

WAM LEADERS LIMITED

ABN 33 611 053 751

Appendix 4D Half Year Report

for the half year ended 31 December 2020

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2019

	\$	up/down	% mvmt
Revenue from ordinary activities	163,038,319	up	144.6%
Profit from ordinary activities before income tax expense	149,185,903	up	165.2%
Net profit from ordinary activities after income tax expense	107,136,131	up	147.2%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Interim dividend cents per share	3.5c	3.5c	30%
2020 Final dividend cents per share	3.25c	3.25c	30%

Interim dividend dates

Ex dividend date	14 April 2021
Record date	15 April 2021
Last election date for the DRP	19 April 2021
Payment date	26 April 2021

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully franked interim dividend of 3.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the VWAP (volume weighted average market price) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend.

	31 Dec 20	31 Dec 19
Net tangible asset backing (after tax) per share	\$1.26	\$1.25

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2020 Annual Financial Report.

W | A | M *Leaders*

Financial Report

For the half year ended 31 December 2020

W Wilson
Asset Management

OVER **20** Making a
YEARS difference

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
Ross Finley
Kate Thorley

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

MAM Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of the Wilson Asset Management Group)

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001
T: (02) 9247 6755
F: (02) 9247 6855
E: info@wilsonassetmanagement.com.au
W: wilsonassetmanagement.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 420 372 (in Australia)
+61 2 8023 5472 (International)
F: (02) 9279 0664

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)

Contents

Directors' Report to shareholders	4
Auditor's Independence Declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' Declaration	15
Independent Auditor's Review Report	16

Directors' Report to shareholders for the half year ended 31 December 2020

The Directors present their report together with the financial report of WAM Leaders Limited for the half year ended 31 December 2020.

Directors

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

Geoff Wilson AO (Chairman – Non-independent)

Lindsay Mann (Director – Independent)

Melinda Snowden (Director – Independent)

Ross Finley (Director – Independent)

Kate Thorley (Director – Non-independent)

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, provide capital growth and preserve capital. No change in this activity took place during the period or is likely to in the future.

Operating and financial review

Investment operations during the half year resulted in an operating profit before tax of \$149,185,903 (2019: \$56,246,150) and an operating profit after tax of \$107,136,131 (2019: \$43,336,027). The profit for the period is reflective of the strong investment portfolio performance over the six months to 31 December 2020. The investment portfolio increased 17.1% in the six months to December 2020, outperforming the S&P/ASX 200 Accumulation Index by 3.9%. This outperformance was achieved with an average cash weighting of 4.5%.

The operating profit for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the investment portfolio during the period. This movement in the fair 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 or loss 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 fully franked dividends, together with total shareholder return.

WAM Leaders' NTA before tax increased 13.8% for the six months to 31 December 2020, including the 3.25 cents per share fully franked final dividend paid to shareholders during the period. This increase is after corporate tax paid of 1.9 cents per share or 1.6% during the period. Corporate tax payments made throughout the period were the major item of difference between the investment portfolio performance of 17.1% and the NTA 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 period were management fees of 0.5%, performance fee accrued of 0.6%, other company related expenses of 0.1% and capital raising decrement of 0.5%.

The NTA before tax as at 31 December 2020 amounted to \$1.30 per share (June 2020: \$1.18). The NTA after tax was \$1.26 per share (June 2020: \$1.17). These figures are after the 3.25 cents per share fully franked final dividend paid to shareholders during the period.

The total shareholder return for the Company for the period to 31 December 2020 was 32.0%. This was reflective of WAM Leaders' strong investment portfolio performance and the increase in the WAM Leaders' share price relative to NTA. As at 31 December 2020, the share price premium to NTA of WAM Leaders was 4.5%, after commencing the period at a 10.3% discount to NTA. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

In September 2020, WAM Leaders completed a Share Purchase Plan (SPP) raising more than \$55 million from over 3,600 shareholders. The raised capital from the SPP has grown the Company's assets, which will increase its relevance in the market improve the prospect of broker and research coverage and increase interest from financial planners. The additional capital has been successfully invested in accordance with the Company's disciplined and proven investment process.

Dividends

The Board declared a fully franked interim dividend of 3.5 cents per share, representing a 7.7% increase on the FY2020 fully franked interim dividend, to be paid on 26 April 2021. A fully franked final dividend of 3.25 cents per share was paid during the period. Since inception in May 2016, WAM Leaders has paid 20.15 cents per share in fully franked dividends to shareholders.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices.

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, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 6 of this Financial Report.

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



Geoff Wilson AO
Chairman

Dated in Sydney this 25th day of February 2021



Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

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

In relation to the independent auditor's review of WAM Leaders Limited for the half year ended 31 December 2020, to the best of my knowledge and belief there have been:

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

A handwritten signature in black ink, appearing to read "S M Whiddett".

S M Whiddett
Partner

Pitcher Partners
Sydney

25 February 2021

Statement of comprehensive income for the half year ended 31 December 2020

	Note	December 2020 \$	December 2019 \$
Net realised and unrealised gains on financial investments		152,160,991	50,729,479
Other revenue from operating activities	2	10,877,328	15,938,225
Management fees		(5,160,399)	(5,176,019)
Performance fees		(6,305,306)	(2,631,108)
Directors fees		(62,500)	(62,500)
Brokerage expense on share purchases		(1,862,120)	(1,811,099)
Expenses paid on borrowed stock		(7,275)	(222,194)
Custody fees		(44,706)	(44,191)
ASX listing and chess fees		(84,651)	(119,276)
Share registry fees		(89,347)	(76,112)
Disbursements, mailing and printing		(72,286)	(111,201)
ASIC industry funding levy		(20,150)	(18,793)
Other expenses from ordinary activities		(143,676)	(149,061)
Profit before income tax		149,185,903	56,246,150
Income tax expense		(42,049,772)	(12,910,123)
Profit after income tax attributable to members of the Company	6	107,136,131	43,336,027
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		107,136,131	43,336,027
Basic and diluted earnings per share		12.73 cents	5.52 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2020

	Note	December 2020 \$	June 2020 \$
Current assets			
Cash and cash equivalents		23,193,327	68,074,457
Trade and other receivables		6,289,148	23,962,069
Financial assets	7	1,073,313,898	868,115,602
Total current assets		1,102,796,373	960,152,128
Non-current assets			
Deferred tax assets		76,446	189,165
Total non-current assets		76,446	189,165
Total assets		1,102,872,819	960,341,293
Current liabilities			
Trade and other payables		12,061,182	33,150,625
Current tax liabilities		30,894,663	7,582,789
Total current liabilities		42,955,845	40,733,414
Non-current liabilities			
Deferred tax liabilities		2,511,069	-
Total non-current liabilities		2,511,069	-
Total liabilities		45,466,914	40,733,414
Net assets		1,057,405,905	919,607,879
Equity			
Issued capital	4	919,853,957	862,070,158
Profits reserve	5	203,065,812	123,051,585
Accumulated losses	6	(65,513,864)	(65,513,864)
Total equity		1,057,405,905	919,607,879

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2020

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2019		859,028,500	(570,343)	101,808,668	960,266,825
Profit for the half year		-	43,336,027	-	43,336,027
Transfer to profits reserve		-	(53,738,156)	53,738,156	-
Other comprehensive income for the half year		-	-	-	-
Transaction with owners:					
Shares issued via dividend reinvestment plan	4(b)	1,438,939	-	-	1,438,939
Dividends paid	3(a)	-	-	(23,516,751)	(23,516,751)
Balance at 31 December 2019		860,467,439	(10,972,472)	132,030,073	981,525,040
Balance at 1 July 2020		862,070,158	(65,513,864)	123,051,585	919,607,879
Profit for the half year		-	107,136,131	-	107,136,131
Transfer to profits reserve	5	-	(107,136,131)	107,136,131	-
Other comprehensive income for the half year		-	-	-	-
Transaction with owners:					
Shares issued via share purchase plan	4(b)	55,964,651	-	-	55,964,651
Shares issued via dividend reinvestment plan	4(b)	1,924,311	-	-	1,924,311
Share issue costs (net of tax)	4(b)	(105,163)	-	-	(105,163)
Dividends paid	3(a)	-	-	(27,121,904)	(27,121,904)
Balance at 31 December 2020		919,853,957	(65,513,864)	203,065,812	1,057,405,905

The accompanying notes form part of these financial statements.

Statement of cash flows for the half year ended 31 December 2020

	December 2020 \$	December 2019 \$
Cash flows from operating activities		
Proceeds from sale of investments	1,748,292,752	1,809,296,414
Payments for purchase of investments	(1,797,712,614)	(1,822,652,316)
Dividends received	11,448,581	17,062,003
Interest received	88,504	546,480
Other investment income received	744,923	2,422,192
Management fee (GST inclusive)	(5,395,637)	(5,536,505)
Performance fee (GST inclusive)	(15,848,610)	-
Brokerage expense on share purchases (GST inclusive)	(1,996,292)	(1,943,239)
Payments for administration expenses (GST inclusive)	(599,090)	(806,439)
Income tax paid	(16,069,040)	(16,938,631)
GST on brokerage expense on share sales	(145,030)	(137,988)
Net GST received from the ATO	1,693,598	679,795
Net cash used in operating activities	(75,497,955)	(18,008,234)
Cash flows from financing activities		
Proceeds from issue of shares	55,964,651	-
Dividends paid – net of reinvestment	(25,197,593)	(22,077,812)
Share issue costs	(150,233)	-
Net cash provided by/(used in) financing activities	30,616,825	(22,077,812)
Net decrease in cash and cash equivalents held	(44,881,130)	(40,086,046)
Cash and cash equivalents at the beginning of the half year	68,074,457	103,286,855
Cash and cash equivalents at the end of the half year	23,193,327	63,200,809
Non-cash transactions:		
Shares issued via dividend reinvestment plan	1,924,311	1,438,939

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2020

1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of WAM Leaders Limited.

The half year financial report was authorised for issue on 25 February 2021 by the Board of Directors.

Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2020 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical cost with the exception of certain financial assets and liabilities that have been measured at fair value.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2020 Annual Financial Report.

2. Other revenue

	December 2020 \$	December 2019 \$
Australian sourced dividends	9,991,008	13,783,695
Trust distributions	665,532	1,569,116
Underwriting fees	92,098	-
Interest	88,504	461,490
Foreign sourced dividends	40,186	123,924
	10,877,328	15,938,225

3. Dividends

a) Ordinary dividends paid during the period

	December 2020 \$	December 2019 \$
Final Dividend FY2020: 3.25 cents per share fully franked at 30% tax rate paid 30 October 2020 (Final dividend FY2019: 3.0 cents per share fully franked)	27,121,904	23,516,751

b) Dividends not recognised at period end

	December 2020 \$	December 2019 \$
Since the end of the period, the Directors have declared a fully franked interim dividend of 3.5 cents per share payable on 26 April 2021 (Interim dividend FY2020: 3.25 cents per share fully franked)	29,264,031	25,517,154

4. Issued capital

a) Paid-up capital

	December 2020 \$	June 2020 \$
836,115,185 ordinary shares fully paid (June 2020: 786,731,577)	919,853,957	862,070,158

b) Movement in issued capital

	December 2020 \$	June 2020 \$
Balance at the beginning of the period	862,070,158	859,028,500
47,788,106 ordinary shares issued on 30 September 2020 under a share purchase plan	55,964,651	-
1,595,502 ordinary shares issued on 30 October 2020 under a dividend reinvestment plan	1,924,311	-
Share issue costs (net of tax)	(105,163)	-
1,252,024 ordinary shares issued on 25 October 2019 under a dividend reinvestment plan	-	1,438,938
1,588,762 ordinary shares issued on 28 April 2020 under a dividend reinvestment plan	-	1,602,720
At reporting date	919,853,957	862,070,158

5. Profits reserve

	December 2020 \$	June 2020 \$
Profits reserve	203,065,812	123,051,585

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

	December 2020 \$	June 2020 \$
Movement in profits reserve		
Balance at the beginning of the reporting period	123,051,585	101,808,668
Transfer of profits during the period	107,136,131	70,276,822
Final dividend paid (refer to note 3(a))	(27,121,904)	(23,516,751)
Interim dividend paid (refer to note 3(b))	-	(25,517,154)
At reporting date	203,065,812	123,051,585

6. Accumulated losses

	December 2020 \$	June 2020 \$
Balance at the beginning of the reporting period	(65,513,864)	(570,343)
Profit for the period attributable to members of the Company	107,136,131	5,333,301
Transfer to profits reserve	(107,136,131)	(70,276,822)
At reporting date	(65,513,864)	(65,513,864)

7. 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.

Included within Level 2 of the hierarchy is WAM Leader's investment in an unlisted investment company, Century Australia Investments (CYA). The fair value of the unlisted investment company has been based on its net asset backing, being the underlying residual cash and cash equivalents at the end of the reporting period.

7. Financial instruments measured at fair value (cont'd)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2020:

31 December 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,070,547,800	2,766,098	-	1,073,313,898
Total	1,070,547,800	2,766,098	-	1,073,313,898

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	865,396,809	2,718,793	-	868,115,602
Total	865,396,809	2,718,793	-	868,115,602

There were no transfers between Level 1 and Level 2 during the period (June 2020: nil).

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

8. Segment reporting

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

9. Capital commitments

There were no capital commitments for the Company as at 31 December 2020 (June 2020: nil).

10. Contingent liabilities

There are no contingent liabilities for the Company as at 31 December 2020 (June 2020: nil).

11. Events subsequent to reporting date

Since the end of the period, the Directors declared a fully franked interim dividend of 3.5 cents per share to be paid on 26 April 2021.

No other matters or circumstance have arisen since the end of the period, other than already disclosed, 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 periods.

Directors' Declaration

The Directors of WAM Leaders Limited declare that:

- 1) The financial statements and notes as set out in pages 7 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, 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 31 December 2020 and of its performance, as represented by the results of the operations and the cash flows, for the half year ended on that date.
- 2) 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 25th day of February 2021

**Independent Auditor's Review Report
To the Members of WAM Leaders Limited
ABN 33 611 053 751****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of WAM Leaders Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of WAM Leaders Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



S M Whiddett
Partner



Pitcher Partners
Sydney

25 February 2021

Wilson Asset Management

Level 26, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000
E info@wilsonassetmanagement.com.au
T + 61 2 9247 6755

wilsonassetmanagement.com.au