

2018 Full Year Results

From the
Chairman

We are pleased with WAM Leaders' strong FY2018 result, as the investment portfolio increased by 17.8%, outperforming the S&P/ASX 200 Accumulation Index by 4.8%. Along with a significant increase in the investment portfolio, WAM Leaders announces a record operating profit before tax of \$100.5 million, a 155.7% increase on the previous year (FY2017: \$39.3 million) and a record operating profit after tax of \$74.6 million, (FY2017: \$29.2 million)*.

The Board announced a fully franked full year dividend of 5.0 cents per share, an increase of 66.7% on the previous year, with the fully franked final dividend being 2.5 cents per share. WAM Leaders strong portfolio performance for the 2018 financial year was fuelled by the sound stock selection of the investment team, led by Portfolio Manager Matthew Haupt. A key driver was the team's selection of companies with exposure to the energy and materials sectors including Origin Energy (ASX: ORG), Santos (ASX: STO) and BHP Billiton (ASX: BHP), which benefitted from rising oil prices due to supply cuts led by OPEC. CSL Limited (ASX: CSL) was another stellar performer, with earnings momentum driving the share price higher. WAM Leaders increased its holding in CSL, which has become one of the top four largest

Australian listed companies by market capitalisation, cementing its global position and profitable niche. The investment team successfully identified underlying earnings potential embedded within Macquarie Group (ASX: MQG) and the market's rerating that saw the share price reflect the changing business model. WAM Leaders' solid performance of 17.8% demonstrated the success of the rigorous stock selection during the period.

The 2018 financial year saw heightened volatility across global equity markets, and although global economic growth continued, domestic economic growth remains sluggish. Close to home, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has been the biggest issue facing Australian banks. This has provided valuable trading opportunities that we will look to capitalise on.

We remain cautious about the direction of equity markets over the short-to-medium term. Globally, we have seen the return of volatility following a protracted period of stability. We are currently in the later stages of the second-longest bull market in history.

Central banks have injected \$13 trillion into equity markets since the global financial crisis

and kept interest rates artificially low. We are now seeing the central banks unwinding this quantitative easing, with interest rates rising. As an active fund manager, we are excited about the mispricing opportunities this presents when investing in undervalued growth companies.

WAM Leaders raised \$377.3 million during the period as a result of a successful option capital raising. A total of 343,007,236 options (95.7%) were exercised, a fantastic result for the Company and its shareholders. Currently WAM Leaders shares are trading at a 2.9%* discount to the 30 June 2018 pre-tax NTA as short-term arbitragers and quant traders sell the shares they had purchased during the final months of the option issue. We believe this selling pressure is abating, and equilibrium will return to the WAM Leaders share price. WAM Leaders is currently the only WAM listed investment company trading at a discount.

I have recently increased my WAM Leaders holdings because of this discount, which I believe will dissipate with continued portfolio performance and an active shareholder engagement strategy.

We look forward to providing an update on WAM Leaders at our upcoming Investor Conference Call in September 2018 and meeting you at our next Shareholder Presentations in November 2018. Thank you for your support of WAM Leaders.

Happy investing,

Geoff Wilson AO
Chairman

*The FY2018 profit figures are unaudited. Audited full year results will be announced to the market in August 2018.
**As at 13 July 2018.



Highlights

Record full year pre-tax profit*

\$100.5m

Investment portfolio performance

+17.8%

Full year fully franked dividend

5.0c

Fully franked dividend yield

4.3%

Fully franked final dividend

On 9 July 2018, the Company announced a fully franked final dividend of 2.5 cents per share. This brings the fully franked full year dividend to 5.0 cents per share. The dividend reinvestment plan (DRP) is available to shareholders for the final dividend.

Key dividend dates

Dividend ex-date	12 October 2018
Record date	15 October 2018
Last election date for DRP	17 October 2018
Payment date	26 October 2018

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.

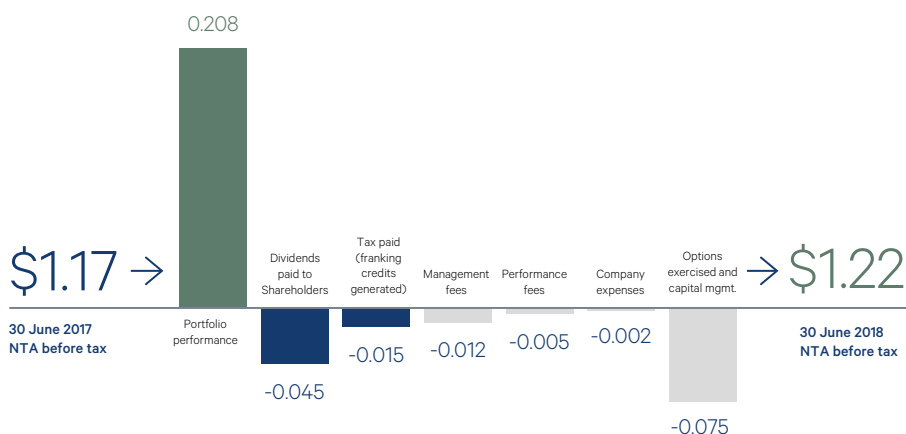
The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Since inception in May 2016, WAM Leaders has paid 5.5 cents per share in fully franked dividends to shareholders.

Performance as at 30 June 2018

	6 mths	1 yr	Since inception %pa (May-16)
WLE Investment Portfolio*	5.3%	17.8%	13.4%
S&P/ASX 200 Accumulation Index	4.3%	13.0%	11.4%
Outperformance	+1.0%	+4.8%	+2.0%

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

Pre-tax NTA performance



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