

W | A | M *Leaders*

# Investment update

As at 30 September 2017



## Snapshot

Pre-tax net tangible assets

**\$1.17\***

\*Not diluted for options outstanding

Gross assets

**\$505.7m**

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

ABN: 33 611 053 751

## WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$505.7m
Market cap	\$468.0m
Share price	\$1.10
Option price	\$0.002
NTA before tax	\$1.17
Shares on issue	425,434,005
Options on issue	291,678,638
Number of stocks held	59
Fully franked dividends (FY2017)	3.0c

## Investment objectives

- Deliver investors a 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	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

## 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	20 November
Perth	21 November
Toowoomba	23 November
Brisbane	24 November
Hobart	27 November
Canberra	28 November
Sydney (AGM)	29 November
Melbourne	30 November

**RESERVE YOUR PLACE NOW**

## Exercise your options to receive the final dividend

Optionholders are entitled to purchase additional WAM Leaders (ASX: WLE) shares at \$1.10 without paying brokerage costs. Shares in WAM Leaders closed at \$1.12 on 6 October 2017. Optionholders will receive the 2.0 cents per share fully franked final dividend on options exercised **on or before 17 November 2017**. WAM Leaders options (ASX: WLEO) closed at 1.1 cents on 6 October 2017. If you have any questions regarding your WAM Leaders options, please call Alexandra Hopper on (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au).

## Market overview

The WAM Leaders investment portfolio increased 1.1% in September, while the S&P/ASX 200 Accumulation Index closed flat. The best performing sectors during the month included healthcare (+2.2%), energy (+1.2%) and financials (+1.1%), while telecommunications (-4.6%) and utilities (-3.7%) weighed heavily on the Index.

Minutes from the Reserve Bank of Australia (RBA) indicated reduced demand for steel production in China would weigh on the iron ore price. Evidence of this was a fall of almost 20% in the iron ore price in September. During the month, the RBA Assistant Governor (Financial System) Michele Bullock said the central bank would continue to consider the heightened level of household debt in monetary policy decision-making, reaffirming our view that interest rates will remain on hold in the short term.

Globally, the US Federal Reserve announced it would start to unwind its balance sheet and indicated another rate increase before the end of the year was possible. US President Trump announced a simplified plan to cut corporate taxes that would reduce the corporate tax rate from 35% to 20% and eliminate tax on foreign profits.

## Net tangible asset (NTA) figures

NTA before tax	117.13c
NTA after tax and before tax on unrealised gains	117.40c
NTA after tax	116.19c

The above figures are not adjusted for the 291,678,638 options on issue with an exercise price of \$1.10.

## Performance

Performance at	1	Fin	6		Since	Since
30 September 2017	Mth	YTD	Mths	1 Yr	inception	fully
					%pa	invested
					(May-16)	(Aug-16)
WLE Investment Portfolio*	1.1%	2.2%	3.2%	9.3%	9.7%	10.9%
S&P/ASX 200 Accumulation Index	0.0%	0.7%	-0.9%	9.2%	8.8%	8.1%
<b>Outperformance</b>	<b>+1.1%</b>	<b>+1.5%</b>	<b>+4.1%</b>	<b>+0.1%</b>	<b>+0.9%</b>	<b>+2.8%</b>

\*Investment performance and Index returns are before expenses, fees and taxes.

## Portfolio update

The investment portfolio's outperformance during the month was driven by solid performance from industrial chemical, fertilizer and explosive producer and distributor Incitec Pivot (ASX: IPL), oil and gas company Santos (ASX: STO), plumbing manufacturer Reliance Worldwide Corporate (ASX: RWC) and mining and metals company South32 (ASX: S32). Another driver of performance was the tactical position we secured and continue to hold in the major banks, as well as Macquarie Bank (ASX: MQG) and Bank of Queensland (ASX: BOQ) in the lead up to their earnings results in October and November. Our holdings in Sims Metal Management (ASX: SGM) and Nufarm Limited (ASX: NUF) were the largest detractors for the month.

During the month Senior Equity Analyst John Ayoub visited a number of companies in the United States. We remain confident in our outlook for the US economy and expect interest rate increases to continue. The portfolio is positioned to benefit from this theme through our holdings in Boral (ASX: BLD) and Computershare (ASX: CPU).

## Diversified portfolio

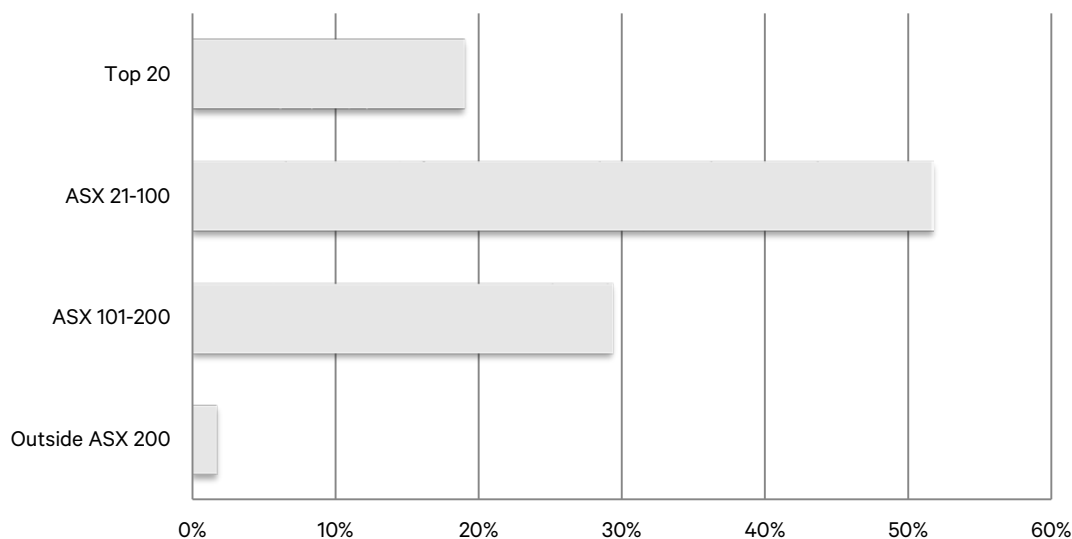
Investment type	August 2017		September 2017	
	\$m	%	\$m	%
Listed equities	430.7	86.7	425.1	84.1
Short portfolio	0.0	0.0	(2.4)	(0.5)
Fixed interest & cash	66.1	13.3	83.0	16.4
<b>Gross assets</b>	<b>496.8m</b>	<b>100.0</b>	<b>505.7m</b>	<b>100.0</b>
<b>Total shares on issue</b>	421,736,821		425,434,005*	

\*During the month, 3,697,184 options were exercised and allotted.

## Top 10 holdings

Code	Company	Market value \$	Market value as % gross assets
NAB	National Australia Bank Limited	29,148,053	5.8%
WBC	Westpac Banking Corporation	25,209,426	5.0%
CBA	Commonwealth Bank of Australia	23,446,470	4.6%
WOW	Woolworths Limited	21,365,475	4.2%
ORG	Origin Energy Limited	15,129,026	3.0%
BHP	BHP Billiton Limited	15,116,748	3.0%
MQG	Macquarie Group Limited	14,081,144	2.8%
CPU	Computershare Limited	12,713,270	2.5%
TAH	Tabcorp Holdings Limited	11,915,781	2.4%
STO	Santos Limited	11,240,402	2.2%

## Equity portfolio composition by market capitalisation



## Fully franked dividends

On 17 July 2017, the Company announced a maiden fully franked final dividend of 2.0 cents per share. This brings the fully franked full year dividend to 3.0 cents per share. The final dividend will be paid on 5 December 2017 and will trade ex on 23 November 2017.

### Key dividend dates

Dividend ex-date	23 November 2017
Record date	24 November 2017
Last election date for DRP	28 November 2017
Payment date	5 December 2017

The Board is committed to paying 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.

## November 2017 Shareholder Presentations

This week you will receive an invitation to our November 2017 Shareholder Presentations. We will discuss our listed investment companies, investment themes and trends, investment case studies, market outlook and making a difference initiatives. To RSVP, click [here](#).