

Annual General Meeting Chairman's Address

26 November 2020

Introduction and welcome

Good afternoon and welcome to the fifth WAM Leaders Limited Annual General Meeting (AGM). During the coronavirus pandemic, we are focused on the health of our shareholders, and therefore this meeting is being held virtually. We recognise the limitations of holding AGMs in this format, and we look forward to seeing you all again in person when it is safe to do so.

I would like to begin by acknowledging the Traditional Owners of the land on which I am speaking to you from today, the Gubbi Gubbi people and pay my respects to Elders past and present. As we are unable to meet together, I also acknowledge the traditional custodians of the land from which our shareholders and fellow directors are currently viewing and listening to today's AGM.

Wunya Ngulum. Welcome to all our shareholders – thank you for joining us and for your continued support of WAM Leaders.

I am Geoff Wilson, Chairman of the Board of Directors. I am joined today by my fellow Board members, Kate Thorley, Lindsay Mann, Ross Finley and Melinda Snowden. Scott Whiddett, a representative from WAM Leaders' auditor Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

FY2020 in review

Equity market and company overview

The investment team's performance was excellent in an extremely challenging 12-month period for equity markets. The WAM Leaders investment portfolio outperformed the S&P/ASX 200 Accumulation Index by 10.4% in FY2020, contributing to a 15.0% increase in the fully franked full year dividend. The investment portfolio increased 2.7% in FY2020, while the S&P/ASX 200 Accumulation Index fell 7.7%. This outperformance was achieved with an average of 90.9% invested in equities and with less volatility than the market, as measured by standard deviation.

Financial results

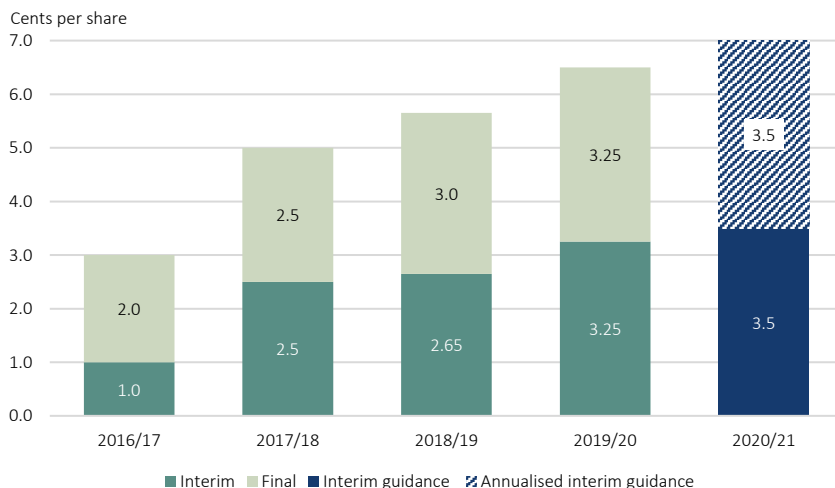
WAM Leaders reported an operating loss before tax of \$1.2 million (2019: operating profit before tax of \$90.1 million), paid tax of \$16.9 million and dividends of \$46.0 million (net of reinvestment) during the year. The Company's gross assets recovered to \$943.9 million at the end of the period after falling to \$816.5 million in March, representing significant growth in the size of the Company on the \$394.3 million raised following its initial public offering in May 2016.

Total shareholder return and share price premium to NTA

The total shareholder return (TSR) for WAM Leaders for the 12 months to 30 June 2020 reflects the Company's investment portfolio outperformance during a highly volatile period for equity markets and the narrowing of the share price discount to net tangible assets (NTA). As at 30 June 2020, the share price discount to NTA was 10.3% (2019: discount of 12.4%), with TSR of 1.1% for the year. The S&P/ASX 200 Accumulation Index fell 7.7% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends. Pleasingly, the share price discount to the NTA has closed from 10.3% on 30 June 2020 and shares in WAM Leaders are trading at a premium to NTA of 15.0% as at 25 November 2020.

Fully franked dividends since inception

The Board declared an 8.3% increase in the fully franked final dividend to 3.25 cents per share, which represents a 6.2% yield on the 30 June 2020 share price of \$1.055 per share. The fully franked final dividend brings the fully franked full year dividend to 6.5 cents per share, an increase of 15.0% on the previous year. Since inception in May 2016, the Company has paid 20.15 cents per share in fully franked dividends to shareholders. In September, the WAM Leaders Board announced its intention to deliver a FY2021 fully franked interim dividend of 3.5 cents per share.



Making a difference

Wilson Asset Management, WAM Leaders' Investment Manager, is passionate about making a positive difference to our shareholders and the community. In the 2020 financial year, the team worked towards this goal through philanthropy, advocacy and shareholder engagement.

Philanthropy

Wilson Asset Management created and is the lead supporter of the first listed investment companies to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement and is a significant funder of many Australian Charities. All philanthropic investments are made by the Investment Manager.

We raised \$1 million for Australians impacted by bushfires and drought, matching shareholders' donations to the Foundation for Rural and Regional Renewal (FRRR), our major philanthropic contribution during FY2020. More recently, we donated more than \$100,000 to the GO Foundation, which creates opportunities for Indigenous youth through education, as part of a 10 year commitment that will total \$1 million. We made a number of other donations, including through our WAMI Gives initiative, which provides all team members provided with \$10,000 each year to donate to charities of their choice. In the 2020 financial year, our 36 team members donated to 67 different charities.

Advocacy

One area of passion for the team at Wilson Asset Management is levelling the playing field for all investors, and we have been active in this space for a long time. In a column for the Australian Financial Review this May, Chief Executive Officer Kate Thorley advocated for retail investors' equal participation in capital raisings. A tidal wave of capital raisings hit equity markets as companies looked to strengthen their balance sheets as government mandated lockdowns set in earlier this year. Twelve years since we last experienced this trend, in the wake of the Global Financial Crisis, retail investors are still locked out of discounted capital raisings open only to wholesale investors. We find this unacceptable and are currently lobbying the Federal Government to make changes. We are preparing to lodge a submission on this matter to the Senate Select Committee on Financial Technology and Regulatory Technology.

We also participated in the public debate and formal consultation regarding the proposal to reduce Board transparency and accountability by permanently removing the requirement for AGMs to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and those of you who sent a submission to Treasury. We were pleased to see Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

Shareholder engagement

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. For the first time in more than 20 years, we were unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. In May, we launched a virtual alternative to our Shareholder Presentations, WAM Vault. Our second instalment, *The Case for Optimism*, was released on 20 November 2020. If you have not yet done so, we encourage you to visit wilsonassetmanagement.com.au/vault to watch, read and listen to the engaging and insightful conversations between Matthew Haupt and John Ayoub, Oscar Oberg and Tobias Yao, Catriona Burns and Nick Healy, Dania Zinurova, Kate Thorley and myself.

We encourage all shareholders to utilise our proactive approach to keeping you informed, particularly by accessing the:

- Updates from our Lead Portfolio Managers;
- Investment team insights at WAM Vault: wilsonassetmanagement.com.au/vault;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- NTA reports and investment updates;
- Shareholder Q&A calls;
- Presentations and lunches across Australia; and
- Annual and interim results announcements.

We aim to provide valuable and insightful information and welcome all feedback on how we can improve our communication and engagement. Please contact myself or our Head of Corporate Affairs James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au with any questions or feedback.

FY2021 update and outlook

Company update

WAM Leaders has achieved a solid start to FY2021. Through our continued focus on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst, the Company has outperformed the S&P/ASX 200 Accumulation Index by 0.8%, increasing 2.3% in the financial year to 31 October 2020. In the calendar year to date, WAM Leaders investment portfolio declined 1.5%, outperforming the Index by 7.6% in a highly volatile period for equity markets. The Index fell 9.1% for the period.

The WAM Leaders Share Purchase Plan, announced on 20 August 2020, raised more than \$55 million from over 3,600 shareholders, and we greatly appreciate the trust, loyalty and support we have received from WAM Leaders shareholders.

In September, the WAM Leaders Board announced its intention to deliver a FY2021 fully franked interim dividend of 3.5 cents per share, a 7.7% increase on the FY2020 fully franked interim dividend. This fully franked interim dividend would provide shareholders with an annualised fully franked dividend yield of 5.3% on the 25 November 2020 closing share price of \$1.32 per share, and a grossed up yield of 7.6%, including franking credits and based on a tax rate of

30%. As at 31 October, WAM Leaders had a profits reserve of 14.1 cents per share after the payment of its FY2020 fully franked final dividend of 3.25 cents per share, representing 2 years dividend coverage for shareholders.

During FY2020, and more recently, I have increased my holdings in the Company. I have found investing in WAM Leaders shares at a discount to the Company's net tangible assets to be an attractive opportunity. Pleasingly, the share price discount to the NTA has closed from 10.3% on 30 June 2020 and shares in WAM Leaders are trading at a premium to NTA of 15.0% as at 25 November 2020.

Equity market outlook

After a strong start to the financial year, global equities paused their positive run in September, driven by a resurgence of the coronavirus and uncertainty surrounding the US election. In November, global equity markets surged, as clarity on the US election outcome and progress on the coronavirus vaccines provided cause for optimism. We believe the election of Joe Biden is positive in terms of social, geopolitical, and, potentially, economic outcomes; it is worth noting that historically the US equity market has performed better under a Democratic President. The conditions for equity markets remain highly accommodative given the sustained commitment of central banks to stimulate economies, and Australia has responded to the pandemic with strength. We are cautiously optimistic as we look towards 2021 and believe that the outlook for large-cap companies exposed to the economic recovery, such as financials and materials, metals and mining companies, stand to benefit.

Thank you

I would like to close by thanking all 18,267 loyal WAM Leaders shareholders. We greatly appreciate your support at all times; in challenging periods, as this year has been, that support is all the more profound. I would also like to thank the Wilson Asset Management team, who worked tirelessly to the benefit our shareholders, as well as my fellow Board members, whose guidance and expertise make an invaluable contribution.