

W | A | M *Leaders*

# Investment update

As at 31 October 2016



## Snapshot

Pre-tax net tangible assets

107.77c

Gross assets

\$388.6m

[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

ABN: 33 611 053 751

## WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$388.6m
Market cap	\$406.1m
Share price	\$1.13
Option price	\$0.036
NTA before tax	\$1.077
Shares on issue	359,406,078
Options on issue	357,521,077
Number of stocks held	35

## Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

## Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Equity Analyst

## Company overview

WAM Leaders Limited (ASX: WLE) is a listed investment company managed by Wilson Asset Management. Listed in 2016, WAM Leaders provides investors with diversified exposure to a portfolio of undervalued growth companies within the S&P/ASX 200 Index and exposure to market mispricing opportunities in large-cap companies.

## Shareholder Presentations

Adelaide	16 November
Perth	17 November
Canberra	21 November
Sydney (AGM)	23 November
Brisbane	24 November
Melbourne	25 November

For more information and to RSVP, visit [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

Our national Shareholder Presentations begin on 16 November in Adelaide. To RSVP, visit [wilsonassetmanagement.com.au/RSVP](http://wilsonassetmanagement.com.au/RSVP)

## Market overview

The S&P/ASX 200 Index closed down 2.2% for the month, driven by poor performance from the health care and REITs sectors. Mining and bank stocks were the best performing sectors, both domestically and globally. Coal continued its surge and iron ore rallied, however gold fell as global inflation and rate expectations rose. Better than expected September quarter consumer price inflation (CPI) data reduced the chance of further interest rate cuts and put downward pressure on local equities. In the US, oil climbed above US\$50 a barrel for the first time since June this year as declines in US crude inventories lifted hopes the global glut may clear. More recently, the surprise US presidential election result has led to market volatility globally. With a high degree of uncertainty regarding if and how election policies are implemented, we expect continued market volatility in the short and medium term.

## Portfolio update

During the month, NAB (ASX: NAB) reported a 4% rise in cash earnings to \$6.48 billion for the full-year. The company announced a final dividend of 99 cents per share, unchanged from the 2016 interim and 2015 final dividends. NAB's group net interest margin was down two basis points. NAB has employed disciplined lending practices and continues to shrink the low return on equity institutional lending. We purchased NAB shares before the results announcement and continue to hold shares in the investment portfolio.

## Net tangible asset (NTA) figures

NTA before tax	107.77c
NTA after tax and before tax on unrealised gains	109.35c
NTA after tax	108.54c

## Performance

In October the portfolio declined -3.4% while the S&P/ASX 200 Accumulation Index fell -2.2%. During the month we saw a rotation back into financial and commodity stocks, with industrial stocks severely underperforming as this rotation took place. We are beginning to see value in the banks as concerns around capital and bad debts are abating.

## Diversified portfolio

Investment Type	September 2016		October 2016	
	\$m	%	\$m	%
Listed equities	304.1	75.6	262.8	67.6
Short portfolio	(4.5)	(1.1)	(14.1)	(3.6)
Fixed interest & cash	102.6	25.5	139.9	36.0
<b>Gross assets</b>	<b>402.2m</b>	<b>100.0</b>	<b>388.6m</b>	<b>100.0</b>
Total shares on issue	358,968,178		359,406,078	

## Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
ORA	Orora Limited	18,164,533	4.7%
RWC	Reliance Worldwide Corporation (Aust) Limited	16,384,707	4.2%
ALL	Aristocrat Leisure Limited	16,063,618	4.1%
WBC	Westpac Banking Corporation	12,690,755	3.3%
LNK	Link Administration Holdings Limited	12,458,232	3.2%
SUN	Suncorp Group Limited	11,636,480	3.0%
LLC	Lend Lease Group	11,560,087	3.0%
ECX	Eclix Group Limited	11,146,301	2.9%
AMC	Amcor Limited	9,619,224	2.5%
CTX	Caltex Australia Limited	9,396,251	2.4%

## Equity portfolio composition by market capitalisation

