

## 2019 Full Year Results

From the  
Chairman

Dear Fellow Shareholder,

WAM Leaders achieved an operating profit before tax of \$90.1 million and an operating profit after tax of \$71.5 million in the 2019 financial year.

The Board of Directors were pleased to declare a 20.0% increase in the fully franked final dividend to 3.0 cents per share on 22 July 2019. This record dividend was achieved after a strong 19.4% increase in the investment portfolio in the six months to 30 June 2019. The final dividend brings the record fully franked full year dividend to 5.65 cents per share, representing a dividend yield of 5.1%. The 2019 record full year dividend is an increase of 13.0% on the 2018 full year dividend of 5.0 cents per share.

The increased fully franked dividend has been achieved through the solid performance of the investment portfolio since inception and the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends. Since inception in May 2016, WAM Leaders has paid 10.65 cents per share in fully franked dividends to shareholders.

The 2019 financial year was a dynamic year for equity markets, beginning with expectations of synchronised – albeit softening – global growth and tighter United States (US) monetary policy. In the December quarter the global economy faltered, China's growth slowed and the end of the longest US bull market appeared to be approaching.

By January 2019, the US Federal Reserve was conducting its u-turn, pausing its interest rate increases and signalling

the end to quantitative tightening. This, coupled with aggressive Chinese stimulus, drove equity markets to new heights as interest rates fell and the global economy weakened. Against this global background, the S&P/ASX 200 Accumulation Index increased 11.5% over the year, driven primarily by the record low interest rate environment.

We were highly active during the period, with the equity component of the investment portfolio turning over 3.6 times. We deployed tactical and opportunistic positions in infrastructure and gold companies and real estate investment trusts to take advantage of loose monetary policy and spikes in volatility surrounding geopolitical tensions. We also invested in iron-ore focused companies to take advantage of supply restrictions that led to higher spot prices and we actively traded the major banks throughout the banking Royal Commission.

The WAM Leaders investment portfolio delivered a 10.9% increase in the 12-month period, climbing 7.2% in the final quarter and rebounding 19.4% in the six months to 30 June 2019. Over the 12-months we adjusted our cash levels continuously while averaging 10.3% throughout the period. The WAM Leaders investment portfolio has increased 12.6% per annum since inception in May 2016.

Individual companies that significantly contributed to the absolute performance during the period included:

Fortescue Metals Group (ASX: FMG), BHP Group (ASX: BHP), Commonwealth Bank of Australia (ASX: CBA) and Newcrest Mining (ASX: NCM). Detractors included Origin

Energy (ASX: ORG), James Hardie Industries (ASX: JHX), Nufarm (ASX: NUF) and South32 (ASX: S32).

We remain cautious about the direction of the Australian equity market, as the domestic economy continues to show signs of weakness and the Reserve Bank of Australia's stimulatory options are approaching exhaustion. The investment portfolio's cash level ended the year at 9.1%, while holding highly liquid positions.

Following a strong rally in July 2019, August has seen a higher level of volatility driven by trade war re-escalation and sharp currency movements arising from global central banks' interest rate decisions. The preservation of shareholder capital is a key focus of our investment process. Despite our circumspect outlook, we continue to identify and act on opportunities and are confident that the WAM Leaders portfolio is comprised of companies with valuation upside and compelling fundamentals.

WAM Leaders shares are currently trading at an attractive discount to net tangible assets of 10.5%\* which I believe will close as the solid track record of performance continues and the fully franked dividends increase over time. As at 31 July 2019, the Company had 15.0 cents per share available in its profits reserve, before the payment of the record fully franked final dividend of 3.0 cents per share.

We look forward to providing an update at our Investor Conference Call on Tuesday, 10 September 2019 at 3.30pm – 4.30pm (Sydney time) and seeing you at our [Shareholder Presentations](#) in November 2019.

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Thank you for your support of WAM Leaders.

**Geoff Wilson AO**  
Chairman

\*As at 30 June 2019.

\*\*Based on the 31 July 2019 NTA before tax and 21 August 2019 share price of \$1.14 per share.



## Highlights

Fully franked final dividend increase

**+20.0%**

Fully franked full year dividend yield\*

**5.1%**

Record fully franked full year dividend

**5.65c**

## Record fully franked final dividend

The Board declared a record fully franked final dividend of 3.0 cents per share, bringing the record full year dividend to 5.65 cents per share.

Since inception in May 2016, WAM Leaders has paid 10.65 cents per share in fully franked dividends to shareholders.

### Key dividend dates

Ex-dividend date 11 October 2019

Record date 14 October 2019

Last election date for  
DRP 16 October 2019

Payment date 25 October 2019

The Board is committed to paying a 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.

\*Based on the 30 June 2019 share price of \$1.105 per share.

## Performance

as at 30 June 2019

	6 mths	1 yr	2 yrs %pa	Since inception %pa (May-16)
WLE Investment Portfolio	19.4%	10.9%	14.3%	12.6%
S&P/ASX 200 Accumulation Index	19.7%	11.5%	12.3%	11.5%
<b>Outperformance</b>	<b>-0.3%</b>	<b>-0.6%</b>	<b>+2.0%</b>	<b>+1.1%</b>

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

## Top 20 holdings

as at 30 June 2019

Code	Company	%
CBA	Commonwealth Bank of Australia	7.1%
BHP	BHP Group Limited	6.4%
CSL	CSL Limited	5.0%
NAB	National Australia Bank Limited	5.0%
WBC	Westpac Banking Corporation	4.1%
WPL	Woodside Petroleum Limited	3.7%
STO	Santos Limited	3.5%
MQG	Macquarie Group Limited	3.0%
RIO	Rio Tinto Limited	3.0%
TLS	Telstra Corporation Limited	2.7%
GMG	Goodman Group	2.3%
FMG	Fortescue Metals Group Limited	2.0%
WOW	Woolworths Group Limited	2.0%
OZL	OZ Minerals Limited	2.0%
GPT	GPT Group	1.9%
TCL	Transurban Group	1.8%
NST	Northern Star Resources Limited	1.8%
NCM	Newcrest Mining Limited	1.8%
ILU	Iluka Resources Limited	1.7%
ANZ	Australia and New Zealand Banking Group Limited	1.5%