



28 July 2017

Dear optionholder,

Exercise your options to receive the fully franked 2.0 cents final dividend

I am writing to you as a holder of WAM Leaders Limited (ASX: WLE) options. The company recently announced a fully franked 2.0 cents per share final dividend following strong performance in the period to 30 June 2017, delivering a maiden full year pre-tax profit of \$39.3 million and after tax profit of \$29.2 million. The portfolio increased by 8.5%, outperforming the S&P/ASX 200 Accumulation Index by 1.2%, since the portfolio became fully invested in August 2016.

Your WAM Leaders options enable you to acquire new shares in the Company at \$1.10 per share, a discount to the pre-tax net tangible assets. If you exercise your options before 17 November 2017, you are eligible to receive the fully franked 2.0 cents per share final dividend. The options are currently trading on the ASX under the code WLEO, where you have the opportunity to sell or purchase additional options. WAM Leaders shares are currently trading at \$1.115 and WAM Leaders options are currently trading at 1.5 cents (as at 27 July 2017).

Key dates

Options expiry date	17 November 2017
Dividend ex-date	23 November 2017
Dividend record date	24 November 2017
Dividend payment date	5 December 2017

Please see below the details of the four choices you have until your options expire on 17 November 2017:

1) Exercise your options

By exercising your options, you are entitled to subscribe for one WAM Leaders share at \$1.10 (the exercise price) for each option you own. Please note you must exercise your options before **17 November 2017 to receive the fully franked final dividend of 2.0 cents per share**. To exercise your options, please complete the enclosed 'Application for Shares on Exercise on Options' and follow these steps:

1. Calculate the amount payable (the number of options you wish to exercise multiplied by \$1.10).
2. Pay this amount by BPAY or cheque (made payable to 'WAM Leaders Limited').
3. Return the form to our share registry, Boardroom Pty Limited in the reply paid envelope.

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Once the funds have cleared, the shares will be allotted to your account. You will receive new shares in WAM Leaders and a mailed holding statement to reflect this.

2) Sell your options on market

In the event you choose not to exercise your options, you may wish to consider selling your options on the stock market. Your options are trading on the ASX under the code WLEO. The closing price for WAM Leaders options on 27 July 2017 was 1.5 cents. You may choose to sell your options on market between now and when the options cease trading on 13 November 2017 (last day of quotation).

3) Exercise and sell some options

You may exercise some of your options and/or sell some of your options.

4) Take no action

Your options will expire on 17 November 2017. They will cease trading on the ASX on 13 November 2017. If you do not exercise or sell your options before this date, they will expire and have no value.

Understanding options

Options can be difficult to understand, so I have enclosed a brief factsheet. Portfolio Manager, Matthew Haupt has also explained options in two short videos available on the homepage of our website, www.wilsonassetmanagement.com.au.

Further information

If you have any further questions about your WAM Leaders options, please call Chief Executive Officer Kate Thorley or Head of Corporate Affairs James McNamara on (02) 9247 6755.

Yours sincerely,

Geoff Wilson
Chairman




Options explained

Many listed investment companies (LICs) issue bonus options to shareholders giving optionholders various benefits, including the opportunity to buy shares at a discount. This fact sheet explains the key features and benefits of LIC options.

Overview

Options give the optionholder the right, but not the obligation, to buy shares in the LIC at a fixed price until they expire. If the share price increases above the option exercise price optionholders have the opportunity to acquire new shares at a discount.

Optionholders have two main choices before their options expire:

- 1 Exercise some or all options for the exercise price and be issued new shares in the LIC.
 - 2 Sell some or all options for a profit.
-  *If optionholders take no action, their options will simply expire.*

Buy shares at a discount

Example:

If shares are trading on the ASX above the exercise price:

Optionholders can exercise their options and be issued new shares in the company at a discount to the current market price.

If shares are trading on the ASX below the option exercise price:

Optionholders can choose not to exercise their options and instead buy additional shares on market at less than the exercise price.



Key terms

Bonus option issue

The issue of free options to shareholders by a company. A company may issue bonus options when it lists on the ASX (initial public offering) or once it is trading.

Exercise price

The price shares can be purchased when an option is exercised. Sometimes called the strike price.

Expiry date

The last day to exercise options.

In the money

A phrase used when the share price of the underlying shares is higher than the exercise price of the option.

Option price

The price options are trading at on the ASX.

Underlying shares

The company shares or securities over which the options are issued. Options can be exercised to receive additional underlying shares.

Benefits



Acquire shares at a discount

Until the time the options expire, optionholders can exercise options to receive shares in the company for a fixed price (the exercise price). If the exercise price is lower than the current price of the underlying shares, optionholders acquire shares at a discount.



Receive dividends

If optionholders exercise their options before the record date for dividends, they are entitled to receive any announced dividends for each option exercised. This assumes the shares received from the exercise of options are held on the dividend record date.



No brokerage

Unlike buying shares trading on the ASX, exercising options allows optionholders to acquire new share without paying brokerage.



Sell options for a gain

As options trade on the ASX, optionholders can sell their options for a profit. Options are issued at no cost to the option holder.



Grow assets

Issuing options grows the assets of the LIC. As the company's size increases, the on-market liquidity for its shares can increase.



Motivate the manager

Options incentivise the manager of the LIC to do all they can to increase the share price above the exercise price, for example, by delivering strong portfolio performance. If the share price rises above the exercise price, more optionholders are likely to exercise their options, increasing the total assets of the LIC and the fees payable to the manager.



Flexibility

Optionholders have maximum flexibility and can exercise, sell or hold their options in any combination until they expire.

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If you would like further information about your options, please contact Alexandra Hopper.

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