

Annual General Meeting Chairman's Address

29 November 2017

FY2017 highlights

- Full year pre-tax profit of \$39.3 million and after-tax profit of \$29.2 million
- 3.0 cents per share fully franked full year dividend
- 8.5% increase in the portfolio, outperforming the market by 1.2%, since the portfolio became fully invested in August 2016

Introduction and welcome

Good morning and welcome to the inaugural WAM Leaders Limited Annual General Meeting (AGM). I would firstly like to acknowledge the Gadigal people of the Eora nation and pay my respects to their Elders past and present. I would also like to welcome all our shareholders – thank you for joining us and for your 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, Chris Stott, Lindsay Mann and Melinda Snowden. Scott Whiddett, a representative from our auditor Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

Investment portfolio performance

WAM Leaders has delivered solid, risk-adjusted portfolio returns derived from investments in undervalued growth companies within the ASX 200. The portfolio has returned 12.4% per annum since inception in May 2016, outperforming the S&P/ASX 200 Accumulation Index by 1.3%. The portfolio has increased by 8.5% against the S&P/ASX 200 Accumulation Index's 7.3% since the portfolio became fully invested in August 2016.

In the period to 30 June 2017 the investment portfolio increased 11.5%, while holding an average of 34.0% in cash. The investment portfolio delivered these returns while taking less risk than the market. The return on the equity portion of the portfolio was 16.4% and the return on the cash portion of the portfolio was 2.1% for the period.

Fully franked dividends

The Board commenced the delivery of shareholder returns through the payment of fully franked dividends in FY2017. The Board declared a fully franked full year dividend of 3.0 cents per share, with the maiden fully franked final dividend being 2.0 cents per share after the inaugural fully franked interim dividend of 1.0 cent per share paid during the period.

The Board's intention is to pay 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 profit reserve is currently 5.0 cents per share. WAM Leaders' before tax net tangible assets, after adjusting for dividends, increased 8.9% for the period to 30 June 2017, with a 1.0 cent fully franked dividend being paid during the period.

Solid financial results and successful option issue

During the period to 30 June 2017, WAM Leaders achieved an operating profit before tax of \$39.3 million and an operating profit after tax of \$29.2 million. The Company achieved a \$85.4 million growth in gross assets from the \$394.3 million raised prior to listing in May 2016 to \$479.7 million as at 30 June 2017.

The growth in assets was delivered by the 11.5% increase in the investment portfolio and the exercise of WAM Leaders options during the period. All shareholders who participated in the initial public offering were issued a bonus one-for-one option exercisable at the issue price of \$1.10 and expiring on 17 November 2017. A significant majority, 95.6%, of all options were exercised and the Company's gross assets subsequently increased to \$832.9 million as at 24 November 2017.

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 and financial planners.

Equity market outlook

In 2008, I said "I believe the current period will provide the greatest buying opportunity in my lifetime". In the 12 months following, the investment portfolio of our oldest listed investment company, WAM Capital, increased by 43.2% while the S&P/ASX All Ordinaries Accumulation Index increased 22.4%. I am excited by the fact that we will soon enter a period defined by similar opportunities.

In the United States, the current bull market has run for eight years and eight months, making it the third-longest in history. Alongside it, the 30-year bull market in interest rates has expanded price-to-earnings ratios. The US is still the driving force of global equity markets worldwide. With record-low interest rates across the world, investors have devoured shares and, I believe, have mispriced risk. Since the GFC, the 50 largest central banks around the world have cut interest rates 700 times and injected \$9 trillion of liquidity into global markets. The effects of this policy response has been compounded by the growth of passive, open-ended equity trust structures – exchange traded funds (ETFs). In the US, ETFs have grown to \$4 trillion, or 16 per cent of the entire equity market. The surge in global liquidity, synchronised global economic growth and increased investor appetite for risk and yield have driven asset prices to record levels.

I believe that the bear market that will inevitably follow this bull market will present significant investment opportunities as emotion takes hold and quality assets become substantially undervalued.

Company outlook

WAM Leaders entered the 2018 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.

Shareholder engagement and communication

Shareholders are the owners of WAM Leaders. Wilson Asset Management's job is to manage the Company on your behalf and be available to report to you 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 news and market insights;
- Monthly investment updates;
- Annual and half yearly profits announcements; and
- Semi-annual shareholder calls and briefings across all major Australian cities.

If you have not already done so, I encourage you to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We welcome all feedback on how we can improve our communication and engagement with you, if you have any suggestions please contact our Head of Corporate Affairs, James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

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 2017 financial year the team worked towards this objective in a number of ways.

We continued our support of Future Generation Investment Company (ASX: FGX) and Future Generation Global Investment Company (ASX: FGG), Australia's first philanthropic wealth creation vehicles with the dual purpose of creating shareholder wealth and investing in our future generation. FGX and FGG are actively making a difference with a significant stream for high impact charities working to better the lives of young Australians. Wilson Asset Management's team gives ongoing pro bono support to these innovative companies, providing funds management, marketing, shareholder communications, company secretarial, administrative and support functions.

Wilson Asset Management is a signatory to Pledge 1% – a global corporate philanthropy movement that commits to donating 1% of product, 1% of equity, or 1% of employee time to improve communities around the world. We achieve this in a number of ways, including through a program that allows our staff to spend one day each month working in the non-profit sector.

We are proud to provide significant support to various charities. In addition, every Wilson Asset Management team member is given \$10,000 per year to donate as they see fit to any one or multiple charities. All donations are made by Wilson Asset Management and not WAM Leaders.

Thank you

I would like to thank the entire Wilson Asset Management team. Every member of the team has worked tirelessly throughout the year for the shareholders of WAM Leaders. I would also like to thank my fellow Board members for their invaluable contributions to WAM Leaders since its establishment in May 2016. Finally, on behalf of the Board and Wilson Asset Management, thank you to our 14,020 loyal shareholders for your continued support of WAM Leaders, particularly throughout the highly successful option issue.