshot as at 30 June 2018

Listing date	May 2016
Gross assets	\$864.2m
Market capitalisation	\$808.7m
Share price	\$1.15
Shares on issue	703,203,693
Net Tangible Assets (pre-tax)	\$1.22
Net Tangible Assets (post-tax)	\$1.19
Fully franked dividends FY2018	5.0 cents
Fully franked FY2018 dividend yield	4.3%

FY2018 results

WAM Leaders reported a record operating profit before tax of \$100.5 million for the year, a 155.7% increase on the previous year (FY2017: \$39.3 million) and a record operating profit after tax of \$74.6 million (FY2017: \$29.2 million).

The operating profit for 2018 is reflective of the strong investment portfolio performance and the growth in assets over the period. The investment portfolio increased 17.8% over the year, outperforming the S&P/ASX 200 Accumulation Index by 4.8%. This outperformance was achieved with an average cash weighting of 14.0%.

WAM Leaders raised \$377.3 million as a result of a successful option capital raising. A total of 343,007,236 options were exercised (95.7%) during the term of the option issue.

The Board declared 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. Since inception in May 2016, WAM Leaders has paid 5.5 cents per share in fully franked dividends to shareholders.

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Chairman's letter

Dear Fellow Shareholders,

I would like to thank all WAM Leaders shareholders for your continued support of the Company during the 2018 financial year. I would also like to welcome each of the 3,855 new shareholders who have joined us during the year.

In 2018, the Company achieved strong growth as assets grew by \$384.5 million to \$864.2 million. WAM Leaders recorded a record pre-tax profit of \$100.5 million and paid tax of \$10.6 million and dividends of \$29.9 million (net of reinvestment) during the period. The growth in assets was achieved through the strong performance of the investment portfolio, which increased 17.8% for the year and the successful option capital raising which raised \$320.5 million in the 12 months to 30 June 2018. The increase in the investment portfolio was achieved with an average 86.0% invested in equities, with the investment portfolio outperforming the S&P/ASX 200 Accumulation Index by 4.8%, with less volatility than the Index. Since inception, the investment portfolio recorded a standard deviation of 6.9% against the market's 8.4%. The return on the equity portion of our portfolio was 20.4% and the return on the cash portion of the portfolio was 2.0% for the year.

The Company declared 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.

Company performance

There are three key measures we use to evaluate the performance of a listed investment company, which are: investment portfolio performance; net tangible asset (NTA) growth; and total shareholder return (TSR). Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Leaders is to outperform the S&P/ASX 200 Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX 200 Accumulation Index is measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

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

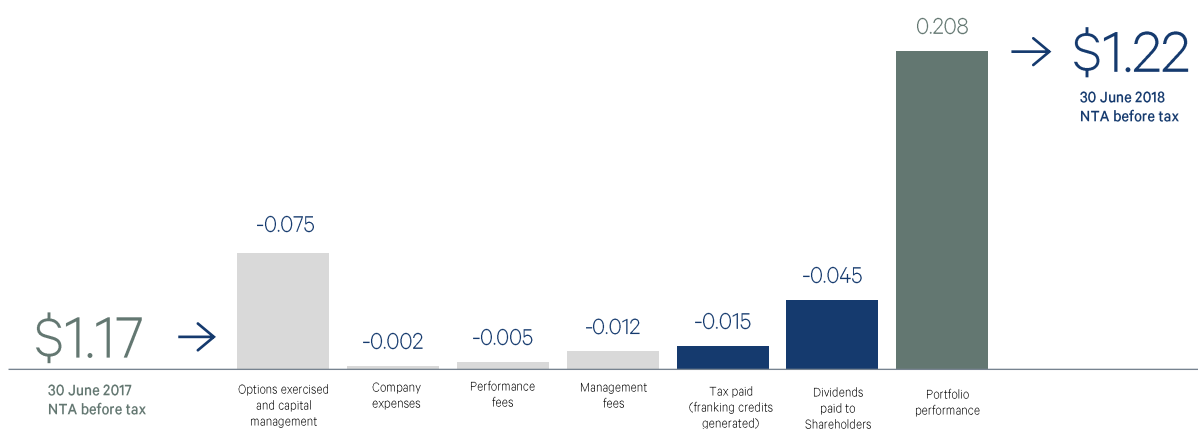
*Investment performance and Index returns are before expenses, fees and taxes.

WAM Leaders' investment portfolio increased 17.8% in the 12 months to 30 June 2018, outperforming the S&P/ASX 200 Accumulation Index by 4.8%. This outperformance was achieved with an average of 86.0% of the investment portfolio invested in equities. The performance of the investment portfolio and the S&P/ASX 200 Accumulation Index are measured before expenses, fees and taxes.

2. NTA growth

WAM Leaders' NTA before tax increased 8.7% for the 12 months to 30 June 2018, including the 4.5 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 1.5 cents per share or 1.3% during the year. Corporate tax payments and the impact of the options exercised during the period were the major items of difference between the investment portfolio performance of 17.8% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in value of the assets during the year were management fees of 1.0%, performance fee payable of 0.4%, other company related expenses of 0.1% and the effect of options exercised and capital management of 6.3%.

WAM Leaders NTA before tax performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Leaders for the year to 30 June 2018 was 7.4% (2017: 3.8%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Investment portfolio performance

WAM Leader's investment portfolio continued to deliver strong absolute performance, increasing 17.8% over the period whilst holding on average 86.0% in equities. The strong portfolio performance for the 2018 financial year was primarily driven by the selection of companies with exposure to the energy and materials sectors including Origin Energy (ORG), Santos (STO) and BHP Billiton (BHP), which benefitted from rising oil prices due to supply cuts led by OPEC. CSL Limited (CSL) was another stellar performer, with earnings momentum driving the share price higher. We believe investment opportunities will always be available, irrespective of the direction of the overall equity market. The portfolio is well positioned to withstand heightened levels of volatility with our flexible mandate allowing for above average cash holdings and the high liquidity of the underlying companies within the investment portfolio allowing us to increase this level where required.

Dividends

The Board declared 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. Since inception, the Company has paid 5.5 cents per share in fully franked dividends to shareholders.

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. The dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will operate without a discount for the final dividend.

Options

The Company successfully raised \$377,307,969 during the term of the option issue, which expired on 17 November 2017. A total of 343,007,236 options (95.7%) were exercised, with the remaining options expiring. The options were issued as part of the Replacement Prospectus (dated 18 April 2016) with shareholders who subscribed for shares under the Company's IPO being issued one option for each share they purchased.

As the Company's capital base increases, its on-market liquidity increases and its relevance in the market grows. All of these factors improve the prospect of broker and research coverage and can drive additional interest from stockbrokers, financial planners and investors.

Equity market overview

WAM Leaders' strong investment portfolio performance was delivered against a background of heightened volatility across global equity markets. We are approaching the end of the current cycle, which is the second-longest bull market in the United States' history.

The rise in global interest rates, coupled with the potential for trade wars, will increase volatility and although global economic growth continues, domestic economic growth remains sluggish. Given the lack of wage inflation and no clear catalyst to drive domestic economic growth in the short-to-medium term, we expect interest rates in Australia to remain on hold for a prolonged period.

Company outlook

WAM Leaders enters the 2019 financial year with a conservative balance sheet, no debt and a flexible and proven investment approach with the patience and expertise of an experienced investment team. The Company will continue to seek opportunities irrespective of market conditions and we remain well positioned to capitalise on these as they emerge.

Board changes

In June 2018, Chris Stott resigned from the Board of Directors. The Board would like to thank Chris for his contribution to WAM Leaders as a founding Director.

Public policy and advocacy – defending the current dividend imputation system

Wilson Asset Management continues to engage in public policy discussions and advocates on behalf of all shareholders regarding issues of importance. Early in the 2018 calendar year, the Federal Opposition proposed to remove the mechanism for the Australian Taxation Office to refund tax paid on dividend income. We believe it is unfair to change the rules on self-funded retirees, older workers and low income earners. On 11 May 2018, Wilson Asset Management launched a petition to maintain the current dividend imputation system, with over 12,000 signatures collected to date.

We will be submitting the petition, polling results and policy paper to the Commonwealth Treasurer, Minister for Finance, Leader of the Opposition and Shadow Treasurer detailing the negative economic and social impacts of this proposed policy and the positive aspects of the current franking credits system. Over the coming months we will monitor the proposed policy changes and continue to engage in the public debate.

Shareholder engagement and communication

Shareholders are the owners of WAM Leaders. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We value shareholder engagement and aim to provide total transparency. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer;
- Regular investment insights and market updates;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls on our LICs;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and semi-annual profits announcements.

WAM Leaders shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information to you and welcome all feedback on how we can improve our communication and engagement with you, the owners of the Company – please contact our Head of Corporate Affairs James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support.



Geoff Wilson AO
Chairman

Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs 30 staff. The investment team comprises 11 highly experienced professionals with more than 140 years' of combined investment experience and a total focus on managing money.

We take great pride in managing seven LICs and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, the only companies to provide:

- Shareholders with exposure to the best Australian and global fund managers without paying management or performance fees;
- Charities with a consistent and growing stream of annual donations; and
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

WAM Leaders has an investment management agreement with Wilson Asset Management. For WAM Leaders shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Our flexible mandate allows for above average cash holdings.

Deep diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experienced experts. Wilson Asset Management's investment team has a total focus on protecting and growing shareholder capital and is informed by more than 140 years' of combined equity market experience.

Full market access. Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact to the community. Wilson Asset Management is passionate about making a difference to the broader community.

Objectives and investment process

Investment objectives

The investment objectives of WAM Leaders are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth; and
- preserve capital of the Company.

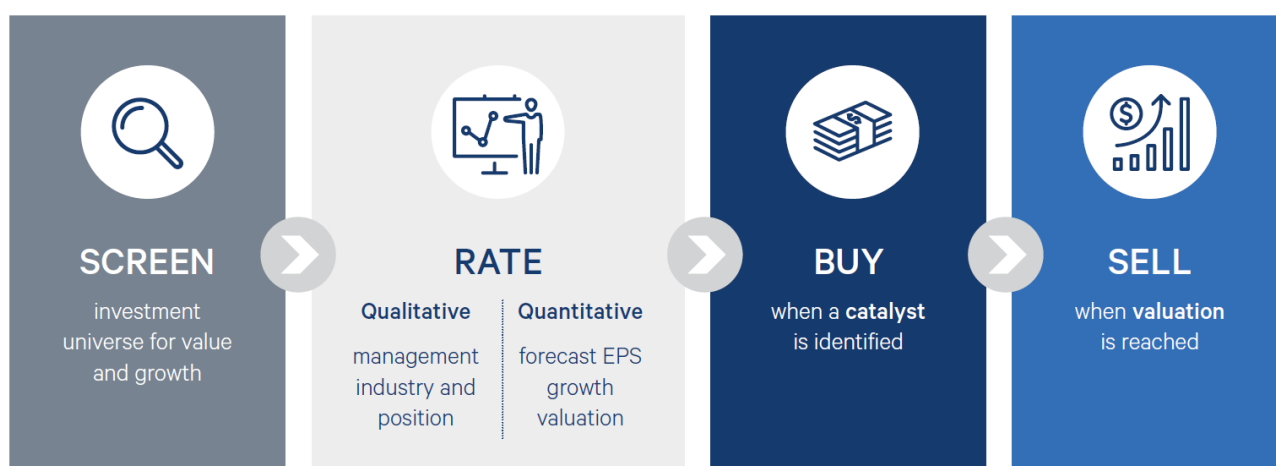
Investment process – focus on S&P/ASX 200 Index

WAM Leaders provides investors with access to Wilson Asset Management's two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.



Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, short selling and trading market themes and trends.

Directors' Report to shareholders for the year ended 30 June 2018

The Directors present their report together with the financial report of WAM Leaders Limited for the financial year ended 30 June 2018.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth and to preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in a record operating profit before tax of \$100,462,488, a 155.7% increase on the previous year (2017: \$39,288,192) and a record operating profit after tax of \$74,560,379 (2017: \$29,177,875). The profit for the year is reflective of the strong performance of the investment portfolio and the growth in assets during the period following the successful option capital raising. The investment portfolio increased by 17.8% in the 12 months to 30 June 2018, outperforming the S&P/ASX 200 Accumulation Index by 4.8%.

The operating profit for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and the fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company as at 30 June 2018 was \$836,456,802 (2017: \$471,220,638). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2018.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2017 final dividend of 2.0 cents per share paid on 5 December 2017	14,033,126
Fully franked FY2018 interim dividend of 2.5 cents per share paid on 27 April 2018	17,556,279

Since the end of the year, the Directors declared a fully franked final dividend of 2.5 cents per share to be paid on 26 October 2018.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Lindsay Mann
- Melinda Snowden
- Kate Thorley
- Chris Stott (resigned 29 June 2018)

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 38 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since March 2016.

Other current directorships

Geoff Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Capital Limited (appointed March 1999), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Geoff Wilson (Chairman – non-independent) (cont'd)

Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 40 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD.

Lindsay Mann has been a Director of the Company since March 2016.

Other current directorships

Lindsay Mann is currently an independent non-executive director of UCA Funds Management Limited and an independent Director of WAM Capital Limited (appointed December 2012).

Former directorships in the last 3 years

Lindsay Mann has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Lindsay Mann's interests in shares of the Company are included later in this report.

Interests in contracts

Lindsay Mann has no interests in contracts of the Company.

Melinda Snowden (Director – independent)

Experience and expertise

Melinda Snowden's qualifications and accreditations include: Bachelor of Economics and Bachelor of Laws, Graduate Diploma in Applied Finance and Investment, Graduate of the AICD and Fellow of FINSIA. Melinda was an investment banker with Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York, with 24 years' experience in financial markets. Melinda was a non-executive Director of MLC Limited, the wealth management division of NAB and a number of its associated boards between 2009 and 2014 and is a former non-executive Director of Vita Group Limited, an ASX listed electronics and telecommunications retailer (between 2008 and 2011).

Melinda Snowden has been a Director of the Company since March 2016.

Other current directorships

Melinda Snowden is an advisory board member of Hardtofind.com.au Pty Limited and is a Director of Sandon Capital Investments Limited, Mercer Investments (Australia) Limited and Kennards Self Storage Pty Limited.

Former directorships in the last 3 years

Melinda Snowden has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Chair of the Audit and Risk Committee.

Interests in shares of the Company

Details of Melinda Snowden's interests in shares of the Company are included later in the report.

Interests in contracts

Melinda Snowden has no interests in contracts of the Company.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 13 years' experience in the funds management industry and more than 19 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Active Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited and Future Generation Investment Company Limited. Kate is the Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a member of the Australian Institute of Company Directors.

Kate has been a Director of the Company since March 2016.

Kate Thorley (Director – non-independent) (cont'd)

Other current directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017) and WAM Global Limited (appointed February 2018).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Linda Vo

Linda Vo has over 15 years' experience in financial accounting including more than 11 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Leaders Limited in May 2016.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Leaders Limited.

a) Remuneration of Directors

All Directors of WAM Leaders are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$90,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2018:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Lindsay Mann	Director	27,397	2,603	30,000
Melinda Snowden	Director	27,397	2,603	30,000
Kate Thorley	Director	9,132	868	10,000
Chris Stott (resigned 29 June 2018)	Director	9,132	868	10,000
		82,190	7,810	90,000

Directors' remuneration received for the period ended 30 June 2017:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	10,006	951	10,957
Lindsay Mann	Director	30,016	2,852	32,868
Melinda Snowden	Director	30,016	2,852	32,868
Kate Thorley	Director	10,006	951	10,957
Chris Stott (resigned 29 June 2018)	Director	10,006	951	10,957
		90,050	8,557	98,607

[†]Pro-rated from the Company's listing date (30 May 2016) to 30 June 2017.

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals' benefits for FY2018 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$8,077,853 inclusive of GST (2017: \$5,145,084). As at 30 June 2018, the balance payable to the Manager was \$791,680 inclusive of GST (2017: \$439,534).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

For the year ended 30 June 2018, a performance fee of \$3,561,265 inclusive of GST (2017: nil) was payable to MAM Pty Limited. The prior period underperformance of \$1,107,390 inclusive of GST has been recouped in full in the current financial year.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders Limited to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$53,900^{*}) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$18,078^{*}). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the investment manager of the Company is remunerated as outlined above.

^{*}Accounting and Company Secretarial services for FY2017 were pro-rated from the Company's listing date (30 May 2016) to 30 June 2017.

Remuneration Report (Audited) (cont'd)**d) Equity instruments disclosures of Directors and related parties**

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2017	Acquisitions	Disposals	Balance at the date of this report
Geoff Wilson	2,546,932	2,923,435	-	5,470,367
Lindsay Mann	35,000	125,000	-	160,000
Melinda Snowden	9,200	-	-	9,200
Kate Thorley	66,000	17,025	-	83,025
	2,657,132	3,065,460	-	5,722,592

Options held Directors	Balance at 30 June 2017	Acquisitions	Options exercised	Balance at the date of this report
Geoff Wilson	2,000,000	-	(2,000,000)	-
Lindsay Mann	25,000	100,000	(125,000)	-
Melinda Snowden	-	-	-	-
Kate Thorley	-	-	-	-
	2,025,000	100,000	(2,125,000)	-

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	5	5
Lindsay Mann	5	5
Melinda Snowden	5	5
Kate Thorley	5	5
Chris Stott (resigned 29 June 2018)	5	5

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2018 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Melinda Snowden	4	4
Lindsay Mann	4	4
Kate Thorley	4	4

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 2.5 cents per share to be paid on 26 October 2018.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2018 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 21 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 15th day of August 2018

**Auditor's Independence Declaration
To the Directors of WAM Leaders Limited
ABN 33 611 053 751**

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*;
and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WAM Leaders Limited during the period.



C I Chandran
Partner

Pitcher Partners
Sydney

15 August 2018

Statement of comprehensive income for the year ended 30 June 2018

	Note	June 2018 \$	For the period 1 March 2016 to 30 June 2017 \$
Net realised and unrealised gains on financial assets		93,244,093	35,696,426
Other revenue from operating activities	2	21,753,410	12,508,534
Performance fees		(3,318,452)	-
Management fees		(7,527,090)	(4,794,283)
Directors fees		(90,000)	(98,607)
Brokerage expense on share purchases		(2,880,276)	(2,620,931)
Expenses paid on borrowed stock		-	(712,843)
Custody fees		(65,039)	(34,372)
ASX listing and chess fees		(135,651)	(155,208)
Share registry fees		(182,424)	(235,959)
Disbursements, mailing and printing		(94,823)	(53,660)
Other expenses from ordinary activities		(241,260)	(210,905)
Profit before income tax		100,462,488	39,288,192
Income tax expense	3(a)	(25,902,109)	(10,110,317)
Profit after income tax attributable to members of the Company		74,560,379	29,177,875
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		74,560,379	29,177,875
Basic earnings per share	14	12.49 cents	9.49 cents
Diluted earnings per share	14	12.49 cents	9.23 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	12	119,611,538	102,572,734
Trade and other receivables	6	15,125,631	17,189,044
Financial assets	7	749,237,871	371,441,579
Total current assets		883,975,040	491,203,357
Non-current assets			
Deferred tax assets	3(b)	895,577	1,335,664
Total non-current assets		895,577	1,335,664
Total assets		884,870,617	492,539,021
Current liabilities			
Trade and other payables	8	24,365,631	12,083,836
Current tax liabilities	3(c)	7,006,351	5,782,559
Total current liabilities		31,371,982	17,866,395
Non-current liabilities			
Deferred tax liabilities	3(d)	17,041,833	3,451,988
Total non-current liabilities		17,041,833	3,451,988
Total liabilities		48,413,815	21,318,383
Net assets		836,456,802	471,220,638
Equity			
Issued capital	9	768,405,765	446,140,575
Profits reserve	10	68,621,380	25,650,406
Accumulated losses	11	(570,343)	(570,343)
Total equity		836,456,802	471,220,638

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 March 2016 (date of incorporation)		-	-	-	-
Profit for the period		-	29,177,875	-	29,177,875
Transfer to profits reserve		-	(29,748,218)	29,748,218	-
Other comprehensive income for the period		-	-	-	-
Transaction with owners:					
Share issued on incorporation	9(b)	1	-	-	1
Shares issued via initial public offering	9(b)	394,309,935	-	-	394,309,935
Shares issued via exercise of options	9(b)	56,782,140	-	-	56,782,140
Share issue costs (net of tax)	9(b)	(5,160,010)	-	-	(5,160,010)
Shares issued via dividend reinvestment plan	9(b)	208,509	-	-	208,509
Dividends paid	4(a)	-	-	(4,097,812)	(4,097,812)
Balance at 30 June 2017		446,140,575	(570,343)	25,650,406	471,220,638
Profit for the year		-	74,560,379	-	74,560,379
Transfer to profits reserve		-	(74,560,379)	74,560,379	-
Other comprehensive income for the year		-	-	-	-
Transaction with owners:					
Shares issued via exercise of options	9(b)	320,525,829	-	-	320,525,829
Shares issued via dividend reinvestment plan	9(b)	1,739,361	-	-	1,739,361
Dividends paid	4(a)	-	-	(31,589,405)	(31,589,405)
Balance at 30 June 2018		768,405,765	(570,343)	68,621,380	836,456,802

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

	Note	June 2018 \$	For the period 1 March 2016 to 30 June 2017 \$
Cash flows from operating activities			
Proceeds from sale of investments		1,718,608,389	1,623,584,126
Payments for purchase of investments		(1,989,876,879)	(1,963,673,804)
Dividends received		16,133,531	7,690,254
Interest received		2,050,416	2,882,378
Other investment income received		1,037,716	727,252
Management fee (GST inclusive)		(7,725,707)	(4,705,550)
Brokerage expense on share purchases (GST inclusive)		(3,091,000)	(2,812,169)
Payments for administration expenses (GST inclusive)		(799,074)	(1,838,530)
Income tax paid		(10,648,385)	-
GST on brokerage expense on share sales		(201,751)	(148,268)
Net GST received from ATO		875,763	1,035,716
Net cash used in operating activities	13	(273,636,981)	(337,258,595)
Cash flows from financing activities			
Shares issued via initial public offering and on incorporation		-	394,309,936
Shares issued via exercise of options		320,525,829	56,782,140
Dividends paid – net of reinvestment		(29,850,044)	(3,889,303)
Share issue costs		-	(7,371,444)
Net cash provided by financing activities		290,675,785	439,831,329
Net increase in cash and cash equivalents held		17,038,804	102,572,734
Cash and cash equivalents at beginning of the year		102,572,734	-
Cash and cash equivalents at the end of the year	12	119,611,538	102,572,734
Non-cash transactions:			
Shares issued via dividend reinvestment plan		1,739,361	208,509

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2018

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Leaders Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 15 August 2018 by the Board of Directors.

WAM Leaders Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

1. Significant accounting policies (cont'd)

a) Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within four months.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Significant accounting policies (cont'd)

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2018. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company will not early adopt the new and amended pronouncements at this point in time. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading. The new standard will be adopted for the reporting period commencing 1 July 2018.

2. Other revenue

	2018 \$	2017 \$
Australian sourced dividends	17,743,574	8,159,313
Interest	2,065,057	2,981,389
Trust distributions	915,087	794,787
Foreign sourced dividends	679,290	561,380
Underwriting fees	350,402	11,665
	21,753,410	12,508,534

3. Income tax

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2018 \$	2017 \$
Prima facie tax on profit before income tax at 30%	30,138,746	11,786,458
Imputation credit gross up	1,577,156	606,882
Foreign income tax offset gross up	11,295	15,409
Franking credit offset	(5,257,185)	(2,022,940)
Foreign income tax offset	(37,649)	(51,364)
Other non-assessable items*	(530,254)	(224,128)
	25,902,109	10,110,317
Effective tax rate	25.8%	25.7%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year.

*Other non-assessable items relate to timing differences on dividends receivable.

Total income tax expense results in a:

Current tax liability	11,872,177	5,782,559
Deferred tax liability	13,589,845	3,451,988
Deferred tax asset	440,087	875,770
	25,902,109	10,110,317

3. Income tax (cont'd)**b) Deferred tax assets**

	2018 \$	2017 \$
Accruals	10,015	8,415
Capitalised share issue costs	885,562	1,327,249
	895,577	1,335,664
Movement in deferred tax assets		
Balance at the beginning of the year	1,335,664	-
Credited to the Statement of comprehensive income	(440,087)	(875,770)
Capitalised share issue costs	-	2,211,434
At reporting date	895,577	1,335,664

c) Current tax liabilities

	2018 \$	2017 \$
Balance at the beginning of the year	5,782,559	-
Current year income tax on operating profit	11,872,177	5,782,559
Income tax paid	(10,648,385)	-
At reporting date	7,006,351	5,782,559

d) Deferred tax liabilities

	2018 \$	2017 \$
Fair value adjustments	17,041,833	3,366,984
Income provisions	-	85,004
	17,041,833	3,451,988
Movement in deferred tax liabilities		
Balance at the beginning of the year	3,451,988	-
Charged to the Statement of comprehensive income	13,589,845	3,451,988
At reporting date	17,041,833	3,451,988

4. Dividends

a) Ordinary dividends paid during the year

	2018 \$	2017 \$
Final dividend FY2017: 2.0 cents per share fully franked at 30% tax rate, paid 5 December 2017	14,033,126	-
Interim dividend FY2018: 2.5 cents per share fully franked at 30% tax rate, paid 27 April 2018 (Interim dividend FY2017: 1.0 cent per share fully franked)	17,556,279	4,097,812
	31,589,405	4,097,812

b) Dividends not recognised at year end

	2018 \$	2017 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 2.5 cents per share fully franked dividend (2017: 2.0 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	17,580,092	8,205,384

c) Dividend franking account

	2018 \$	2017 \$
Balance of franking account at year end	2,633,990	266,736
Adjusted for franking credits arising from: - Estimated income tax payable	7,006,351	5,782,559
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	(7,534,325)	(3,516,593)
	2,106,016	2,532,702

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$17,041,833 (2017: \$3,451,988).

5. Auditor's remuneration

	2018 \$	2017 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	41,580	42,917
Other services provided by a related practice of the auditor:		
Taxation services	7,810	9,020
Investigating accountant's fee on initial public offering	-	24,264
Other non-assurance services	-	977
	49,390	77,178

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2018 \$	2017 \$
Outstanding settlements	10,860,497	15,810,941
Investment income receivable	3,740,397	1,208,650
GST receivable	524,737	166,414
Other receivables	-	3,039
	15,125,631	17,189,044

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2018 \$	2017 \$
Listed investments at fair value	749,237,871	371,441,579

The market values of individual investments held at the end of the reporting period are disclosed on page 52 of the Annual Report.

8. Trade and other payables

	2018 \$	2017 \$
Outstanding settlements	19,799,681	11,466,416
Performance fee payable	3,561,265	-
Management fee payable	791,680	439,534
Sundry payables	213,005	177,886
	24,365,631	12,083,836

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

9. Issued capital**a) Paid-up capital**

	2018 \$	2017 \$
703,203,693 ordinary shares fully paid (2017: 410,269,192)	768,405,765	446,140,575

b) Movement in issued capital

	2018 \$	2017 \$
Balance at the beginning of the year	446,140,575	-
594,460 ordinary shares issued on 5 December 2017 under a dividend reinvestment plan	676,614	-
291,387,110 ordinary shares issued through the exercise of options at the exercise price of \$1.10	320,525,829	-
952,931 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	1,062,747	-
1 ordinary share issued on 1 March 2016 (incorporation date)	-	1
358,463,577 ordinary shares issued on 24 May 2016 under the initial public offering	-	394,309,935
51,620,126 ordinary shares issued through the exercise of options at the exercise price of \$1.10	-	56,782,140
185,488 ordinary shares issued on 20 April 2017 under the dividend reinvestment plan	-	208,509
Share issue costs (net of tax)	-	(5,160,010)
At reporting date	768,405,765	446,140,575

9. Issued capital (cont'd)

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

d) Options

The Company successfully raised \$377,307,969 during the term of the option issue, which expired on 17 November 2017. A total of 343,007,236 options (95.7%) were exercised, with the remaining options expiring. The options were issued as part of the Replacement Prospectus (dated 18 April 2016) with shareholders who subscribed for shares under the Company's IPO being issued with one option for each share they purchased.

10. Profits reserve

	2018 \$	2017 \$
Profits reserve	68,621,380	25,650,406

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2018 \$	2017 \$
Movement in profits reserve		
Balance at the beginning of the year	25,650,406	-
Transfer of profits during the year	74,560,379	29,748,218
Final dividend paid (refer to note 4a)	(14,033,126)	-
Interim dividend paid (refer to note 4a)	(17,556,279)	(4,097,812)
At reporting date	68,621,380	25,650,406

11. Accumulated losses

	2018 \$	2017 \$
Balance at the beginning of the year	(570,343)	-
Profit for the year attributable to members of the Company	74,560,379	29,177,875
Transfer to profits reserve	(74,560,379)	(29,748,218)
At reporting date	(570,343)	(570,343)

12. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2018 \$	2017 \$
Cash at bank	81,925,916	75,142,313
Term deposits	37,685,622	27,430,421
	119,611,538	102,572,734

The weighted average interest rate for cash and term deposits as at 30 June 2018 is 1.99% (2017: 1.95%). The term deposits have an average maturity of 71 days (2017: 35 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

13. Cash flow information

	2018 \$	2017 \$
Reconciliation of profit after tax to cash flow from operations:		
Profit after income tax	74,560,379	29,177,875
Fair value gains and movements in financial assets	(364,512,583)	(375,786,104)
Changes in assets and liabilities:		
Increase in receivables	(2,887,031)	(1,378,103)
Decrease in deferred tax assets	440,087	875,770
Increase in payables	3,948,530	617,420
Increase in current tax liabilities	1,223,792	5,782,559
Increase in deferred tax liabilities	13,589,845	3,451,988
Net cash used in operating activities	(273,636,981)	(337,258,595)

14. Earnings per share

	2018 Cents per share	2017 Cents per share
Basic earnings per share	12.49	9.49
Diluted earnings per share	12.49	9.23

	2018 \$	2017 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	74,560,379	29,177,875

	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	596,821,963	307,416,795
Weighted average number of dilutive options outstanding	-	8,536,592
Weighted average number of ordinary and potential ordinary shares outstanding during the year used in calculating diluted earnings per share	596,821,963	315,953,387

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

15. Financial risk management

The Company's financial instruments consist of listed investments, trade receivables and trade payables. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any provision for impairment of those assets.

15. Financial risk management (cont'd)

a) Credit risk (cont'd)

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an on-going basis.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The majority of all maturities for cash and term deposits held by the Company are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2018	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	24,365,631	24,365,631
Total	-	24,365,631	24,365,631

15. Financial risk management (cont'd)**b) Liquidity risk (cont'd)**

30 June 2017	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	12,083,836	12,083,836
Total	-	12,083,836	12,083,836

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within four months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2018	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.99%	119,611,538	-	119,611,538
Trade and other receivables		-	15,125,631	15,125,631
Financial assets		-	749,237,871	749,237,871
Total		119,611,538	764,363,502	883,975,040
Liabilities				
Trade and other payables		-	24,365,631	24,365,631
Total		-	24,365,631	24,365,631

15. Financial risk management (cont'd)**c) Market risk (cont'd)****(i) Interest rate risk (cont'd)**

30 June 2017	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.95%	102,572,734	-	102,572,734
Trade and other receivables		-	17,189,044	17,189,044
Financial assets		-	371,441,579	371,441,579
Total		102,572,734	388,630,623	491,203,357
Liabilities				
Trade and other payables		-	12,083,836	12,083,836
Total		-	12,083,836	12,083,836

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a daily basis. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

15. Financial risk management (cont'd)**c) Market risk (cont'd)**

(ii) Other price risk (cont'd)

The Company's industry sector weighting of gross assets as at 30 June 2018 is as below:

Industry sector	2018 %	2017 %
Financials	26.3	33.0
Materials	22.3	16.7
Consumer discretionary	10.4	3.9
Energy	9.7	5.6
Consumer staples	7.7	5.3
Health care	3.7	3.3
Real estate	2.6	-
Industrials	2.2	5.2
Utilities	1.8	-
Information technology	-	4.4
Total	86.7	77.4

Securities representing over 5 per cent of gross assets of the Company as at 30 June 2018 are set out below:

Company name	2018 %
Commonwealth Bank of Australia	6.2
BHP Billiton Limited	5.7

There were no securities representing over 5 per cent of gross assets at 30 June 2017.

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 86.7% (2017: 77.4%) of gross assets at year end. A 5.0% movement in the market value of each of the investments within the investment portfolio would result in a 3.1% (2017: 2.8%) movement in the net assets after tax. This would result in the 30 June 2018 net asset backing after tax moving by 3.7 cents per share (2017: 3.2 cents per share).

15. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

There were no transfers between Level 1 and Level 2 during the year (2017: nil).

30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	749,237,871	-	-	749,237,871
Financial liabilities	-	-	-	-
Total	749,237,871	-	-	749,237,871

30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	371,441,579	-	-	371,441,579
Financial liabilities	-	-	-	-
Total	371,441,579	-	-	371,441,579

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 3,268 (2017: 3,686). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$6,053,029 (2017: \$4,992,582).

17. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

18. Capital commitments

There were no capital commitments for the Company as at 30 June 2018 (2017: nil).

19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2018 (2017: nil).

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Lindsay Mann Director
- Melinda Snowden Director
- Kate Thorley Director
- Chris Stott Director (resigned 29 June 2018)

a) Remuneration

There are no executives that are paid by the Company.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 16, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2018	82,190	7,810	90,000
Total Directors remuneration paid by the Company for the period ended 30 June 2017	90,050	8,557	98,607

*Pro-rated from the Company's listing date (30 May 2016) to 30 June 2017.

b) Share holdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2017	Acquisitions	Disposals	Balance at 30 June 2018
Geoff Wilson	2,546,932	2,923,435	-	5,470,367
Lindsay Mann	35,000	125,000	-	160,000
Melinda Snowden	9,200	-	-	9,200
Kate Thorley	66,000	17,025	-	83,025
	2,657,132	3,065,460	-	5,722,592

20. Key management personnel compensation (cont'd)**b) Share holdings (cont'd)**

Ordinary shares held Directors	Balance at 1 March 2016	Acquisitions	Disposals	Balance at 30 June 2017
Geoff Wilson	1*	2,546,931	-	2,546,932
Lindsay Mann	-	35,000	-	35,000
Melinda Snowden	-	9,200	-	9,200
Kate Thorley	-	66,000	-	66,000
Chris Stott**	-	200,000	-	200,000
	1	2,857,131	-	2,857,132

*Sole share on issue in the Company on incorporation.

**Chris Stott resigned as a Director of WAM Leaders Limited on 29 June 2018. On resignation, Chris held 312,114 ordinary shares in the Company.

The number of options held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Options held Directors	Balance at 30 June 2017	Acquisitions	Options exercised	Balance at 30 June 2018
Geoff Wilson	2,000,000	-	(2,000,000)	-
Lindsay Mann	25,000	100,000	(125,000)	-
Melinda Snowden	-	-	-	-
Kate Thorley	-	-	-	-
	2,025,000	100,000	(2,125,000)	-

Options held Directors	Balance at 1 March 2016	Acquisitions	Options exercised	Balance at 30 June 2017
Geoff Wilson	-	2,000,000	-	2,000,000
Lindsay Mann	-	25,000	-	25,000
Melinda Snowden	-	4,600	(4,600)	-
Kate Thorley	-	33,000	(33,000)	-
Chris Stott*	-	200,000	-	200,000
	-	2,262,600	(37,600)	2,025,000

*Chris Stott resigned as a Director of WAM Leaders Limited on 29 June 2018. On resignation, Chris held no options in the Company.

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$8,077,853 inclusive of GST (2017: \$5,145,084). As at 30 June 2018, the balance payable to the Manager was \$791,680 inclusive of GST (2017: \$439,534).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

For the year ended 30 June 2018, a performance fee of \$3,561,265 inclusive of GST (2017: nil) was payable to MAM Pty Limited. The prior period underperformance of \$1,107,390 inclusive of GST has been recouped in full in the current financial year.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders Limited to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$53,900^{*}) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$18,078^{*}). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 2.5 cents per share to be paid on 26 October 2018.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.


^{*}Accounting and Company Secretarial services for FY2017 were pro-rated from the Company's listing date (30 May 2016) to 30 June 2017.

Directors' Declaration

The Directors of WAM Leaders Limited declare that:

- 1) The financial statements as set out in pages 22 to 45 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 16 to 18, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Investment Manager, MAM Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 15th day of August 2018

**Independent Auditor's Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Leaders Limited (“the Company”), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of WAM Leaders Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company’s financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (“the Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independent Auditor's Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit and Risk Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Existence and valuation of Financial Assets Refer to Note 7: Financial Assets</p>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Investments consist of listed Australian securities which are valued by multiplying the quantity held by the respective market price.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodians; ▪ Assessing the Company's valuation of individual investment holding to independent sources; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

**Independent Auditor's Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751**

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Accuracy of Management and Performance Fees</i> <i>Refer to Note 8: Trade and other payables, Note 21: Related party transactions</i>	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements; ▪ Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Independent Auditor's Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751**

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent Auditor's Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751**

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of WAM Leaders Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



C I Chandran
Partner



Pitcher Partners
Sydney

15 August 2018

Investments at market value as at 30 June 2018

Company Name	Code	Market Value \$	% of Gross Assets
Financials			
Commonwealth Bank of Australia	CBA	53,280,649	6.2%
Westpac Banking Corporation	WBC	34,724,690	4.0%
National Australia Bank Limited	NAB	34,442,419	4.0%
QBE Insurance Group Limited	QBE	25,879,024	3.0%
Macquarie Group Limited	MQG	22,152,516	2.5%
Australia and New Zealand Banking Group Limited	ANZ	17,112,028	2.0%
Suncorp Group Limited	SUN	9,052,278	1.0%
CYBG Plc	CYB	8,576,663	1.0%
IOOF Holdings Limited	IFL	8,273,488	1.0%
AUB Group Limited	AUB	7,614,795	0.9%
Insurance Australia Group Limited	IAG	4,278,375	0.5%
Janus Henderson Group Plc	JHG	2,087,788	0.2%
Contango Income Generator Limited	CIE	59,558	0.0%
		227,534,271	26.3%
Materials			
BHP Billiton Limited	BHP	49,389,237	5.7%
Rio Tinto Limited	RIO	37,379,284	4.3%
James Hardie Industries Plc	JHX	16,842,304	1.9%
Fortescue Metals Group Limited	FMG	15,326,377	1.8%
South32 Limited	S32	10,856,165	1.3%
Newcrest Mining Limited	NCM	8,866,736	1.0%
Boral Limited	BLD	8,606,207	1.0%
OZ Minerals Limited	OZL	8,268,499	1.0%
Sims Metal Management Limited	SGM	8,106,314	0.9%
Alumina Limited	AWC	7,543,262	0.9%
Evolution Mining Limited	EVN	4,730,223	0.5%
Incitec Pivot Limited	IPL	4,532,378	0.5%
Nufarm Limited	NUF	4,347,921	0.5%
Orora Limited	ORA	4,272,416	0.5%
Iluka Resources Limited	ILU	3,824,499	0.5%
		192,891,822	22.3%
Consumer discretionary			
The Star Entertainment Group Limited	SGR	20,419,961	2.4%
Tabcorp Holdings Limited	TAH	18,484,885	2.1%
Flight Centre Travel Group Limited	FLT	8,756,840	1.0%
Seven West Media Limited	SWM	8,506,111	1.0%
Nine Entertainment Co. Holdings Limited	NEC	8,413,365	1.0%
News Corporation	NWS	8,410,692	1.0%
Greencross Limited	GXL	4,523,693	0.5%
Crown Resorts Limited	CWN	4,256,645	0.5%
Bapcor Limited	BAP	4,140,203	0.5%

Company Name	Code	Market Value \$	% of Gross Assets
Corporate Travel Management Limited	CTD	3,488,148	0.4%
		89,400,543	10.4%
Energy			
Woodside Petroleum Limited	WPL	36,077,713	4.2%
Origin Energy Limited	ORG	23,799,605	2.7%
Caltex Australia Limited	CTX	8,734,517	1.0%
Whitehaven Coal Limited	WHC	6,676,045	0.8%
Santos Limited	STO	4,504,456	0.5%
WorleyParsons Limited	WOR	4,238,498	0.5%
		84,030,834	9.7%
Consumer staples			
Woolworths Limited	WOW	30,317,378	3.5%
Wesfarmers Limited	WES	21,640,312	2.5%
The a2 Milk Company Limited	A2M	6,410,373	0.7%
Graincorp Limited	GNC	6,247,380	0.7%
Tassal Group Limited	TGR	2,310,128	0.3%
		66,925,571	7.7%
Health care			
CSL Limited	CSL	21,361,558	2.5%
Mayne Pharma Group Limited	MYX	10,548,022	1.2%
		31,909,580	3.7%
Real estate			
Scentre Group	SCG	8,707,016	1.0%
Aveo Group	AOG	8,288,281	1.0%
GPT Group	GPT	5,159,095	0.6%
		22,154,392	2.6%
Industrials			
Cimic Group Limited	CIM	6,782,594	0.8%
Seven Group Holdings Limited	SVW	5,108,489	0.6%
Qantas Airways Limited	QAN	4,154,107	0.4%
Downer EDI Limited	DOW	3,264,556	0.4%
		19,309,746	2.2%
Utilities			
AGL Energy Limited	AGL	9,062,362	1.1%
Ausnet Services Limited	AST	6,018,750	0.7%
		15,081,112	1.8%
Total long portfolio		749,237,871	86.7%
Total cash and cash equivalents, income receivable and net outstanding settlements		114,937,488	13.3%
Gross assets		864,175,359	100%

The total number of stocks held at the end of the financial year was 60.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 30 June 2018) - there are currently no substantial shareholders.

On-market buy back (as at 30 June 2018) - there is no current on-market buy back.

Distribution of shareholders (as at 30 June 2018)

	Number of shareholders
1 – 1,000	319
1,001 – 9,999	3,034
10,000 – 99,999	10,544
100,000 – 999,999	1,245
1,000,000 and over	38
	15,180

The number of shareholdings held in less than marketable parcels is 109.

Twenty largest shareholders – Ordinary shares (as at 30 June 2018)

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	13,601,146	1.9
Netwealth Investments Limited	9,142,321	1.3
UBS Nominees Pty Limited	8,302,510	1.2
Australian Investors Pty Limited	7,390,546	1.1
Pineross Pty Limited	5,824,688	0.8
Navigator Australia Limited	5,814,579	0.8
Interests associated with Geoff Wilson	5,470,367	0.8
IOOF Investment Management Limited	4,525,094	0.6
DCM Bluelake Pty Limited	4,500,000	0.6
Mr VJ Plummer	4,250,000	0.6
BNP Paribas Nominees Pty Limited	3,037,560	0.4
Bond Street Custodians Limited	2,182,000	0.3
Takita Exploration Pty Limited	2,120,695	0.3
Lekk Pty Limited	1,960,000	0.3
Eastcote Pty Limited	1,850,000	0.3
Camelia Pty Limited	1,818,182	0.3
Citicorp Nominees Pty Limited	1,666,506	0.2
Avanteos Investments Limited	1,638,400	0.2
Mr & Mrs Benard	1,550,000	0.2
Jorlyn Pty Limited	1,500,000	0.2
	88,144,594	12.4

Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

Wilson

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