

2021 March Quarter

Geoff Wilson AO

Chairman & Chief
Investment Officer



Matthew Haupt CFA

Lead Portfolio
Manager



John Ayoub

Portfolio Manager



Portfolio update

The WAM Leaders investment portfolio remained similarly positioned through the March 2021 quarter as the December 2020 quarter; overweight in sectors such as financials, insurers, energy and general industrials.

The value trade has been exceptionally cheap relative to growth, but it has seen stronger upward earnings revisions since the start of the year due to the continuing global reopening. An example of this is our overweight position in the Australian banks, where we expect pandemic provisions to be unwound over the course of the calendar year, which will then likely lead to capital management over the medium term. Key contributors to the outperformance during the period included National Australia Bank (ASX: NAB), Australia and New Zealand Banking Group (ASX: ANZ), Westpac Banking Corporation (ASX: WBC), QBE Insurance Group (ASX: QBE), BHP Group (ASX: BHP), South32 (ASX: S32) and Santos (ASX: STO).

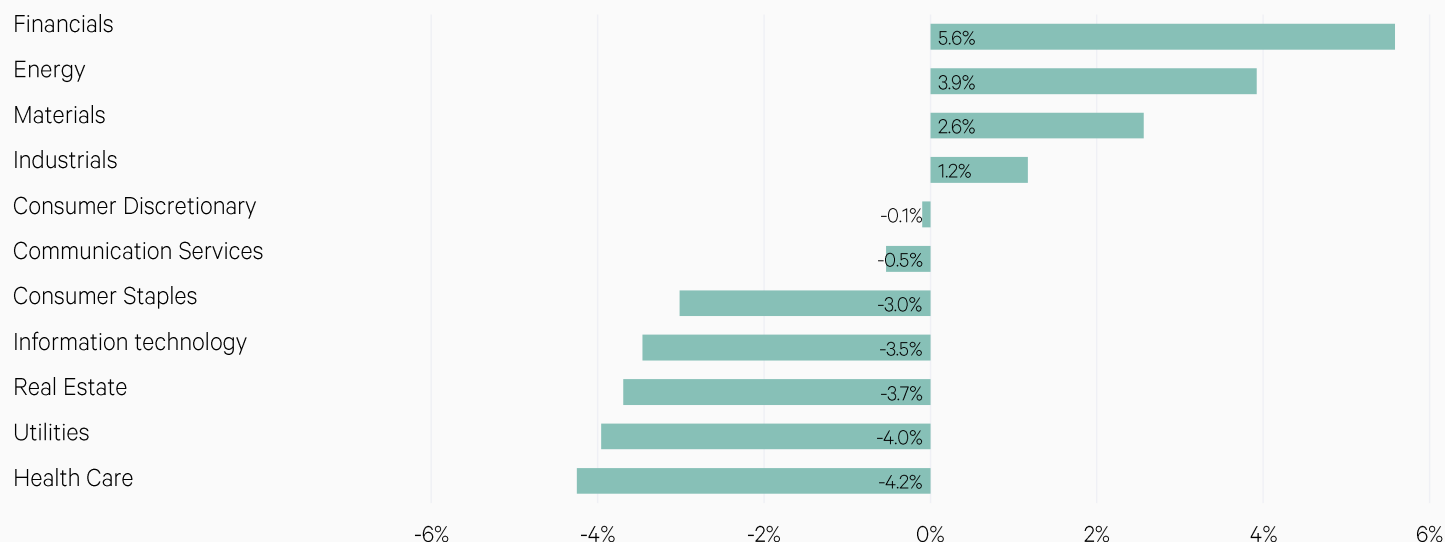
When we look at the current environment, conditions remain supportive of equities despite seemingly stretched valuations. We are of the view that interest rates will rise faster than the central banks are stating and as economic data reaches an inflection point and turns positive, we expect the central banks' outlooks to adjust accordingly. We believe the global economy is entering a long-term inflationary cycle and as such we continue to see upside in cyclicals and value names. However, given the outperformance of value over growth in the quarter we have tempered our positioning slightly. We have done this through applying a partial 'barbell' approach with the additions of high-quality growth stocks including Xero (ASX: XRO) and SEEK (ASX: SEK).

We have increased our holdings in Oil Search (ASX: OSH), South32 and Santos given our continued positive outlook for oil prices as the OPEC+ cartel continues to constrain supply to a greater extent than the rebound in demand. We have also increased our exposure to names leveraged to US stimulus spending, such as Brambles (ASX: BXB), Aristocrat Leisure (ASX: ALL) and United Malt Group (ASX: UMG). Insurance Australia Group (ASX: IAG) was a key holding that we sold down over the quarter, given our relative preference for QBE Insurance Group and the banks. We have reduced our weight in CSL (ASX: CSL) as we have built further conviction around our underweight call and lack of positive catalysts over the coming months.

Macquarie Group (ASX: MQG), Sonic Healthcare (ASX: SHL), Ramsay Health Care (ASX: RHC) and Wesfarmers (ASX: WES) are other notable holdings we have trimmed to crystallise their strong share price performance.

We were pleased with the continued strong performance during the quarter, with the WAM Leaders investment portfolio increasing 8.8%, outperforming the S&P/ASX 200 Accumulation Index by 4.5%. We continue to monitor directional indicators daily and are highly active in adjusting our positioning to weather any volatility.

Active sector weights



WAM Leaders top 10 holdings – Active weights

as at 31 March 2021

Code	Company	Portfolio %	Benchmark %	Active %
NAB	National Australia Bank Limited	8.2%	4.3%	3.9%
QBE	QBE Insurance Group Limited	4.5%	0.7%	3.8%
OSH	Oil Search Limited	4.0%	0.4%	3.6%
S32	South32 Limited	3.5%	0.7%	2.8%
STO	Santos Limited	3.2%	0.7%	2.5%
SGR	The Star Entertainment Group Limited	2.5%	0.2%	2.4%
BOQ	Bank of Queensland Limited	2.5%	0.3%	2.3%
SCG	Scentre Group	2.8%	0.7%	2.1%
QAN	Qantas Airways Limited	2.5%	0.5%	2.0%
BLD	Boral Limited	1.7%	0.3%	1.4%

Market capitalisation

\$1,296.0m*

Gross assets

\$1,189.1m

Listed equities

\$1,147.8m

Dividends paid since inception (per share)

20.15c

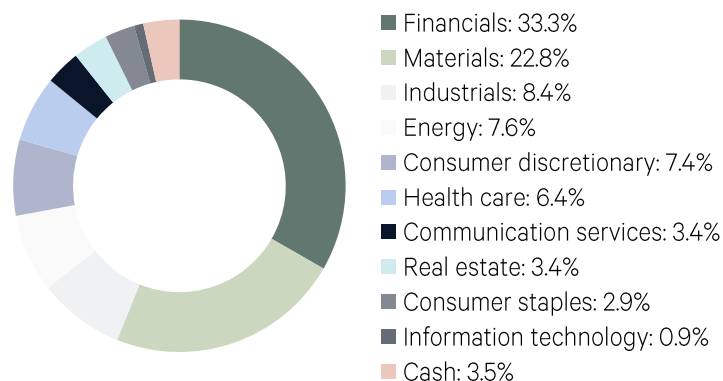
Annualised fully franked interim dividend yield

4.5%*

Profits reserve

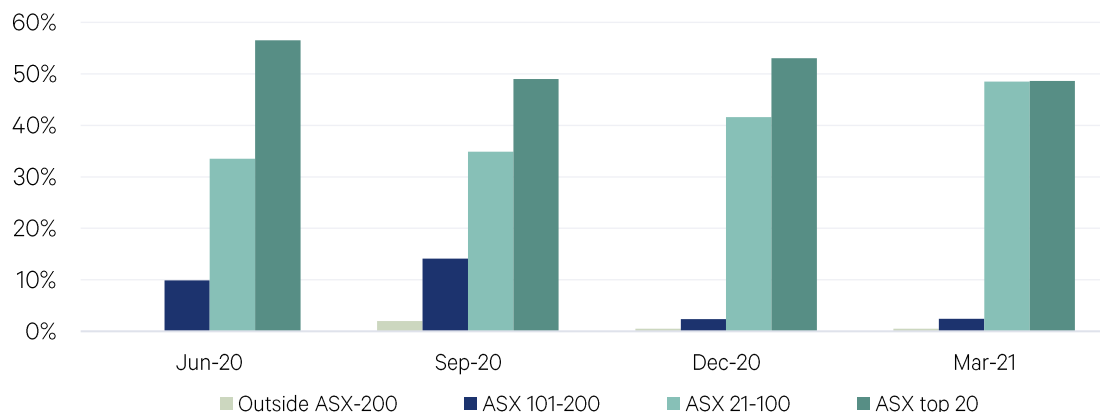
31.5cps

Sector allocation

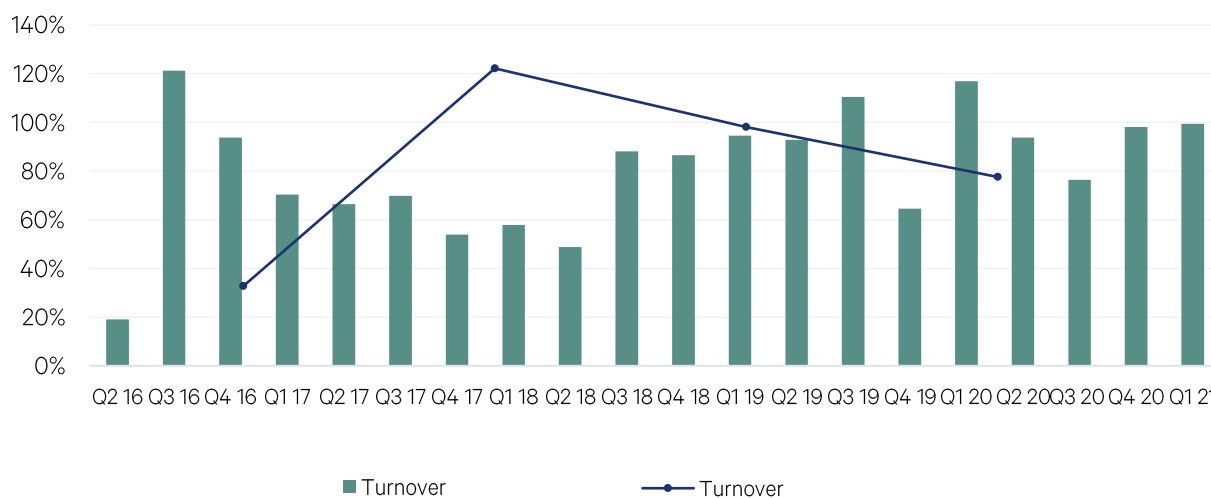


*Based on the 31 March 2021 share price of \$155 per share and the annualised FY2021 fully franked interim dividend of 7.0 cents per share. WAM Leaders has 836,115,185 shares on issue.

Equity portfolio composition by market capitalisation



Quarterly portfolio turnover



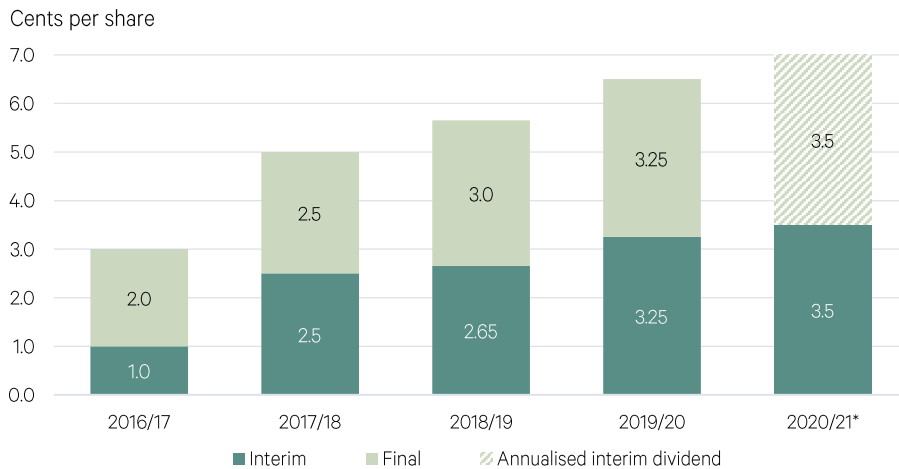
Performance

as at 31 March 2021

	3 mths	Fin YTD	1 yr	3 yrs %pa	Since inception %pa (May-16)
WLE Investment Portfolio [†]	8.8%	27.3%	51.5%	16.0%	14.0%
S&P/ASX 200 Accumulation Index	4.3%	18.0%	37.5%	9.7%	9.1%
Outperformance	+4.5%	+9.3%	+14.0%	+6.3%	+4.9%

[†]Investment portfolio performance and index returns are before expenses, fees and taxes.

History of fully franked dividends



* Annualised interim dividend.

Platforms and research

All major platforms provide access to WAM Leaders, including AMP North, BT Panorama, Colonial First State FirstWrap, Netwealth, Macquarie Wrap and Hub24. WAM Leaders receives coverage from the following independent investment research providers:



Investment manager update - WAM Strategic value IPO launching soon

We are pleased to confirm that we are preparing to launch an IPO in May. WAM Strategic Value will focus on identifying and capitalising on share price discounts to underlying asset values of listed companies, primarily listed investment companies (LICs), listed investment trusts (LITs) and other closed-end investment vehicles.

Chairman and Chief Investment Officer Geoff Wilson AO will serve shareholders as the Lead Portfolio Manager of WAM Strategic Value. Full details will be contained in a prospectus that will be issued by WAM Strategic Value when the IPO is launched. We expect to lodge the prospectus with ASIC in early May 2021 and the offer to close in early June 2021. Once lodged with ASIC the prospectus will be made available on our website.

If you have any questions regarding WAM Strategic Value, please call Geoff Wilson AO on (02) 9247 6755 or email info@wilsonassetmanagement.com.au.

Contact us

Kate Thorley

Chief Executive Officer

0405 115 644

kate@wilsonassetmanagement.com.au

Matthew Haupt CFA

Lead Portfolio Manager

0418 890 070

matthew@wilsonassetmanagement.com.au

John Ayoub

Portfolio Manager

0403 197 487

john@wilsonassetmanagement.com.au