

W | A | M *Leaders*

Investment update

As at 31 May 2018



Snapshot

Pre-tax net tangible assets

\$1.19

Gross assets

\$842.4m

Annualised fully franked
interim dividend

5.0C

Performance
(p.a. since May 2016)

12.6%

wilsonassetmanagement.com.au

ABN: 33 611 053 751

WAM Leaders Limited

ASX code	WLE
Listed	May 2016
Gross assets	\$842.4m
Market cap	\$801.7m
Share price	\$1.14
NTA before tax	\$1.19
Shares on issue	703,203,693
Number of stocks held	64
Annualised fully franked interim dividend (FY2018)	5.0c

Investment objectives

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

Wilson Asset Management investment & management team

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

Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition [here](#). We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

Portfolio update

The WAM Leaders investment portfolio rose 0.7% in May. In the past 12 months, the investment portfolio has increased 15.4%, outperforming the Index by 5.8%. The largest contributors to the portfolio during the month were Super Retail Group (ASX: SUL), up 17.8% after announcing a positive trading update, and Whitehaven Coal (ASX: WHC), up 13.9% following the announcement of acquisitions of the Winchester South coal project and Tarrawonga mine. Other contributors included Flight Centre (ASX: FLT), up 10.2%, Qantas (ASX: QAN), up 10.1% and CSL Limited (ASX: CSL), up 9.1%.

Market update

The S&P/ASX 200 Accumulation Index finished up 1.1% in May, with strong quarterly results in the United States translating to increased investor appetite for equities domestically. Healthcare, up 5.6%, and consumer discretionary, up 5.1%, were the largest contributors to the Index, while telecommunications dragged, underperforming by 10.2%. The Australian Bureau of Statistics released its March quarter gross domestic product data, which was ahead of expectations, reporting 1% growth in the first quarter.

Globally, US President Donald Trump announced that the US would be withdrawing from the Iran nuclear deal, potentially impacting global oil supply and pushing oil prices to near four-year highs. These highs were short lived with oil prices falling 9.9% as Saudi Arabia and Russia discussed easing production cuts to make up for potential losses from other members, most notably Venezuela and Iran. European political risks resurfaced at the end of May, with the threat of Italy's withdrawal from the eurozone and a no-confidence vote for the Spanish Prime Minister weighing on equity markets.

Performance

Performance at 31 May 2018	1 mth	3 mths	6 mths	Fin YTD	Since inception 1 yr (May-16)	%pa
WLE Investment Portfolio*	0.7%	1.6%	5.1%	14.8%	15.4%	12.6%
S&P/ASX 200 Accumulation Index	1.1%	1.1%	2.8%	9.4%	9.6%	10.2%
Outperformance	-0.4%	+0.5%	+2.3%	+5.4%	+5.8%	+2.4%

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

Net tangible asset (NTA) figures

NTA before tax	118.84c
NTA after tax and before tax on unrealised gains	118.75c
NTA after tax	116.51c

Diversified portfolio

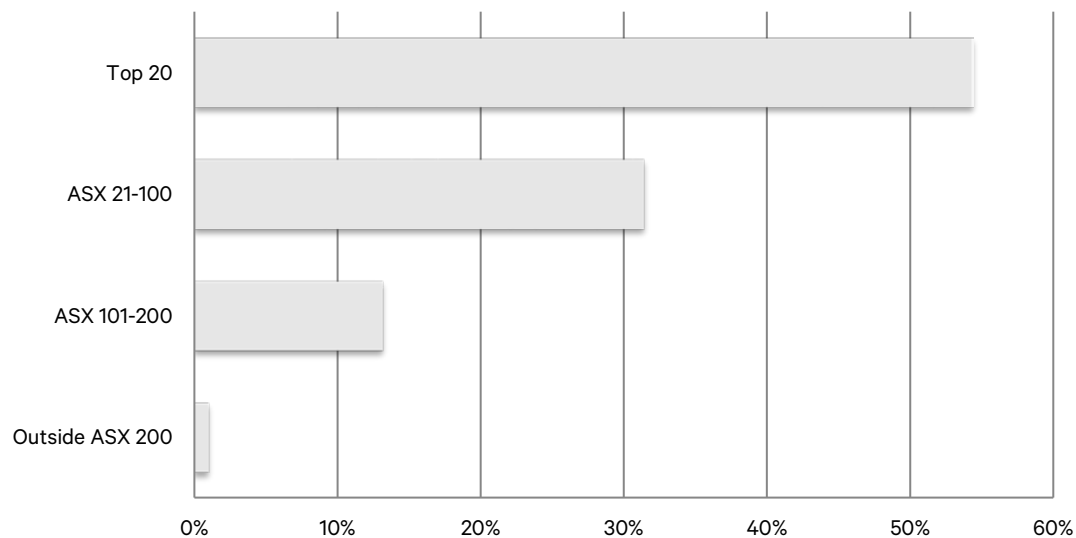
Investment type	April 2018		May 2018	
	\$m	%	\$m	%
Listed equities	747.7	89.3	708.9	84.2
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	89.2	10.7	133.5	15.8
Gross assets	836.9m	100.0	842.4m	100.0
Total shares on issue	703,203,693		703,203,693	

Top 20 holdings

Code	Company	Code	Company
ANZ	Australia and New Zealand Banking Group Limited	QBE	QBE Insurance Group Limited
AOG	Aveo Group	RIO	Rio Tinto Limited
BHP	BHP Billiton Limited	SCG	Scentre Group
CBA	Commonwealth Bank of Australia	SGR	The Star Entertainment Group Limited
CSL	CSL Limited	TAH	Tabcorp Holdings Limited
FMG	Fortescue Metals Group Limited	TLS	Telstra Corporation Limited
JHX	James Hardie Industries Plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WES	Wesfarmers Limited
NAB	National Australia Bank Limited	WOW	Woolworths Group Limited
ORG	Origin Energy Limited	WPL	Woodside Petroleum Limited

The Top 20 Holdings are presented in alphabetical order.

Equity portfolio composition by market capitalisation



Fully franked dividends

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. Since inception in May 2016, WAM Leaders has paid 5.5 cents per share in fully franked dividends to shareholders.