

W | A | M *Leaders*

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A N N U A L
R E P O R T

 **Wilson**
Asset Management

OVER **20** Making a
YEARS difference

WAM Leaders Limited

WAM Leaders Limited (WAM Leaders or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Wilson Asset Management

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Lindsay Mann
Melinda Snowden
Ross Finley

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

MAM Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of the Wilson Asset
Management Group)

Country of Incorporation

Australia

Registered Office

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1 Farrer Place Sydney NSW 2000

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Share Registry

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Sydney NSW 2000

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F (02) 9279 0664

For enquiries relating to
shareholdings, dividends
(including participation in the
dividend reinvestment plan) and
related matters, please contact
the share registry.

Australian Securities Exchange

WAM Leaders Limited
Ordinary Shares (WLE)

Auditor

Pitcher Partners



Shareholder Presentations November 2021

Due to the ongoing health concerns as a result of the coronavirus pandemic, our Annual General Meeting will be hosted online and WAM Vault will replace our Shareholder Presentations. Further information will be provided at wilsonassetmanagement.com.au/vault.

W | A | M Vault

FY2021 highlights

+58.6%

record total shareholder return

+37.0%

record investment portfolio performance

\$318.1m 7.0c

record operating profit before tax

fully franked full year dividend

30 June 2021 snapshot

Listing date	May 2016
Gross assets	\$1,225.8m
Market capitalisation	\$1,331.7m
Shares on issue	837,543,215
Share price	\$1.59
Net tangible assets (pre-tax)	\$1.44
Net tangible assets (post-tax)	\$1.37
FY2021 fully franked dividends	7.0 cents
FY2021 fully franked dividend yield	4.4%
FY2021 fully franked grossed-up dividend yield	6.3%

Fully franked dividends since inception



¹Based on 837,543,215 shares on issue and before the issuance of new shares on 13 August and 23 August from the Entitlement Offer, Shortfall Facility and additional placement.

²The Company's ability to pay fully franked dividends is dependent on the payment of tax on profits and receipt of franked dividends.

FY2021 results

WAM Leaders reported a record operating profit before tax of \$318.1 million for the year (FY2020: operating loss before tax of \$1.2 million) and a record operating profit after tax of \$228.9 million (FY2020: \$5.3 million), reflective of the strong performance of the investment portfolio over the year.

The investment portfolio increased a record 37.0% over the year, outperforming the S&P/ASX 200 Accumulation Index by 9.2%. This outperformance was achieved with an average cash weighting of 3.9%. The return on the equity portion of the portfolio was 38.4% for the year.

The Board declared a fully franked final dividend of 3.5 cents per share, bringing the fully franked full year dividend to 7.0 cents per share, an increase of 7.7% on the previous year. Since inception in May 2016, WAM Leaders has paid 23.65 cents per share in fully franked dividends to shareholders. As at 31 July 2021, the Company had 36.2² cents per share available in its profits reserve, before the payment of the fully franked final dividend of 3.5 cents per share.

In July 2021, the Board announced its intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share² (subject to no material adverse change in market conditions), a 14.3% increase on the FY2021 fully franked interim dividend.

Since year-end, WAM Leaders completed a fully subscribed pro-rata 1 for 5 non-renounceable Entitlement Offer, raising \$193.6 million from existing shareholders in the Entitlement Offer and Top-Up Facility, and \$83.6 million in the Shortfall Facility and additional placement to professional and sophisticated investors. A combined \$277.2 million was raised, taking WAM Leaders' gross assets to more than \$1.5 billion, making WAM Leaders one of the largest listed investment companies on the ASX.

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Letter from the Chairman

Geoff Wilson AO



Dear Fellow Shareholders,

WAM Leaders has delivered a record investment portfolio performance and a record total shareholder return during the Company's fifth year. I would like to thank all the shareholders who have entrusted us with their capital during what has been a challenging year.

The WAM Leaders investment portfolio increased a record 37.0%, outperforming the S&P/ASX 200 Accumulation Index by 9.2%. The strong investment portfolio outperformance drove a growth in assets which, combined with the increased fully franked dividends paid during the period and the share price moving from a discount to net tangible assets (NTA) to a premium to NTA, resulted in a record 58.6% total shareholder return for shareholders during the 12-month period to 30 June 2021.

The Board of Directors has declared a fully franked final dividend of 3.5 cents per share, bringing the fully franked full year dividend to 7.0 cents per share, an increase of 7.7% on the previous year. The increased fully franked dividend has been achieved through the strong performance of the investment portfolio during the 12-month period 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, WAM Leaders has paid 23.65 cents per share in fully franked dividends to shareholders.

In July 2021, the Board also announced its intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share (subject to no material adverse change in market conditions), a 14.3% increase on the FY2021 fully franked interim dividend.

During the year, WAM Leaders celebrated its fifth anniversary since listing on the ASX. As a fellow WAM Leaders shareholder, I would like to thank Lead Portfolio Manager Matthew Haupt, Portfolio Manager John Ayoub, Equity Analyst Anna Milne, and the broader Wilson Asset Management investment team, for growing the Company to the benefit of all shareholders through continuous outperformance and capital raisings, and for delivering strong, risk-adjusted returns for shareholders.

Since year-end, the WAM Leaders Board of Directors announced a pro-rata non-renounceable Entitlement Offer and additional placement for shareholders, which raised more than \$277.2 million, taking the Company's gross assets to more than \$1.5 billion, and making WAM Leaders one of the largest listed investment companies on the ASX. We greatly appreciate the trust, loyalty and support we have received from WAM Leaders shareholders.

+58.6%
record total
shareholder return
in FY2021

**7.0 cents
per share**
FY2021 fully franked
full year dividend

**3.5 cents
per share**
FY2021 fully franked
final dividend

**4.4% fully
franked
dividend
yield**
on the 30 June 2021
share price

Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Leaders is long-term outperformance against the S&P/ASX 200 Accumulation Index, which is achieved by growing the investment portfolio at a greater rate. The S&P/ASX 200 Accumulation Index is measured before expenses, fees and taxes.

FY2021
investment
portfolio
performance

+37.0%

Performance at 30 June 2021	1 yr	3 yrs %pa	Since inception % pa (May-16)
WAM Leaders Investment Portfolio	37.0%	16.0%	14.9%
S&P/ASX All Ordinaries Accumulation Index	27.8%	9.6%	10.4%
Outperformance	+9.2%	+6.4%	+4.5%

WAM Leaders' investment portfolio increased a record 37.0% in the 12 months to 30 June 2021, while holding on average 3.9% of the investment portfolio in cash.

2) Net tangible asset (NTA) growth

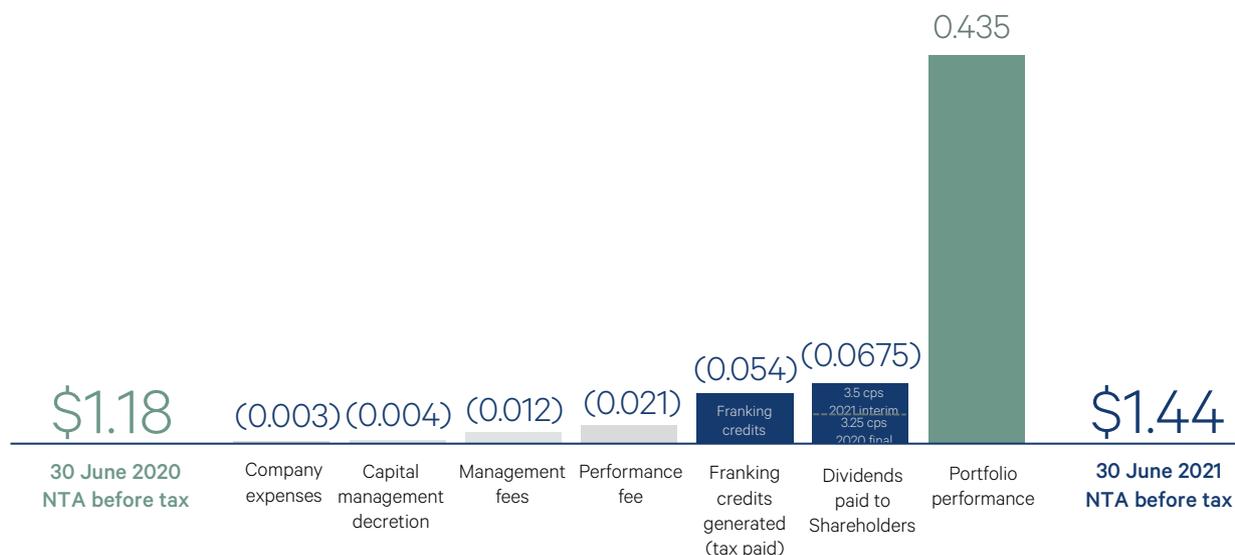
NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

FY2021 NTA
growth

+29.2%

WAM Leaders' pre-tax NTA increased 29.2% in the 12 months to 30 June 2021, including the 6.75 cents per share of fully franked dividends paid to shareholders during the year. This increase is after the 5.4 cents per share of corporate tax paid during the year. The 4.6% in corporate tax payments made throughout the period and the performance fee payable of 1.7% at the end of the year were the major items of difference between the investment portfolio performance of 37.0% and the adjusted NTA performance of 29.2%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.0%, other company related expenses of 0.2% and capital management decrction of 0.3%.

WAM Leaders pre-tax NTA performance



3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

FY2021 TSR

+58.6%

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The strong investment portfolio outperformance drove a growth in assets which, combined with the increased fully franked dividends paid during the period and the share price moving from a discount to NTA to a premium to NTA, resulted in a record 58.6% TSR for shareholders during the 12-month period to 30 June 2021. As at 30 June 2021, the share price premium to NTA was 10.4% after commencing the year at a 10.3% discount to NTA.

Dividends

The Board declared a fully franked final dividend of 3.5 cents per share, bringing the fully franked full year dividend to 7.0 cents per share, an increase of 7.7% on the previous year. Since inception in May 2016, the Company has paid 23.65 cents per share in fully franked dividends to shareholders.

On 29 July 2021, the Board announced its intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share (subject to no material adverse change in market conditions), a 14.3% increase on the FY2021 fully franked interim dividend.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies. The dividend reinvestment plan will operate without a discount for the final dividend.

Capital management

The Board is committed to effectively and efficiently growing the Company to the benefit of all shareholders. When the Company's size increases, on market liquidity for the shares is expected to increase, as well as the Company's relevance in the market, improving the prospect of broker and research coverage and interest from financial planners. The increased size of the Company is also expected to reduce the fixed expense ratio to the benefit of all shareholders.

In September 2020, WAM Leaders completed a Share Purchase Plan (SPP) raising more than \$55 million from over 3,600 shareholders. The raised capital from the SPP has grown the Company's assets and was successfully invested in accordance with the Company's disciplined and proven investment process. Shareholders who participated in the SPP have received a total shareholder return of 41.5% on their investment based on the SPP price of \$1.1711 per share and the 30 June 2021 closing share price of \$1.59 per share. The TSR is based on historical performance and does not represent the expected or actual future performance of the Company.

Since year-end, WAM Leaders completed a fully subscribed pro-rata 1 for 5 non-renounceable Entitlement Offer. We greatly appreciate the trust, loyalty and support we have received from WAM Leaders shareholders. More than 80% of the funds in the Entitlement Offer were taken up by existing WAM Leaders shareholders, raising more than \$193.6 million.

All existing WAM Leaders shareholders who participated and subscribed for new shares in the Entitlement Offer and Top-Up Facility received 100% of their application under the offer. The shares issued under the offer were raised at the 30 June 2021 pre-tax net tangible assets (NTA) of \$1.44 per share and are accretive to the post-tax NTA of the Company.

The shortfall of new shares taken up by Eligible Shareholders (including after the application of the Top-Up Facility), were offered to eligible professional and sophisticated investors* through a placement (Shortfall Facility), many of whom are existing long-term shareholders and supporters of WAM Leaders. The new shares issued under the Shortfall Facility were offered at the same price and under the same terms as the Entitlement Offer and additional placement.

The fully subscribed Entitlement Offer raised \$277.2 million, with the Entitlement Offer raising \$145.8 million from 10,321 shareholders, the Top-Up Facility raising \$47.8 million from 3,416 shareholders and the Shortfall Facility and additional placement raising \$83.6 million from more than 650 investors. The raised capital has taken WAM Leaders' gross assets to more than \$1.5 billion, making WAM Leaders one of the largest listed investment companies on the ASX.

We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Leaders or Wilson Asset Management. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au. We hope to meet with you again as soon as it is safe to do so.

Thank you for your continued support and keep safe.



Geoff Wilson AO
Chairman

*These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$25 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Lead Portfolio Manager update

Matthew Haupt



Dear Fellow Shareholders,

In FY2021, we positioned the portfolio with high conviction for a rotation from companies trading on extreme valuations to those poised to benefit from a surge in economic growth.

We selected companies in sectors such as financials, insurance, energy and consumer discretionary that had suffered the greatest fallout due to economic shock and market moves, with the potential to emerge with stronger profitability as conditions began normalising. We focused our attention on quality, cashflow-generative companies and will continue this trajectory in the new financial year.

We were pleased to mark WAM Leaders' fifth year with strong investment portfolio performance for shareholders of 37.0% in the year to 30 June 2021, outperforming the S&P/ASX 200 Accumulation Index by 9.2%. This result was achieved with an average cash weighting of 3.9%. We were also honoured to raise more than \$55 million through the Share Purchase Plan in September 2020, and after year-end, a further \$277.2 million in a 1 for 5 Entitlement Offer and additional placement. Having a greater pool of assets will allow us to more flexibly participate in the market in FY2022.

We believe significant opportunities lie ahead as economies recover and monetary policy moves away from emergency settings. We remain committed to our proven active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.

Thank you for your support.

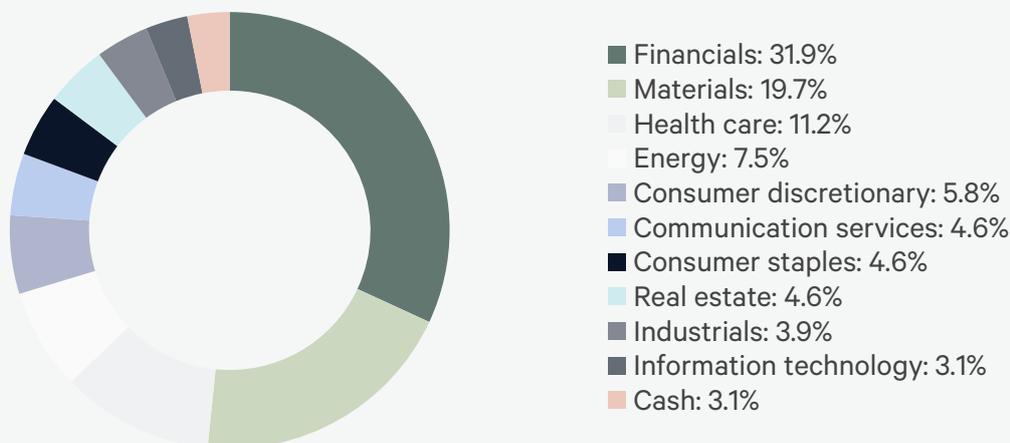
Matthew Haupt CFA
Lead Portfolio Manager

WAM Leaders top 25 holdings (in alphabetical order)

as at 30 June 2021

Code	Company
ALL	Aristocrat Leisure Limited
ANZ	Australia & New Zealand Banking Group Limited
BHP	BHP Group Limited
CBA	Commonwealth Bank of Australia
CGF	Challenger Limited
CPU	Computershare Limited
CSL	CSL Limited
GMG	Goodman Group
IAG	Insurance Australia Group Limited
NAB	National Australia Bank Limited
OSH	Oil Search Limited
OZL	OZ Minerals Limited
QAN	Qantas Airways Limited
QBE	QBE Insurance Group Limited
RHC	Ramsay Health Care Limited
RIO	Rio Tinto Limited
RMD	ResMed Inc
S32	South32 Limited
SGR	The Star Entertainment Group Limited
STO	Santos Limited
SUN	Suncorp Group Limited
TLS	Telstra Corporation Limited
TWE	Treasury Wine Estates Limited
WBC	Westpac Banking Corporation
WOW	Woolworths Group Limited

Portfolio by sector



Investment Manager update

Wilson Asset Management Chief Executive Officer
and WAM Leaders Director Kate Thorley



Dear Fellow Shareholders,

As the Chief Executive Officer of Wilson Asset Management, I want to thank our fellow shareholders for their support and loyalty throughout the financial year. WAM Leaders (ASX: WLE) is your company and I am pleased to share some exciting updates and insights from the year with you.

I extend my sincere thanks to Lead Portfolio Manager Matthew Haupt, Portfolio Manager John Ayoub and Equity Analyst Anna Milne, who contribute immensely to our team and culture. We are fortunate to have them in the Wilson Asset Management Family.

Wilson Asset Management prides itself on being a dedicated, high-performing business, committed to best serving our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Nick Healy to Portfolio Manager; Shaun Weick to Senior Equity Analyst; Cooper Rogers to Senior Equities Dealer; Ophelia Lam to Finance Manager; Huseyin Dervish and Lillie Johnson to Finance Team Leaders; Andrew Finch to Senior Investment Operations Administrator; and Isabel Mills to Assistant Financial Accountant.

Our team continues to grow and we were pleased to welcome several new additions to the Wilson Asset Management Family, including in our Investment, Corporate Affairs, Finance and Operations teams.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Leaders, together with seven other LICs: WAM Capital (ASX: WAM), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

We are passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team made a difference through philanthropy, advocacy, and shareholder engagement.

Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have supported young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.

We are honoured to provide support to Olympic athletes, through managing over \$9 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

Wilson Asset Management is proud to be a founding donor of the Indigenous Residential College being built by the University of Technology Sydney (UTS). The first of its kind in Australia, the college is a product of deep and continuing consultation with local and national communities. Importantly the college is Indigenous designed and led, creating a culturally embedded and collaborative space which will support Indigenous students to become the next generation of global change makers, policy makers and community leaders.

The team at Wilson Asset Management is proud to have supported the film *In My Blood It Runs*, which depicts 10-year-old Djuwan Hoosan's struggles with identity, education and the youth justice system in the Northern Territory. As a result of this important film, Djuwan became the youngest person to ever address the United Nations Human Rights Council calling for the need to raise the age of criminal responsibility in Australia and to highlight the critical need for Aboriginal-led education models.

Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is an utmost priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to stop retail investors being locked out of discounted capital raisings, which are only open to wholesale investors.

We also participated in the public debate and formal consultation about permanently removing the requirement for annual general meetings (AGMs) to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal stories. We were pleased to see Federal Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We supported the University of New South Wales' School of Mathematics and Statistics' *Girls Do The Maths* program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provide rewarding career paths.

Shareholder engagement and communication

Shareholders are the owners of WAM Leaders; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our third instalment, *The Return of Fundamentals*, was released on 8 June 2021. If you have not yet done so, we encourage you to visit wilsonassetmanagement.com.au/vault to watch, read and listen to the engaging and insightful conversations.

We encourage all shareholders to engage with us in a way that best suits them, with a variety of options available to keep informed on our investment insights and updates. Our approach includes:

- ✓ Updates from our Lead Portfolio Managers
- ✓ Investment team insights at WAM Vault: wilsonassetmanagement.com.au/vault
- ✓ Roundtables with our shareholders and planners, advisers and their clients
- ✓ NTA reports and investment updates
- ✓ Shareholder Q&A calls and webinars
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Presentations and lunches across Australia
- ✓ Annual and interim results announcements

As always, please reach out to us by phone on (02) 9247 6755 or by email at info@wilsonassetmanagement.com.au if you ever have any questions or feedback.

Thank you for your support.



Kate Thorley
Chief Executive Officer

Objectives and investment process

WAM Leaders' active investment approach focuses on large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.

Investment objectives

The investment objectives of WAM Leaders are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth; and
- preserve capital of the Company.

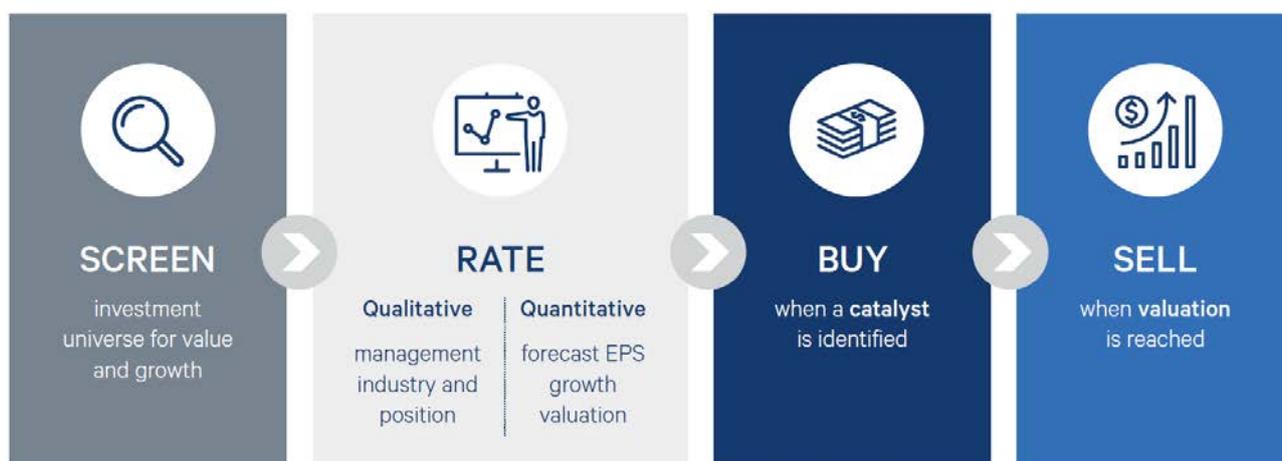
Investment process – actively investing in the highest quality Australian companies

WAM Leaders provides investors with access to Wilson Asset Management's two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.



Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, short selling and trading market themes and trends.

Directors' Report to shareholders for the year ended 30 June 2021

The Directors present their report together with the financial report of WAM Leaders for the financial year ended 30 June 2021.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in a record operating profit before tax of \$318,087,790 (2020: operating loss before tax of \$1,188,290) and a record operating profit after tax of \$228,934,611 (2020: \$5,333,301). The operating profit for 2021 is reflective of the strong performance of the investment portfolio. The investment portfolio increased a record 37.0% in the 12 months to 30 June 2021, outperforming the S&P/ASX 200 Accumulation Index by 9.2%. This outperformance was achieved with an average cash weighting of 3.9%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the year. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each year. This treatment under the Accounting Standards, can cause large variations in reported operating profits between years.

The operating profit for each financial year is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given year. As a result, we believe the more appropriate measures of the financial results for the year are the investment portfolio performance, the change in net tangible assets (NTA) and the fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's letter.

Financial position

The net asset value of the Company as at 30 June 2021 was \$1,152,101,079 (2020: \$919,607,879). Further information on the financial position of the Company is contained in the Chairman's letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2021.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2020 final dividend of 3.25 cents per share paid on 30 October 2020	27,121,904
Fully franked FY2021 interim dividend of 3.5 cents per share paid on 26 April 2021	29,264,054

Since the end of the year, declared a fully franked final dividend of 3.5 cents per share to be paid on 29 October 2021.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Kate Thorley
- Lindsay Mann
- Melinda Snowden
- Ross Finley

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since March 2016.

Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Concentrated Leaders Fund Pty Limited (appointed March 2021), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Geoff Wilson (Chairman – non-independent) (cont'd)

Former directorships in the last 3 years

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Active Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited and WAM Strategic Value Limited. Kate is a Director and the Acting CEO of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate has been a Director of the Company since March 2016.

Other current directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 45 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD.

Lindsay Mann has been a Director of the Company since March 2016.

Other current directorships

Lindsay Mann is currently an independent non-executive director and Chair of Uniting Ethical Investors Limited, an independent Director of WAM Capital Limited (appointed December 2012), Wealth Defender Equities Pty Limited (appointed October 2018) and Century Australia Investments Pty Limited (appointed March 2019).

Former directorships in the last 3 years

Lindsay Mann has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Lindsay Mann's interests in shares of the Company are included later in this report.

Interests in contracts

Lindsay Mann has no interests in contracts of the Company.

Melinda Snowden (Director – independent)

Experience and expertise

Melinda Snowden's qualifications and accreditations include: Bachelor of Economics and Bachelor of Laws, Graduate Diploma in Applied Finance and Investment, Graduate of the AICD and Fellow of FINSIA. Melinda has 27 years' experience in financial markets and was an investment banker with Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York. Melinda is a former non-executive director of Mercer Investments (Australia) Limited, MLC Limited, Vita Group Limited, Kennards Self Storage Pty Ltd and SANE Australia.

Melinda Snowden has been a Director of the Company since March 2016.

Other current directorships

Melinda is non-executive director of Sandon Capital Investments Limited, Mercantile Investment Company Limited, Megaport Limited (appointed June 2021), Best & Less Group Holdings Limited, Newmark REIT Management Limited and Our Ark Mutual Limited. She is an advisory board member of Yarno and a member of the Audit and Risk Committees of Rookwood General, Southern Metropolitan and Northern Metropolitan Cemeteries.

Former directorships in the last 3 years

Melinda Snowden has not resigned as a Director from any other listed companies within the last three years.

Melinda Snowden (Director – independent) (cont'd)

Special responsibilities

Chair of the Audit and Risk Committee.

Interests in shares of the Company

Details of Melinda Snowden's interests in shares of the Company are included later in the report.

Interests in contracts

Melinda Snowden has no interests in contracts of the Company.

Ross Finley (Director – independent)

Experience and expertise

Ross Finley has over 42 years of experience in the Australian financial markets with a focus of Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996, as an Executive Vice President of the funds management division from 1984, and as a member of the Asset Allocation Committee with prime responsibility for Australian Equities and Property within the wholesale investment area.

Ross Finley has been a Director of the Company since April 2019, following the acquisition of Century Australia Investments, for which Ross served as a director.

Other current directorships

Ross Finley is a Director of Ironbark Capital Limited and Century Australia Investments Pty Limited.

Former directorships in the last 3 years

Ross Finley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Ross Finley's interests in shares of the Company are included later in the report.

Interests in contracts

Ross Finley has no interests in contracts of the Company.

Joint Company Secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

Jesse Hamilton

Jesse is a Chartered Accountant with more than 13 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited, and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of WAM Leaders in November 2020.

Linda Kiriczenko

Linda Kiriczenko has over 17 years' experience in financial accounting including more than 13 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Joint Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Leaders in May 2016.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Leaders.

a) Remuneration of Directors

All Directors of WAM Leaders are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$125,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

Directors' remuneration received for the year ended 30 June 2021:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,133	867	10,000
Kate Thorley	Director	9,133	867	10,000
Lindsay Mann	Director	31,963	3,037	35,000
Melinda Snowden	Director	31,963	3,037	35,000
Ross Finley	Director	31,963	3,037	35,000
		114,155	10,845	125,000

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals' benefits for FY2021 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,133	867	10,000
Kate Thorley	Director	9,133	867	10,000
Lindsay Mann	Director	31,963	3,037	35,000
Melinda Snowden	Director	31,963	3,037	35,000
Ross Finley	Director	31,963	3,037	35,000
		114,155	10,845	125,000

The following table reflects the Company's performance and Directors' remuneration over five years:

	2021	2020	2019	2018	2017
Operating profit after tax (\$)	\$228,934,611	\$5,333,301	\$71,510,433	\$74,560,379	\$29,177,875
Dividends (cents per share)	7.0	6.5	5.65	5.0	3.0
Share price (\$)	\$1.59	\$1.055	\$1.105	\$1.15	\$1.115
NTA after tax (\$ per share)	\$1.37	\$1.17	\$1.22	\$1.19	\$1.15
Total Directors' remuneration (\$)	\$125,000	\$125,000	\$90,000	\$90,000	\$98,607
Shareholder's equity (\$)	\$1,152,101,079	\$919,607,878	\$960,266,825	\$836,456,802	\$471,220,638

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration (cont'd)

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$12,050,260 inclusive of GST (2020: \$10,662,288). As at 30 June 2021, the balance payable to the Manager was \$1,122,269 inclusive of GST (2020: \$863,988).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

For the year ended 30 June 2021, a performance fee of \$16,056,505 inclusive of GST was payable to the Manager (2020: \$15,848,610).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

Remuneration Report (Audited) (cont'd)

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021	Balance at the date of this report
Geoff Wilson	8,979,960	990,188	-	9,970,148	11,964,181
Kate Thorley	131,531	112,226	-	243,757	292,510
Lindsay Mann	201,666	-	-	201,666	242,000
Melinda Snowden	14,200	-	-	14,200	17,040
Ross Finley	62,550	-	-	62,550	75,060
	9,389,907	1,102,414	-	10,492,321	12,590,791

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	6	6
Kate Thorley	6	6
Lindsay Mann	6	6
Melinda Snowden	6	6
Ross Finley	6	6

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2021 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Melinda Snowden	4	4
Kate Thorley	4	4
Lindsay Mann	4	4
Ross Finley	4	4

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 3.5 cents per share to be paid on 29 October 2021.

On 13 July 2021, the Board announced its intention to grow WAM Leaders to the benefit of all shareholders through a pro-rata 1 for 5 non-renounceable Entitlement Offer (Entitlement Offer). The Entitlement Offer offered existing shareholders the opportunity to increase their interest in the Company at an issue price equal to the Company's pre-tax net tangible asset (NTA) backing of \$1.44 per share as at 30 June 2021. WAM Leaders' post tax NTA was \$1.37 per share. From the 30 June 2021 pre-tax NTA, the Company expected to pay approximately 3.84 cents per share in corporate tax as part of the FY2021 income tax return. The Entitlement Offer closed fully subscribed, raising \$193.6 million from existing shareholders in the Entitlement Offer and Top-Up Facility and \$83.6 million in the Shortfall Facility and additional placement to professional and sophisticated investors. Together, the Entitlement Offer, Top-Up Facility, Shortfall Facility and additional placement have raised a combined \$277.2 million, taking WAM Leaders gross assets to more than \$1.5 billion, and making WAM Leaders one of the largest listed investment companies on the ASX.

On 29 July 2021, the Board announced its intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share (subject to no material adverse change in market conditions), a 14.3% increase on the FY2021 fully franked interim dividend.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 26 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 26th day of August 2021

Auditor's Independence Declaration

Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net realised and unrealised gains/(losses) on financial assets		322,282,308	(2,032,761)
Other revenue from operating activities	2	27,119,883	30,474,574
Performance fees		(14,961,743)	(14,768,023)
Management fees		(11,228,651)	(9,935,314)
Directors fees		(125,000)	(125,000)
Brokerage expense on share purchases		(4,147,655)	(3,658,657)
Expenses paid on borrowed stock		(2,279)	(226,118)
Custody fees		(70,999)	(82,881)
ASX listing and chess fees		(154,456)	(148,083)
Share registry fees		(163,574)	(181,453)
Disbursements, mailing and printing		(117,085)	(155,258)
ASIC industry funding levy		(23,010)	(36,457)
Other expenses from ordinary activities		(319,949)	(312,859)
Profit/(loss) before income tax		318,087,790	(1,188,290)
Income tax (expense)/benefit	3(a)	(89,153,179)	6,521,591
Profit after income tax attributable to members of the Company		228,934,611	5,333,301
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		228,934,611	5,333,301
Basic and diluted earnings per share	14	27.79 cents	0.68 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	12	28,332,038	68,074,457
Trade and other receivables	6	55,093,124	23,962,069
Financial assets	7	1,190,909,334	868,115,602
Total current assets		1,274,334,496	960,152,128
Non-current assets			
Deferred tax assets	3(b)	67,987	189,165
Total non-current assets		67,987	189,165
Total assets		1,274,402,483	960,341,293
Current liabilities			
Trade and other payables	8	65,848,353	33,150,625
Current tax liabilities	3(c)	32,198,444	7,582,789
Total current liabilities		98,046,797	40,733,414
Non-current liabilities			
Deferred tax liabilities	3(d)	24,254,607	-
Total non-current liabilities		24,254,607	-
Total liabilities		122,301,404	40,733,414
Net assets		1,152,101,079	919,607,879
Equity			
Issued capital	9	922,014,705	862,070,158
Profits reserve	10	295,600,238	123,051,585
Accumulated losses	11	(65,513,864)	(65,513,864)
Total equity		1,152,101,079	919,607,879

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2019		859,028,500	(570,343)	101,808,668	960,266,825
Profit for the year		-	5,333,301	-	5,333,301
Transfer to profits reserve		-	(70,276,822)	70,276,822	-
Other comprehensive income for the year		-	-	-	-
Transaction with owners:					
Shares issued via dividend reinvestment plan	9(b)	3,041,658	-	-	3,041,658
Dividends paid	4(a)	-	-	(49,033,905)	(49,033,905)
Balance at 30 June 2020		862,070,158	(65,513,864)	123,051,585	919,607,879
Profit for the year		-	228,934,611	-	228,934,611
Transfer to profits reserve		-	(228,934,611)	228,934,611	-
Other comprehensive income for the year		-	-	-	-
Transaction with owners:					
Shares issued via share purchase plan	9(b)	55,964,651	-	-	55,964,651
Shares issued via dividend reinvestment plan	9(b)	4,085,059	-	-	4,085,059
Share issue costs (net of tax)	9(b)	(105,163)	-	-	(105,163)
Dividends paid	4(a)	-	-	(56,385,958)	(56,385,958)
Balance at 30 June 2021		922,014,705	(65,513,864)	295,600,238	1,152,101,079

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Proceeds from sale of investments		3,928,358,844	3,830,484,955
Payments for purchase of investments		(3,924,904,158)	(3,821,387,916)
Dividends received		21,373,711	29,137,398
Interest received		122,723	737,104
Other investment income received		2,947,519	3,685,837
Management fee (GST inclusive)		(11,791,979)	(10,707,597)
Performance fee (GST inclusive)		(15,848,610)	-
Brokerage expense on share purchases (GST inclusive)		(4,441,568)	(3,925,920)
Payments for administration expenses (GST inclusive)		(1,091,576)	(1,343,947)
Income tax paid		(40,116,669)	(16,938,631)
GST on brokerage expense on share sales		(312,354)	(295,107)
Net GST received from ATO		2,448,179	1,333,673
Net cash (used in)/provided by operating activities	13	(43,255,938)	10,779,849
Cash flows from financing activities			
Proceeds from issue of SPP shares		55,964,651	-
Dividends paid – net of reinvestment		(52,300,899)	(45,992,247)
Share issue costs		(150,233)	-
Net cash provided by/(used in) financing activities		3,513,519	(45,992,247)
Net decrease in cash and cash equivalents held		(39,742,419)	(35,212,398)
Cash and cash equivalents at beginning of the year		68,074,457	103,286,855
Cash and cash equivalents at the end of the year	12	28,332,038	68,074,457
Non-cash transactions:			
Shares issued via dividend reinvestment plan		4,085,059	3,041,658

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2021

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Leaders is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 26 August 2021 by the Board of Directors.

WAM Leaders is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

a) Financial assets and liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in

1. Significant accounting policies (cont'd)

a) Financial assets and liabilities (cont'd)

Classification and subsequent measurement (cont'd)

an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(iii) Investment entity

WAM Leaders owns 100% of the shares on issue in Century Australia Investments. The Directors have assessed the requirements of *AASB 10 Consolidated Financial Statements* and have applied the criteria set out in that standard to the operations of the Company. WAM Leaders is therefore considered to be an investment entity and as a result, the wholly owned entity of the Company is not consolidated into the financial statements, but rather is accounted for as a financial asset at fair value through profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

1. Significant accounting policies (cont'd)

g) Impairment of assets (cont'd)

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2021, there are no expected credit losses recognised (2020: nil).

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

2. Other revenue

	2021 \$	2020 \$
Australian sourced dividends	24,521,418	27,194,485
Trust distributions	2,167,375	2,443,745
Underwriting fees	197,098	-
Interest	122,723	651,861
Foreign sourced dividends	111,269	184,483
	27,119,883	30,474,574

3. Income tax

a) Income tax expense/(benefit)

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

	2021 \$	2020 \$
Prima facie tax on profit/(loss) before income tax at 30% (2020: 30%)	95,426,337	(356,487)
Imputation credit gross up	2,341,014	2,810,784
Franking credit offset	(7,803,380)	(9,369,280)
Foreign income tax gross up	7,811	16,086
Foreign income tax offset	(26,036)	(53,620)
Other non-assessable items*	(792,567)	430,926
	89,153,179	(6,521,591)
Effective tax rate	28.0%	(548.8%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the profit before income tax in comparison to the loss before income tax in the prior period offset by the lower proportion of franked dividend income received in comparison to the net profit before tax for the period.

*Other non-assessable items relate to timing differences on franked dividends receivable.

Total income tax expense results in a:

	2021 \$	2020 \$
Current tax liability	64,732,324	12,682,935
Deferred tax liability	24,254,607	(19,514,460)
Deferred tax asset	166,248	309,934
	89,153,179	(6,521,591)

3. Income tax (cont'd)

b) Deferred tax assets

	2021 \$	2020 \$
Accruals	10,527	10,973
Capitalised share issue costs	57,460	32,328
Fair value adjustments	-	145,864
	67,987	189,165
Movement in deferred tax assets		
Balance at the beginning of the year	189,165	499,099
Charged to the Statement of comprehensive income	(166,248)	(309,934)
Capitalised share issue costs	45,070	-
At reporting date	67,987	189,165

c) Current tax liabilities

	2021 \$	2020 \$
Balance at the beginning of the year	7,582,789	11,838,485
Current year income tax on operating profit	64,732,324	12,682,935
Income tax paid	(40,116,669)	(16,938,631)
At reporting date	32,198,444	7,582,789

d) Deferred tax liabilities

	2021 \$	2020 \$
Fair value adjustments and timing differences on receivable	24,254,607	-
	24,254,607	-
Movement in deferred tax liabilities		
Balance at the beginning of the year	-	19,514,460
Charged/(credited) to the Statement of comprehensive income	24,254,607	(19,514,460)
At reporting date	24,254,607	-

4. Dividends

a) Ordinary dividends paid during the year

	2021 \$	2020 \$
Final dividend FY2020: 3.25 cents per share fully franked at 30% tax rate, paid 30 October 2020 (Final dividend FY2019: 3.0 cents per share fully franked)	27,121,904	23,516,751
Interim dividend FY2021: 3.5 cents per share fully franked at 30% tax rate, paid 26 April 2021 (Interim dividend FY2020: 3.25 cent per share fully franked)	29,264,054	25,517,154
	56,385,958	49,033,905

b) Dividends not recognised at year end

	2021 \$	2020 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 3.5 cents per share fully franked dividend (2020: 3.25 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	29,314,013	25,568,776

c) Dividend franking account

	2021 \$	2020 \$
Balance of franking account at year end	37,983,280	14,228,654
Adjusted for franking credits arising from: - Estimated income tax payable	32,198,444	7,582,789
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(12,563,148)	(10,958,047)
	57,618,576	10,853,396

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax on profits.

The balance of the franking account does not include the tax to be paid on unrealised investment gains at the end of the reporting period. As at 30 June 2021, the deferred tax liability in relation to fair value movements on the investment portfolio is in a credit balance of \$24,030,713 and this amount has been presented as a deferred tax liability (2020: debit balance of \$145,864 presented as a deferred tax asset).

5. Auditor's remuneration

	2021 \$	2020 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	51,961	52,307
Other services provided by a related practice of the auditor:		
Taxation services	8,415	9,900
	60,376	62,207

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2021 \$	2020 \$
Outstanding settlements	48,917,081	20,574,760
Investment income receivable	4,676,363	2,000,433
GST receivable	1,499,680	1,386,876
	55,093,124	23,962,069

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2021 \$	2020 \$
Listed investments at fair value	1,188,188,124	865,396,809
Unlisted investment at fair value	2,721,210	2,718,793
	1,190,909,334	868,115,602

The fair values of individual investments held at the end of the reporting period are disclosed on pages 57 to 58 of the Annual Report. The unlisted investment held at fair value as at 30 June 2021 relates to WAM Leaders' investment in an unlisted investment company, Century Australia Investments. The fair value of Century Australia Investments has been based on its net asset backing, being the underlying residual cash and cash equivalents at the end of the reporting period.

8. Trade and other payables

	2021 \$	2020 \$
Outstanding settlements	48,540,837	16,232,406
Performance fee payable	16,056,505	15,848,610
Management fee payable	1,122,269	863,988
Sundry payables	128,742	205,621
	65,848,353	33,150,625

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

9. Issued capital

a) Paid-up capital

	2021 \$	2020 \$
837,543,215 ordinary shares fully paid (2020: 786,731,577)	922,014,705	862,070,158

b) Movement in issued capital

	2021 \$	2020 \$
Balance at the beginning of the year 786,731,577 ordinary shares fully paid (2020: 783,890,791)	862,070,158	859,028,500
47,788,106 ordinary shares issued on 30 September 2020 under a share purchase plan	55,964,651	-
1,595,502 ordinary shares issued on 30 October 2020 under a dividend reinvestment plan	1,924,311	-
1,428,030 ordinary shares issued on 26 April 2021 under a dividend reinvestment plan	2,160,748	-
Share issue costs (net of tax)	(105,163)	-
1,252,024 ordinary shares issued on 25 October 2019 under a dividend reinvestment plan	-	1,438,938
1,588,762 ordinary shares issued on 28 April 2020 under a dividend reinvestment plan	-	1,602,720
At reporting date	922,014,705	862,070,158

9. Issued capital (cont'd)

b) Movement in issued capital (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, all substantive resolutions will be decided by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

In September 2020, WAM Leaders completed a Share Purchase Plan (SPP) raising more than \$55 million from over 3,600 shareholders. The raised capital from the SPP has grown the Company's assets, which will increase its relevance in the market, improve the prospect of broker and research coverage and increase interest from financial planners. The additional capital was successfully invested in accordance with the Company's disciplined and proven investment process.

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

10. Profits reserve

	2021 \$	2020 \$
Profits reserve	295,600,238	123,051,585

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2021 \$	2020 \$
Movement in profits reserve		
Balance at the beginning of the year	123,051,585	101,808,668
Transfer of profits during the year	228,934,611	70,276,822
Final dividend paid (refer to note 4(a))	(27,121,904)	(23,516,751)
Interim dividend paid (refer to note 4(a))	(29,264,054)	(25,517,154)
At reporting date	295,600,238	123,051,585

11. Accumulated losses

	2021 \$	2020 \$
Balance at the beginning of the year	(65,513,864)	(570,343)
Profit for the year attributable to members of the Company	228,934,611	5,333,301
Transfer to profits reserve	(228,934,611)	(70,276,822)
At reporting date	(65,513,864)	(65,513,864)

12. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2021 \$	2020 \$
Cash at bank	28,332,038	68,074,457
	28,332,038	68,074,457

The weighted average interest rate for cash as at 30 June 2021 is 0.15% (2020: 0.40%). There were no term deposits held at 30 June 2021 (2020: nil).

13. Cash flow information

	2021 \$	2020 \$
Reconciliation of profit after tax to cash flow from operations:		
Profit after income tax	228,934,611	5,333,301
Fair value (gains)/losses and movements in financial assets and liabilities	(318,827,622)	11,129,800
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(2,788,734)	2,018,709
Decrease in deferred tax assets	166,248	309,934
Increase in payables	389,297	15,758,261
Increase/(decrease) in current tax liabilities	24,615,655	(4,255,696)
Increase/(decrease) in deferred tax liabilities	24,254,607	(19,514,460)
Net cash (used in)/provided by operating activities	(43,255,938)	10,779,849

14. Earnings per share

	2021 Cents per share	2020 Cents per share
Basic and diluted earnings per share	27.79	0.68

	2021 \$	2020 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	228,934,611	5,333,301

	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	823,925,953	785,101,510

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

15. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

15. Financial risk management (cont'd)

a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A. The majority of all maturities for cash and term deposits are within three months, there were no term deposits held at 30 June 2021.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2021	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	65,848,353	65,848,353
Total	-	65,848,353	65,848,353
30 June 2020	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	33,150,625	33,150,625
Total	-	33,150,625	33,150,625

15. Financial risk management (cont'd)

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments. By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as it did not hold any term deposits at the end of the period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2021	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	0.15%	28,332,038	-	28,332,038
Trade and other receivables		-	55,093,124	55,093,124
Financial assets		-	1,190,909,334	1,190,909,334
Total		28,332,038	1,246,002,458	1,274,334,496
Liabilities				
Trade and other payables		-	65,848,353	65,848,353
Total		-	65,848,353	65,848,353

30 June 2020	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	0.40%	68,074,457	-	68,074,457
Trade and other receivables		-	23,962,069	23,962,069
Financial assets		-	868,115,602	868,115,602
Total		68,074,457	892,077,671	960,152,128
Liabilities				
Trade and other payables		-	33,150,625	33,150,625
Total		-	33,150,625	33,150,625

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2021 is as below:

Industry sector	2021 %	2020 %
Financials	31.9	23.6
Materials	19.7	23.5
Health care	11.2	10.1
Energy	7.5	5.6
Consumer discretionary	5.8	7.0
Communications services	4.6	4.6
Consumer staples	4.6	4.1
Real estate	4.6	6.3
Industrials	3.9	6.6
Information technology	3.1	-
Utilities	-	0.3
Total	96.9	91.7

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

Securities representing over 5 per cent of gross assets of the Company as at 30 June 2021 are set out below:

Company name	2021 %
National Australia Bank Limited	9.7
Commonwealth Bank of Australia	8.6
BHP Group Limited	8.0
CSL Limited	6.7
Oil Search Limited	5.6

Securities representing over 5 per cent of gross assets of the Company as at 30 June 2020 are set out below:

Company name	2020 %
National Australia Bank Limited	7.5
CSL Limited	6.5
BHP Group Limited	6.2

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 96.9% (2020: 91.7%) of gross assets at year end. A 5% movement in the fair value of each of the investments within the investment portfolio would result in a 3.6% (2020: 3.3%) movement in the net assets after tax. This would result in the 30 June 2021 net asset backing after tax moving by 5.0 cents per share (2020: 3.8 cents per share).

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

15. Financial risk management (cont'd)

d) Financial instruments measured at fair value (cont'd)

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy is WAM Leader's investment in an unlisted investment company, Century Australia Investments. The fair value of the unlisted investment company has been based on its net asset backing, being the underlying residual cash and cash equivalents at the end of the reporting period.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2021:

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,188,188,124	2,721,210	-	1,190,909,334
Total	1,188,188,124	2,721,210	-	1,190,909,334

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	865,396,809	2,718,793	-	868,115,602
Total	865,396,809	2,718,793	-	868,115,602

There were no transfers between Level 1 and Level 2 during the year (2020: nil).

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,922 (2020: 4,265). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$9,064,268 (2020: \$8,261,967).

17. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

18. Capital commitments

There were no capital commitments for the Company as at 30 June 2021 (2020: nil).

19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2021 (2020: nil).

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Kate Thorley Director
- Lindsay Mann Director
- Melinda Snowden Director
- Ross Finley Director

a) Remuneration

There are no executives that are paid by the Company.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 21, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2021	114,155	10,845	125,000
Total Directors remuneration paid by the Company for the year ended 30 June 2020	114,155	10,845	125,000

b) Share holdings

At 30 June 2021, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021
Geoff Wilson	8,979,960	990,188	-	9,970,148
Kate Thorley	131,531	112,226	-	243,757
Lindsay Mann	201,666	-	-	201,666
Melinda Snowden	14,200	-	-	14,200
Ross Finley	62,550	-	-	62,550
	9,389,907	1,102,414	-	10,492,321

20. Key management personnel compensation (cont'd)

b) Share holdings (cont'd)

At 30 June 2020, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposals	Balance at 30 June 2020
Geoff Wilson	8,152,016	827,944	-	8,979,960
Kate Thorley	118,322	13,209	-	131,531
Lindsay Mann	160,000	41,666	-	201,666
Melinda Snowden	14,200	-	-	14,200
Ross Finley	62,550	-	-	62,550
	8,507,088	882,819	-	9,389,907

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$12,050,260 inclusive of GST (2020: \$10,662,288). As at 30 June 2021, the balance payable to the Manager was \$1,122,269 inclusive of GST (2020: \$863,988).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

For the year ended 30 June 2021, a performance fee of \$16,056,505 inclusive of GST was payable to the Manager (2020: \$15,848,610).

21. Related party transactions (cont'd)

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 3.5 cents per share to be paid on 29 October 2021.

On 13 July 2021, the Board announced its intention to grow WAM Leaders to the benefit of all shareholders through a pro-rata 1 for 5 non-renounceable Entitlement Offer (Entitlement Offer). The Entitlement Offer offered existing shareholders the opportunity to increase their interest in the Company at an issue price equal to the Company's pre-tax net tangible asset (NTA) backing of \$1.44 per share as at 30 June 2021. WAM Leaders' post tax NTA was \$1.37 per share. From the 30 June 2021 pre-tax NTA, the Company expected to pay approximately 3.84 cents per share in corporate tax as part of the FY2021 income tax return. The Entitlement Offer closed fully subscribed, raising \$193.6 million from existing shareholders in the Entitlement Offer and Top-Up Facility and \$83.6 million in the Shortfall Facility and additional placement to professional and sophisticated investors. Together, the Entitlement Offer, Top-Up Facility, Shortfall Facility and additional placement have raised a combined \$277.2 million, taking WAM Leaders gross assets to more than \$1.5 billion, and making WAM Leaders one of the largest listed investment companies on the ASX.

On 29 July 2021, the Board announced its intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share (subject to no material adverse change in market conditions), a 14.3% increase on the FY2021 fully franked interim dividend.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Leaders Limited declare that:

- 1) The financial statements as set out in pages 27 to 50 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 23, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Investment Manager, MAM Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 26th day of August 2021

Independent Auditors Report 1

Independent Auditors Report 2

Independent Auditors Report 3

Independent Auditors Report 4

Independent Auditors Report 5

Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value \$	% of Gross Assets
Financials			
National Australia Bank Limited	NAB	119,013,471	9.7%
Commonwealth Bank of Australia	CBA	105,074,525	8.6%
QBE Insurance Group Limited	QBE	43,358,223	3.5%
Australia and New Zealand Banking Group Limited	ANZ	36,888,042	3.0%
Insurance Australia Group Limited	IAG	21,963,989	1.8%
Suncorp Group Limited	SUN	18,925,263	1.5%
Challenger Limited	CGF	12,534,791	1.0%
Westpac Banking Corporation	WBC	12,320,197	1.0%
Bank of Queensland Limited	BOQ	9,365,517	0.8%
Macquarie Group Limited	MQG	6,303,973	0.5%
IOOF Holdings Limited	IFL	3,166,871	0.3%
Bendigo and Adelaide Bank Limited	BEN	2,006,569	0.2%
		390,921,431	31.9%
Materials			
BHP Group Limited	BHP	98,081,141	8.0%
South32 Limited	S32	37,253,957	3.0%
Rio Tinto Limited	RIO	22,095,261	1.8%
OZ Minerals Limited	OZL	12,372,048	1.0%
Newcrest Mining Limited	NCM	12,220,959	1.0%
Fortescue Metals Group Limited	FMG	11,231,231	0.9%
Amcor PLC	AMC	6,106,665	0.5%
Northern Star Resources Limited	NST	6,104,637	0.5%
Incitec Pivot Limited	IPL	6,095,106	0.5%
BlueScope Steel Limited	BSL	5,567,167	0.5%
IGO Limited	IGO	5,034,579	0.4%
Nufarm Limited	NUF	4,818,723	0.4%
Galaxy Resources Limited	GXY	3,362,399	0.3%
Sandfire Resources Limited	SFR	2,824,389	0.2%
Lynas Rare Earths Limited	LYC	2,627,708	0.2%
James Hardie Industries PLC	JHX	1,966,891	0.2%
Adbri Limited	ABC	1,834,637	0.2%
Pilbara Minerals Limited	PLS	1,776,991	0.1%
Iluka Resources Limited	ILU	129,976	0.0%
		241,504,465	19.7%
Health Care			
CSL Limited	CSL	82,225,696	6.7%
Ramsay Health Care Limited	RHC	30,078,077	2.5%
ResMed Inc	RMD	12,432,682	1.0%
Cochlear Limited	COH	9,234,527	0.7%
Sonic Healthcare Limited	SHL	3,387,802	0.3%
		137,358,784	11.2%

Company Name	Code	Fair Value \$	% of Gross Assets
Energy			
Oil Search Limited	OSH	68,919,985	5.6%
Santos Limited	STO	15,368,015	1.3%
Ampol Limited	ALD	4,964,847	0.4%
New Hope Corporation Limited	NHC	2,318,126	0.2%
		91,570,973	7.5%
Consumer Discretionary			
Aristocrat Leisure Limited	ALL	18,961,539	1.5%
The Star Entertainment Group Limited	SGR	15,353,736	1.2%
Tabcorp Holdings Limited	TAH	12,243,272	1.0%
Crown Resorts Limited	CWN	7,230,692	0.6%
Wesfarmers Limited	WES	6,368,675	0.5%
IDP Education Limited	IEL	3,337,980	0.3%
PointsBet Holdings Limited	PBH	3,107,610	0.3%
Endeavour Group Limited	EDV	2,705,883	0.2%
Corporate Travel Management Limited	CTD	2,149,000	0.2%
		71,458,387	5.8%
Communication Services			
Telstra Corporation Limited	TLS	31,295,183	2.6%
Domain Holdings Australia Limited	DHG	8,898,523	0.7%
SEEK Limited	SEK	6,219,417	0.5%
News Corporation	NWS	3,890,620	0.3%
oOh!media Limited	OML	3,190,075	0.3%
Carsales.Com Limited	CAR	3,093,250	0.2%
		56,587,068	4.6%
Consumer Staples			
Woolworths Group Limited	WOW	27,938,690	2.3%
Treasury Wine Estates Limited	TWE	12,329,396	1.0%
United Malt Group Limited	UMG	6,846,511	0.6%
Coles Group Limited	COL	6,277,328	0.5%
The a2 Milk Company Limited	A2M	3,103,290	0.2%
		56,495,215	4.6%
Real Estate			
Goodman Group	GMG	17,529,543	1.4%
Scentre Group Limited	SCG	9,787,798	0.8%
Mirvac Group	MGR	7,913,034	0.7%
Dexus	DXS	7,577,802	0.6%
PEXA Group Limited	PXA	5,000,007	0.4%
Stockland Corporation Limited	SGP	4,923,122	0.4%
Charter Hall Group	CHC	3,386,961	0.3%
		56,118,267	4.6%

Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value \$	% of Gross Assets
Industrials			
Qantas Airways Limited	QAN	15,705,458	1.3%
Qube Holdings Limited	QUB	11,193,520	0.9%
Transurban Group	TCL	10,421,682	0.9%
Brambles Limited	BXB	10,163,216	0.8%
		47,483,876	3.9%
Information Technology			
Computershare Limited	CPU	18,190,366	1.5%
WiseTech Global Limited	WTC	6,291,647	0.5%
Afterpay Limited	APT	6,205,343	0.5%
Link Administration Holdings Limited	LNK	3,093,078	0.3%
Xero Limited	XRO	3,064,733	0.2%

Company Name	Code	Fair Value \$	% of Gross Assets
Information Technology (cont.)			
NEXTDC Limited	NXT	1,844,491	0.1%
		38,689,658	3.1%
Total long portfolio		1,188,188,124	96.9%
Investments in unlisted investments companies[^]		2,721,210	0.2%
Total cash and cash equivalents, income receivable and net outstanding settlements		34,884,325	2.9%
Gross assets		1,225,793,659	

[^]The investment in an unlisted investment company primarily represents cash and cash equivalents at the end of the reporting period.

The total number of stocks held at the end of the financial year was 77.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 July 2021) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2021) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2021)

	Number of shareholders	Percentage of issued capital held
1 – 1,000	989	0.1%
1,001 – 5,000	2,841	1.1%
5,001 – 10,000	2,890	2.8%
10,001 – 100,000	12,173	52.0%
100,001 and over	1,346	44.0%
	20,239	100.0%

The number of shareholdings held in less than marketable parcels is 239.

Twenty largest shareholders – Ordinary shares (as at 31 July 2021)

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	22,837,875	2.7%
Netwealth Investments Limited	14,158,919	1.7%
Entities associated with Mr Geoff Wilson	9,970,148	1.2%
Australian Investors Pty Limited	6,912,954	0.8%
Navigator Australia Limited	6,274,968	0.7%
Gold Tiger Equities Pty Limited	5,250,800	0.6%
BNP Paribas Nominees Pty Limited	4,398,457	0.5%
Lekk Pty Limited	4,366,250	0.5%
Sysha Pty Limited	3,242,000	0.4%
Jorlyn Pty Limited	3,168,000	0.4%
Resthaven Incorporated	2,614,391	0.3%
Federation University Australia	2,049,410	0.2%
Worple Investments Pty Limited	2,000,000	0.2%
Mr RJ Watson & Mrs LL Townend	1,743,616	0.2%
Greybox Holdings Pty Limited	1,582,775	0.2%
Securities & Estates Pty Limited	1,511,519	0.2%
Takita Exploration Pty Limited	1,500,000	0.2%
Citicorp Nominees Pty Limited	1,392,779	0.2%
Australian Executor Trustees Limited	1,301,909	0.2%
Keofferam Investments Pty Limited	1,270,000	0.2%
	97,546,770	11.6%

Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

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