

Annual General Meeting Chairman's Address

29 November 2022

Introduction and welcome

Good afternoon and welcome to the sixth WAM Leaders Limited Annual General Meeting (AGM). This is a hybrid meeting, held both online and in person here at Museum of Sydney. The hybrid meeting format allows those that cannot join us in person to participate.

I would like to acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present. I also acknowledge the custodians of the land and waters on which our shareholders and fellow directors currently stand to view and listen to today's AGM. Wilson Asset Management supports the Uluru Statement from the Heart.

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, Melinda Snowden, Lindsay Mann and Ross Finley. Scott Whiddett, a representative from WAM Leaders' auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements. We are also joined by Ophelia Lam, who is the Finance Manager at Wilson Asset Management and will act in the capacity of moderator, assisting us to address any questions submitted during this meeting.

FY2023 update and outlook

Company update

WAM Leaders has achieved a strong start to FY2023. Through our continued focus on identifying large-cap companies with a robust macroeconomic thematic, compelling fundamentals and supportive sentiment indicators, the investment portfolio increased 6.0% in the financial year to 31 October 2022. As at 31 October 2022, the Company had 40.8 cents per share available in its profits reserve, before the FY2022 fully franked final dividend of 4.0 cents per share which is due to be paid on 30 November 2022.

Outlook

In FY2022, the WAM Leaders investment portfolio was positioned with high conviction towards companies that would perform when policy makers wound back their ultra-accommodative policy measures. As expected, this occurred and we are currently experiencing one of the fastest attempts to tighten financial conditions in memory. While we are cautious on the macroeconomic outlook in FY2023, we remain agile should there be any change in conditions from current expectations. We believe the current macroeconomic environment requires a cautious approach and our top down, active and flexible investment process provides us the framework to outperform through this market volatility and invest in the highest quality companies. While the outlook for equity markets is challenging, we believe the volatility that ensues represents significant opportunities for our shareholders and we remain committed to our investment process focused on identifying large-cap companies with a robust macroeconomic thematic, compelling fundamentals and supportive sentiment indicators. WAM Leaders' gross assets were \$1,609.4 million at 31 October 2022 and the company currently has 24,454 shareholders. The investment portfolio was comprised of 56 equity positions as at 31 October 2022.

FY2022 in review

Financial results

WAM Leaders reported an operating profit before tax of \$68.6 million for the year (FY2021: \$318.1 million) and an operating profit after tax of \$65.8 million (FY2021: \$228.9 million), as a result of the strong performance of the investment portfolio over the year.

The WAM Leaders investment portfolio outperformed the S&P/ASX 200 Accumulation Index by a record 16.2%, increasing 9.7% over the year, while the Index fell 6.5%. This outperformance was achieved with an average cash weighting of 3.6%. WAM Leaders' pre-tax NTA increased 1.6% in the 12 months to 30 June 2022, including the 7.5 cents per share of fully franked dividends paid to shareholders during the year.

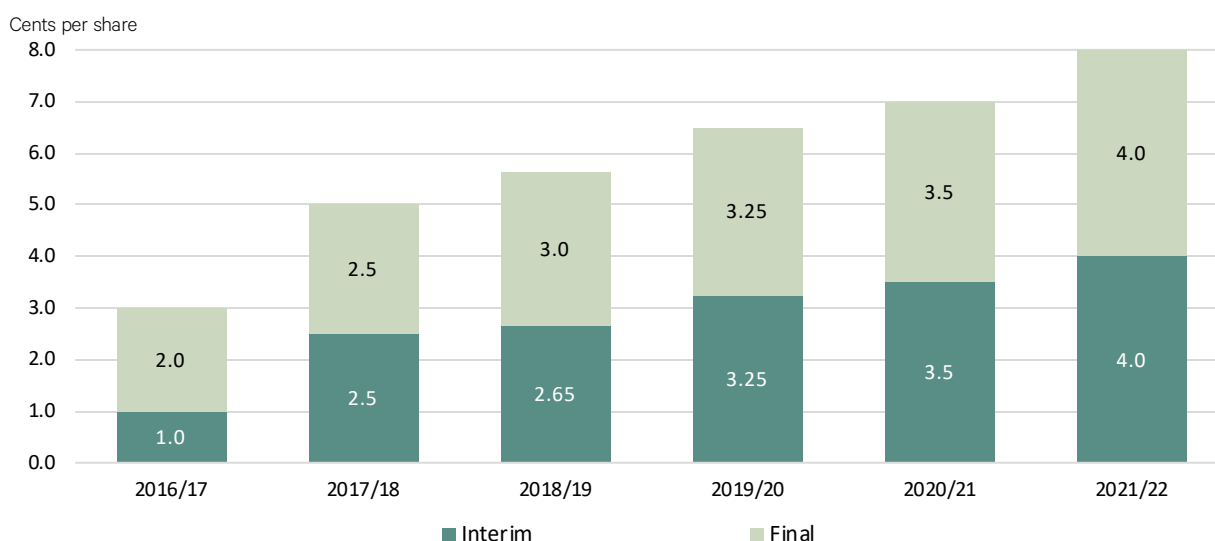
Total shareholder return and share price premium to NTA

Total shareholder return measures the value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends. The total shareholder return for WAM Leaders was impacted by the decrease in the share price premium to NTA, offset by the investment portfolio performance during the period. As at 30 June 2022, the share price premium to NTA was 4.9% (June 2021: 10.4%), with TSR decreasing 3.6% for the year. The S&P/ASX 200 Accumulation Index fell 6.5% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

On 28 November 2022, the share price premium to NTA was 5.2%. Throughout its 5-year history, the Company's share price has traded at both premiums and discounts to its NTA.

Fully franked dividends since inception

The Board declared a fully franked full year dividend of 8.0 cents per share, which represented an increase of 14.3% on the previous year. Since inception in May 2016, the Company has paid 31.15 cents per share in fully franked dividends to shareholders.



Capital management

In August 2021, WAM Leaders completed a 1 for 5 non-renounceable Entitlement Offer, Top-Up Facility, Shortfall Facility and additional placement raising a combined \$277.2 million (192.5 million shares), taking WAM Leaders' gross assets to more than \$1.5 billion, and making WAM Leaders one of the largest listed investment companies on the ASX.

In June 2022, WAM Leaders and Absolute Equity Performance Fund (AEG) announced that they had entered into a Scheme Implementation Agreement to merge the two entities. AEG shareholders voted overwhelmingly in favour of the Scheme with WAM Leaders in September 2022. The Scheme ratio was announced on 30 September 2022 and AEG shareholders received their new WAM Leaders shares on 4 October 2022.

Making a difference

Wilson Asset Management, WAM Leaders' Investment Manager, is passionate about making a positive difference for our shareholders and the community. In the 2022 financial year, the team continued to make a difference through various philanthropic initiatives, advocacy and shareholder engagement.

Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have donated \$65.2 million to young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. During the year, Wilson Asset Management and Future Generation team members were proud to support over 50 charities across several cause areas. All philanthropic investments are made by the Investment Manager.

Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

Our dividend imputation system is in jeopardy once again, this time with a two-pronged policy attack by the current government that will weaken the Franking system by limiting the ability of companies to distribute franked credits to shareholders. The proposed legislation changes will stop Australian companies rewarding their Australian shareholders with fully franked dividends aligned to off-market share buybacks and capital raisings.

More so, the proposed changes will hurt each of the 17 million Australians with money in superannuation, Mum and Dad investors and self-funded retirees, not high-income earners. Designed by Paul Keating in 1987 to remove double taxation and support local investment, the system has supported three decades of recession-free economic growth in Australia by encouraging Australians and Australian companies to invest within Australia. The proposed changes will place these benefits at risk and have significant unintended consequences.

We are eager to work with the current government and our shareholders on how Franking can be maintained before the system and its enormous benefits are dismantled piece by piece beyond repair.

Submissions relating to the changes to off-market buybacks are now open and we will communicate shortly on how our shareholders can be involved. We are awaiting a response to our 5 October 2022 submission against removing the ability of companies to pay fully franked dividends linked to any capital raises.

You, our valued shareholders, have told us that you rely on fully franked dividends to support yourselves and your families and we will continue to advocate against these inequitable changes by actively engaging with policy makers to protect the dividend imputation system. We simply cannot afford to have the introduction of the "Retirement Tax 2.0."

Shareholder engagement

Shareholders are the owners of WAM Leaders and it is Wilson Asset Management's responsibility to manage the Company on your behalf and report to you on a regular basis. Please visit our website, subscribe to receive our regular updates and call or email us with any questions or suggestions you have regarding WAM Leaders or Wilson Asset Management.

Our next WAM Vault instalment will be released in December 2022. We encourage you to visit wilsonassetmanagement.com.au/vault to watch, read and listen to the engaging and insightful conversations of our team.

For more information

Further information on WAM Leaders can be found in the [FY2022 annual report](#) and [website](#).

Thank you

Thank you for your support in what has been a challenging period and to our shareholders for entrusting us with their capital. Pleasingly, WAM Leaders has again delivered strong investment portfolio performance and record outperformance during the year. I would also like to thank the Wilson Asset Management team, who have worked tirelessly for our shareholders, as well as my fellow Board members, whose guidance and expertise make an invaluable contribution.