

W | A | M *Leaders*



Financial Report

For the period from 1 March 2016 to 30 June 2017

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.

Directors

Geoff Wilson (Chairman)
Lindsay Mann
Melinda Snowden
Kate Thorley
Chris Stott

Auditor

Pitcher Partners

Country of Incorporation

Australia

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

Company Secretary

Linda Vo

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

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

Investment Manager

MAM Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001
T: (02) 9247 6755
F: (02) 9247 6855
E: info@wilsonassetmanagement.com.au
W: wilsonassetmanagement.com.au

Australian Securities Exchange

WAM Leaders Limited
Ordinary Shares (WLE)
WAM Leaders Limited
Options (WLEO)

Shareholder Presentations 2017

Annual General Meeting and Presentation Sydney

Wednesday 29 November

AGM: 10.00am – 10.30am

Presentation: 11.30am – 1.30pm

Wesley Centre

220 Pitt Street

Sydney NSW 2000

To be streamed live on our website wilsonassetmanagement.com.au



Adelaide

Monday 20 November

10.00am – 12.00pm

The Playford

120 North Terrace

Adelaide SA 5000

Perth

Tuesday 21 November

10.00am – 12.00pm

Novotel

221 Adelaide Terrace

Perth WA 6000

Brisbane

Friday 24 November

10.00am – 12.00pm

Brisbane Convention & Exhibition

Centre, Cnr Merivale & Glenelg Streets

South Bank QLD 4101

Hobart

Monday 27 November

10.00am – 12.00pm

Best Western

156 Bathurst Street

Hobart TAS 7000

Canberra

Tuesday 28 November

10.00am – 12.00pm

The Mercure

Cnr Ainslie & Limestone Avenues

Braddon ACT 2612

Melbourne

Thursday 30 November

10.00am – 12.00pm

Melbourne Convention & Exhibition

Centre, 1 Convention Centre Place

South Wharf VIC 3006

The Future Generation Presentations will follow all Wilson Asset Management presentations in each city.

Key highlights FY2017

\$39.3m

Operating profit
before tax

\$29.2m

Operating profit
after tax

+11.5%

Investment portfolio
performance

3.0c

Full year fully franked
dividend

Snapshot as at 30 June 2017

Listing date	May 2016
Gross assets	\$479.7m
Market capitalisation	\$457.5m
Share price	\$1.115
Option price	\$0.012
Shares on issue	410,269,192
Options on issue	306,843,451
Net Tangible Assets (pre-tax)	\$1.17
Net Tangible Assets (post-tax)	\$1.15
Fully franked dividends FY2017	3.0 cents

FY2017 results

WAM Leaders reported a maiden operating profit before tax of \$39,288,192 and an operating profit after tax of \$29,177,875 for the period ended 30 June 2017. The Company was registered with the Australian Securities and Investment Commission (ASIC) on 1 March 2016 and commenced operations on 23 May 2016, following the successful initial public offering that raised \$394.3 million.

While being on average 66.0% invested in equities, the investment portfolio rose 11.5% during the period from inception to 30 June 2017.

Since becoming fully invested in August 2016, the investment portfolio has increased 8.5%, outperforming the index by 1.2%. This outperformance was achieved with an average cash weighting of 26.5%.

The Board declared a fully franked full year dividend of 3.0 cents per share with the maiden fully franked final dividend being 2.0 cents per share.

Contents

Chairman's letter	5
Investing with Wilson Asset Management	8
Objectives and investment process	9
Corporate governance statement	10
Directors' Report to shareholders	15
Auditor's Independence Declaration	25
Statement of comprehensive income	26
Statement of financial position	27
Statement of changes in equity	28
Statement of cash flows	29
Notes to the financial statements	30
Directors' Declaration	48
Independent Auditor's Report	49
Investments at market value	54
ASX additional information	55

Chairman's letter

Dear fellow shareholders,

I am pleased to share the Company's inaugural full year results and maiden fully franked final dividend of 2.0 cents per share, representing a 100.0% increase in the Company's inaugural interim dividend and bringing the fully franked dividend to 3.0 cents. I would also like to welcome each of the 11,325 shareholders who have joined us since the initial public offering in May 2016, where the Company successfully raised \$394.3 million.

The Company delivered risk-adjusted returns for shareholders since inception, with the investment portfolio increasing 11.5% over the period, while being on average 66.0% invested in equities. Since the portfolio became fully invested in August 2016, the investment portfolio rose by 8.5%, outperforming the S&P/ASX 200 Accumulation Index by 1.2%. This strong performance has enabled the Company to declare a maiden fully franked final dividend of 2.0 cents per share.

During the period to 30 June 2017, the Company achieved an operating profit before tax of \$39,288,192 and an operating profit after tax of \$29,177,875. The return on the equity portion of the portfolio was 16.4% and the return on the cash portion of the portfolio was 2.1% for the period.

Company performance

Three key measures we use to evaluate the performance of a listed investment company are investment portfolio performance, net tangible asset (NTA) growth and total shareholder return (TSR). The investment portfolio performance is the growth in the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Leaders is to grow the investment portfolio at a greater rate than the S&P/ASX 200 Accumulation Index, which is called outperformance. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company if it was to be sold. The NTA is announced on the ASX on a monthly basis. TSR measures the value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

Performance at 30 June 2017	3 months	6 months	Since inception %pa (May-16)	Since fully invested %pa (Aug-16)
WLE Investment Portfolio[†]	1.0%	4.1%	11.5%	8.5%
S&P/ASX 200 Accumulation Index	-1.6%	3.2%	11.9%	7.3%
Outperformance	+2.6%	+0.9%	-0.4%	+1.2%

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

Since the portfolio became fully invested in August 2016, the investment portfolio increased by 8.5% outperforming the index by 1.2%. This outperformance was achieved while holding on average 26.5% of the investment portfolio in cash. The investment portfolio increased 11.5% during the period from inception to 30 June 2017. The performance of the investment portfolio and the S&P/ASX 200 Accumulation Index is measured before tax and costs.

2. NTA growth

WAM Leaders' before tax NTA, after adjusting for dividends, increased 8.9% for the period to 30 June 2017, with a 1.0 cent fully franked dividend being paid during the period. This performance measure shows the change in the value of the assets that belong to the shareholders over the period. The significant items of difference between the investment portfolio performance of 11.5% and the net tangible asset performance were management fees of 1.1%*, other company related and capital raising expenses of 0.7% and the dilution impact of options exercised of 0.8%. The after tax NTA, after adjusting for dividends, increased 6.5% for the period to 30 June 2017, with the corporate tax provision of 2.4% being the difference between the before and after tax NTA performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

3. Total shareholder return

This measure shows the return to shareholders being the change in share price together with dividends reinvested. The TSR for WAM Leaders for the period to 30 June 2017 was 3.8%. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Investment portfolio performance

The investment portfolio performed well during a turbulent period in the Australian and global equity markets. Following the successful \$394.3 million capital raising by initial public offering in May 2016, the Company deployed the capital under its research and market-driven investment processes, achieving full investment in August 2016. The Company's investment portfolio increased 11.5% since inception, with investments in Qantas Airways Limited (QAN), Aristocrat Leisure Limited (ALL), Treasury Wine Estates Limited (TWE), Challenger Limited (CGF) and Insurance Australia Group (IAG) being the strong contributors to the investment portfolio performance. Since the portfolio became fully invested in August 2016, the WAM Leaders' investment portfolio rose by 8.5% outperforming the index by 1.2%. We believe investment opportunities will always be available, irrespective of the direction of the overall equity market.

Dividends

The Board declared a fully franked full year dividend of 3.0 cents per share, with the maiden fully franked final dividend being 2.0 cents per share after the inaugural fully franked interim dividend of 1.0 cent per share paid during the period.

The Board's intention is to pay an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. The dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will be operate without a discount for the final dividend.

Options

Shareholders who acquired shares in the Company under the initial public offering in May 2016 are reminded they received one option for every one share, exercisable at \$1.10. Shareholders who exercise their options before 17 November 2017 will be eligible to receive the fully franked final dividend of 2.0 cents per share. The options expire on 17 November 2017 and will cease trading on the ASX on 13 November 2017.

**Management fees represent 1% of average FUM over the 14 month period from commencement of operations on 23 May 2016 to 30 June 2017.*

Equity market outlook

We believe the greatest challenge in FY2018 is the evolution of central banks' policies. Since the global financial crisis, the 50 largest central banks around the world have cut interest rates 700 times and injected \$9 trillion of liquidity into global markets. This liquidity has driven equity valuations to high levels and stimulated economic activity. With global economic conditions improving, the debate is now centred on how quickly central banks should increase interest rates and withdraw liquidity.

In the short term, we believe economic growth and corporate earnings will ease the tension between central banks and equity markets globally and allow the Australian share market to continue to rise. Further, the Reserve Bank of Australia's monetary policy remains supportive of investment, with the cash rate at a record low. We expect this will continue during the next 12 months.

We believe companies that will outperform in FY2018 are those exposed to infrastructure investment, increasing insurance premiums and the global economic recovery.

Shareholder engagement and communication

Shareholders are the owners of WAM Leaders. Our job is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We value shareholder engagement and aim to provide total transparency. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer;
- Regular investment news and market insights;
- Monthly investment updates;
- Annual and half yearly profits announcements; and
- Semi-annual shareholder calls and briefings across all major Australian cities.

WAM Leaders shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information to you and welcome all feedback on how we can improve our communication and engagement with you, the owners of the Company – please contact our Head of Corporate Affairs, James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support.



Geoff Wilson
Chairman

Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs twenty-six staff. The investment team comprises eight highly experienced professionals with more than 100 years of combined investment experience and a total focus on managing money.

We take great pride in managing six LICs and more than \$2 billion in shareholder capital for more than 55,000 retail investors. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, the only companies to provide:

- Shareholders with exposure to the best Australian and global fund managers without paying management or performance fees;
- Charities with a consistent and growing stream of annual donations; and
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

WAM Leaders has an investment management agreement with Wilson Asset Management. For WAM Leaders shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Fully franked dividends. Our LICs have a proven track record of paying fully franked dividends.

Strong performance. We offer a strong track record of performance based on our rigorous research-driven and market-driven investment processes.

Deep diversification. Our LICs hold small positions in many companies, providing shareholders with diversified exposure to opportunities.

Risk-adjusted returns. Our flexible investment mandate allows for above average cash holdings and strong risk-adjusted returns.

Experienced experts. With more than 100 years of combined experience in the Australian equity market, our investment team lives and breathes financial markets.

Full market access. We hold over 1,500 company meetings each year, and our knowledge of and extensive network in the market continually provides valuable intelligence and investment opportunities.

Superior structures. LICs provide a stable, closed-ended pool of capital, allowing a total focus on managing money.

Total transparency. We value shareholder engagement and our LICs adhere to strict corporate governance requirements.

Objectives and investment process

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 – focus on S&P/ASX 200 Index

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

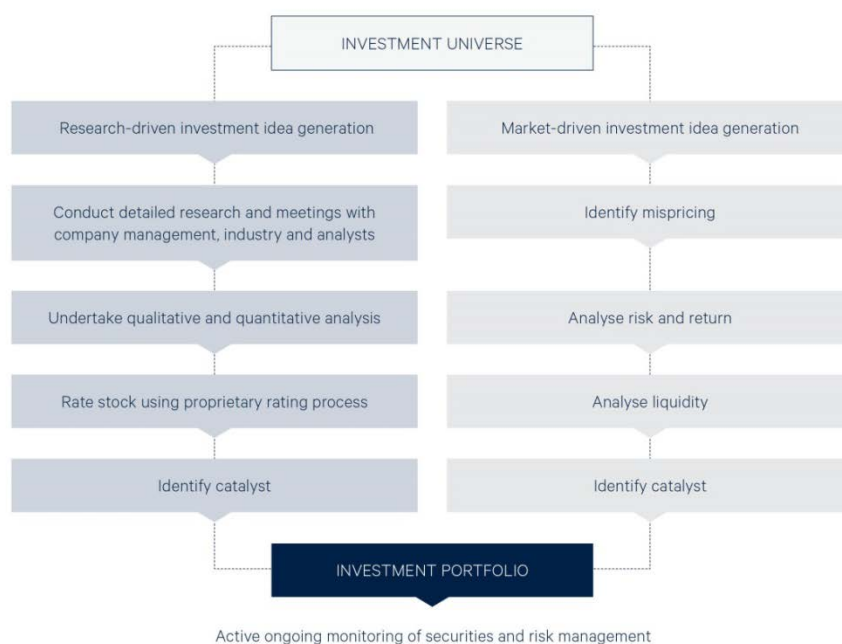
- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

This investment process involves 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 process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect 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. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.



Corporate governance statement

The Board is committed to the Company operating effectively and in the best interests of shareholders. The Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) for the 2017 financial period, subject to the exceptions noted below.

Lay solid foundations for management and oversight (Recommendations: 1.1 to 1.7)

The Company has a Board but no full-time employees. Subject, at all times, to any written guidelines issued by the Board of Directors of WAM Leaders, the day-to-day management and investment of funds is carried out by MAM Pty Limited (the 'Manager') pursuant to a management agreement. Consequently, there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives or for a diversity policy under Recommendations 1.1, 1.3, 1.5 and 1.7.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company. This includes:

- overseeing and monitoring the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports, and generally various other communications to the ASX and shareholders that the Board deems material; and
- setting appropriate business standards and codes for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity, objectivity and endeavour to enhance the reputation of the Company. The Board aims to act in a manner designed to create and build sustainable value for shareholders.

Each Director has undergone background and other checks before appointment. The Board ensures that security holders are provided in advance with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Financial Report and their term in office are detailed in the Directors' Report.

The Board comprises experienced company directors who have each received a formal letter of engagement and who are fully aware of the terms of their appointment including their roles and responsibilities.

The Board has appointed an experienced Company Secretary who is directly accountable to the Board.

The Company has adopted a Diversity Policy which is designed to support its commitment to diversity. As the Company has no full-time employees, the Diversity Policy will only apply to the Board.

The Company's Diversity Policy requires the Board to develop measurable objectives and the strategy to meet these objectives, including fostering gender diversity and ensuring 30% female representation on the Board. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will include diversity in its nomination process. Currently, the Company has two female directors, representing 40% of the Board. The Company is not a relevant employer under the Workplace Gender Equality Act. A copy of the Diversity Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.

The performance of Directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:

- review its Corporate Governance Charter annually; and
- perform an evaluation of the Board's performance at intervals considered appropriate.

The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Board Policy. During the period, the Board reviewed its performance by discussion and by individual communication with the Chairman, and by reference to generally accepted board performance standards. A copy of the Board Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.

Structure the Board to add value (Recommendations: 2.1 to 2.6)

A nomination committee has not been formed under Recommendation 2.1. The Board, as a whole, considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity.

The Company supports the appointment of Directors who bring a wide range of business, investment and professional skills and experience. While the Company does not have, or disclose a formal skills matrix, it does consider Directors' attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Financial Report and their attendance at Board and Committee meetings is included in the Financial Report.

The Board has the following two independent Directors:

- Melinda Snowden
- Lindsay Mann

These Directors are considered independent as per the criteria outlined in the Company's Board Policy which includes the Company's criteria for independence of Directors. The criteria are in accordance with ASX Corporate Governance Council's Principles.

Whilst the Company agrees with the benefits of a majority of independent Directors, under Recommendation 2.4, it believes that it can better achieve the results of the Company with the current Board's level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

The appointment dates of each Director are shown in the Directors' Report.

The Chairman is not an independent Director. The Company believes that an independent Chairman, under Recommendation 2.5, does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, as is the case with this Company, it adds value to the Company and all shareholders' benefit. The Company does not employ a CEO, consequently Recommendation 2.5 is not applicable.

Due to the fact that Directors are chosen for their knowledge and experience in their sector, the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Act ethically and responsibly (Recommendations: 3.1)

The Company has established a Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company. The Code of Conduct is contained in the Company's Corporate Governance Charter which is available on the Company's website.

Safeguarding integrity in corporate reporting (Recommendations: 4.1 to 4.3)

The Company has formed an Audit and Risk Committee consisting of three Directors. The members of the Audit and Risk Committee are:

- Melinda Snowden Chair, Independent Director
- Lindsay Mann Independent Director
- Kate Thorley Non-independent Director

The qualifications of those appointed to the Committee are detailed in the Directors' Report.

The Audit and Risk Committee Charter can be found in the Company's Corporate Governance Charter which is available on the Company's website.

The Committee formally reports to the Board after each meeting. Details of the number of meetings of the Audit and Risk Committee during the period are set out in the Directors' Report.

The Company's external audit is undertaken by Pitcher Partners and the audit engagement partner is required to be changed at regular intervals. Chris Chandran, a partner of Pitcher Partners, is the partner responsible for the external audit of the Company for the 2017 financial period.

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

The Company's external accountants, along with the Manager of the Company, provide written confirmations to the Board that the Company's Financial Report presents a true and fair view, in all material respects, of the Company's financial position and operational result and is in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Board.

Make timely and balanced disclosure (Recommendations: 5.1)

The Company has established a continuous disclosure policy to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*. The policy aims to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way. The Continuous Disclosure Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.

Respect the rights of security holders (Recommendations: 6.1 to 6.4)

The Company's Corporate Governance Charter is available on the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, semi-annual shareholder presentations, ASX releases, general meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the *Corporations Act 2001* in Australia; and
- encouraging shareholder participation at general meetings.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy. Shareholder information sessions are also held twice a year. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

The Communications Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.

The Company's registry, Boardroom Pty Limited, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at www.clientonline.com.au.

Recognise and manage risk (Recommendations: 7.1 to 7.4)

The Company has formed an Audit and Risk Committee consisting of three Directors. The members of the Audit and Risk Committee are:

- Melinda Snowden Chair, Independent director
- Lindsay Mann Independent Director
- Kate Thorley Non-independent Director

The qualifications of those appointed to the Committee and their attendance at Audit and Risk Committee meetings are detailed in the Directors' Report.

The Audit and Risk Committee Charter is contained in the Company's Corporate Governance Charter which is available on the Company's website.

The Manager, on behalf of the Company, has an established enterprise risk management program in accordance with the International Risk Standard AS/NZS ISO 31000:2009. It also has an established internal control program based upon the principles set out in the Australian Compliance Standard AS 3806:2006. This enterprise risk management program addresses the material business risks of the Company. Each identified risk is individually assessed in terms of the likelihood of the risk event occurring and the potential consequences should each risk event occur.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer of the Manager that in their view:

- the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board requires the Manager to review and report annually on the operation of internal controls used to manage the Company's material business risk, reviews any external audit commentary with respect to internal controls and conducts any other investigations it requires in order to report on the effectiveness of the internal control system. In respect of the current financial year, all necessary declarations have been submitted to the Board.

The Company does not have an internal audit function.

A summary of financial risks including market, credit, and liquidity are included in Note 16 in the Financial Report.

Remunerate fairly and responsibly (Recommendations: 8.1 to 8.3)

A Remuneration Committee has not been formed under Recommendation 8.1. Instead, the Board as a whole considers the issue of remuneration. The Board believes that having a separate remuneration committee would not provide greater protection or better enhance the interests of the shareholders.

The maximum total remuneration of the Directors of the Company has been set at \$90,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

All Directors of WAM Leaders are non-executive Directors. Accordingly, the requirement under Recommendation 8.2 to distinguish the structure of the remuneration paid to executive and non-executive Directors is not applicable to the Company. No equity based remuneration is paid to Directors. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration.

The Chairman of WAM Leaders Limited is a Director of MAM Pty Limited. Further detail is provided in the Directors' Report.

Directors' Report to shareholders for the period ended 30 June 2017

The Directors present their report together with the financial report of WAM Leaders Limited for the period from 1 March 2016 (date of incorporation) to 30 June 2017.

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; to provide capital growth; and to preserve capital. No change in this activity took place during the period or is likely to in the future.

Initial Public Offering

The Company successfully raised \$394.3 million under its Initial Public Offering ('IPO') in accordance with the Replacement Prospectus dated 18 April 2016, by the issue of 358,463,577 ordinary fully paid shares at an issue price of \$1.10 per share and 358,463,577 attaching options exercisable at \$1.10 per option, on or before 17 November 2017. The shares and options were allotted on 24 May 2016. The shares are currently trading under the ASX code WLE and the options under WLEO. At the end of the period, 51,620,126 shares had been allotted from the exercise of options.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 1 March 2016 and commenced operations on 23 May 2016.

Operating and financial review

Investment operations over the period resulted in a maiden operating profit before tax of \$39,288,192 and an operating profit after tax of \$29,177,875. Following the successful \$394.3 million IPO in May 2016, the Company deployed the capital under its research and market-driven investment processes, achieving full investment in August 2016. The investment portfolio has outperformed the index by 1.2% since becoming fully invested. Since commencing operations, the investment portfolio has returned 11.5%.

Under Accounting Standards, realised gains and losses on the investment portfolio and dividend income are added to, or reduced by, changes in the market value of the Company's investments. This can lead to large variations in reported profits between periods. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA) per share and the fully franked dividends paid. The before tax NTA, after adjusting for dividends, increased 8.9% for the period to 30 June 2017. The after tax NTA, adjusted for dividends, increased 6.5% for the same period.

The NTA before tax for each share as at 30 June 2017 amounted to \$1.17 per share. The NTA after tax was \$1.15 per share. These figures are after the inaugural 1.0 cent fully franked interim dividend paid to shareholders during the period and have not been diluted for options outstanding.

Further information on 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 2017 was \$471,220,638. Further information on the financial position of the Company is contained in the Chairman's Letter.

Dividends paid or recommended

The Board's intention is to pay fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. An inaugural fully franked interim dividend of 1.0 cent per share was paid on 28 April 2017 and since period end, the Board has declared a maiden final dividend of 2.0 cents per share fully franked to be paid on 5 December 2017.

Directors

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

- Geoff Wilson, Chairman – Non-independent (appointed 1 March 2016)
- Lindsay Mann, Director – Independent (appointed 1 March 2016)
- Melinda Snowden, Director – Independent (appointed 1 March 2016)
- Kate Thorley, Director – Non-independent (appointed 1 March 2016)
- Chris Stott, Director – Non-independent (appointed 1 March 2016)

Information on Directors

Geoff Wilson (Chairman – Non-independent)

Experience and expertise

Geoff Wilson has over 37 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. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. 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 Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Capital Limited (appointed March 1999), WAM Microcap Limited (appointed March 2017) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed September 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also 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 has not resigned as a Director from any listed companies within the last three years.

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.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 40 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 Australian Institute of Company Directors.

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

Other current directorships

Lindsay Mann is currently an independent non-executive director of UCA Funds Management Limited and an independent Director of WAM Capital Limited (appointed December 2012).

Former directorships in the last 3 years

Lindsay Mann is a former Director of Lionport Asia Fund.

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. In her executive career Melinda was an investment banker with Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York. Melinda was a Non-executive Director of MLC Limited, the wealth management division of NAB and a number of its associated boards between 2009 and 2014 and

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

is a former Non-executive Director of Vita Group Limited, an ASX listed electronics and telecommunications retailer (between 2008 and 2011).

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

Other current directorships

Melinda Snowden is an advisory board member of Hardtofind.com.au Pty Limited and Director of Mercer Investments (Australia) Limited and Kennards Self Storage Pty Limited.

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.

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.

Chris Stott (Director – Non-independent)

Experience and expertise

Chris Stott has more than 14 years' experience in the funds management industry. Chris is the Chief Investment Officer and Portfolio Manager of Wilson Asset Management, having joined the company in 2006. Chris was previously employed with Challenger Financial Services Group in various research roles specialising in Australian equities. He holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. He is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Chris Stott has been a Director of the Company since March 2016.

Other current directorships

Chris Stott is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), WAM Capital Limited (appointed May 2015), WAM Microcap Limited (appointed March 2017) and Century Australia Investments Limited (appointed April 2017).

Former directorships in the last 3 years

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

Special responsibilities

None.

Interests in shares of the Company

Details of Chris Stott's interests in shares of the Company are included later in this report.

Chris Stott (Director – Non-independent) (cont'd)

Interests in contracts

Chris Stott has no interests in contracts of the Company.

Kate Thorley (Director – Non-independent)

Experience and expertise

Kate Thorley has over 12 years' experience in the funds management industry and more than 18 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, Future Generation Investment Company Limited and is a non-executive Director of Sandon Capital Opportunities Pty Limited. Kate is also the Company Secretary of WAM Capital 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 CPA. She is a member of the Australian Institute of Company Directors.

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) and is a non-executive Director of Sandon Capital Opportunities Pty Limited.

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.

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Linda Vo

Linda Vo has over 14 years' experience in financial accounting including more than 10 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting for five listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited and WAM Microcap Limited. Linda is also the Company Secretary of WAM Active Limited, WAM Research Limited and WAM Microcap Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. Linda was appointed Company Secretary of WAM Leaders Limited in May 2016.

Remuneration Report (Audited)

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

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 \$90,000 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.

Directors' remuneration for the period ended 30 June 2017:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	10,006	951	10,957
Lindsay Mann	Director	30,016	2,852	32,868
Melinda Snowden	Director	30,016	2,852	32,868
Kate Thorley	Director	10,006	951	10,957
Chris Stott	Director	10,006	951	10,957
		90,050	8,557	98,607*

*Includes Directors' fees for the period from date of listing, 27 May 2016 to 30 June 2017.

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

b) Director related entities remuneration

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

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders Limited. Entities associated with Geoff Wilson also hold 100% of the issued shares of MAM Pty Limited. In its capacity as Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$5,145,084 inclusive of GST. As at 30 June 2017 the balance payable to the Manager was \$439,534 inclusive of GST.

Remuneration Report (Audited) (cont'd)

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 period ended 30 June 2017, no performance fee was payable to MAM Pty Limited and \$1,107,390 inclusive of GST is to be carried forward and recouped in full against future positive performance.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders Limited to provide accounting and Company Secretarial services on commercial terms. For the financial period, the accounting services amounted to \$46,200 inclusive of GST and the Company Secretarial services amounted to \$16,500 inclusive of GST. 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. 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 with 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 is remunerated as outlined above.

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 1 March 2016	Acquisitions	Disposals	Balance at the date of this report
Geoff Wilson	1 [†]	2,546,931	-	2,546,932
Lindsay Mann	-	35,000	-	35,000
Melinda Snowden	-	9,200	-	9,200
Kate Thorley	-	66,000	-	66,000
Chris Stott	-	400,000	(200,000)	200,000
	1	3,057,131	(200,000)	2,857,132

[†]Sole share on issue in the Company on incorporation.

Remuneration Report (Audited) (cont'd)

Options held Directors	Balance at 1 March 2016	Acquisitions	Options exercised	Balance at the date of this report
Geoff Wilson	-	2,000,000	-	2,000,000
Lindsay Mann	-	25,000	-	25,000
Melinda Snowden	-	4,600	(4,600)	-
Kate Thorley	-	33,000	(33,000)	-
Chris Stott	-	200,000	(200,000)	-
	-	2,262,600	(237,600)	2,025,000

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.

- End of Remuneration Report -**Directors' meetings**

Director	No. eligible to attend	Attended
Geoff Wilson	6	6
Lindsay Mann	6	6
Melinda Snowden	6	5
Chris Stott	6	6
Kate Thorley	6	6

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Corporate Governance Statement on page 12 of the Financial Report.

Director	No. eligible to attend	Attended
Melinda Snowden	3	3
Lindsay Mann	3	3
Kate Thorley	3	3

After balance date events

Since the end of the period, the Company declared a maiden final dividend of 2.0 cents per share fully franked to be paid on 5 December 2017.

No other matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial periods.

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 period, 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 period, 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 Court to bring proceedings on behalf of the Company or 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 period.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services to 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 period 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 prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

Non-audit services (cont'd)

- 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 set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

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

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 25 of the Financial Report.

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



Geoff Wilson

Chairman

Dated in Sydney this 31st day of July 2017

**Auditor's Independence Declaration
To the Directors of WAM Leaders Limited
A.B.N. 33 611 053 751**

In relation to the independent audit for the period 1 March 2016 to 30 June 2017, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WAM Leaders Limited during the period.



C I Chandran
Partner

Pitcher Partners
Sydney

31 July 2017

Statement of comprehensive income for the period ended 30 June 2017

	Note	For the period 1 March 2016 to 30 June 2017 \$
Net realised and unrealised gains on financial assets		35,696,426
Other revenue from operating activities	2	12,508,534
Management fees		(4,794,283)
Directors fees		(98,607)
Brokerage expense on share purchases		(2,620,931)
Expenses paid on borrowed stock		(712,843)
Custody fees		(34,372)
ASX listing and chess fees		(155,208)
Share registry fees		(235,959)
Disbursements, mailing and printing		(53,660)
Other expenses from ordinary activities		(210,905)
Profit before income tax		39,288,192
Income tax expense	3(a)	(10,110,317)
Profit after income tax attributable to members of the Company		29,177,875
Other comprehensive income		
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period		29,177,875
Basic earnings per share	15	9.49 cents
Diluted earnings per share	15	9.23 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2017

	Note	30 June 2017 \$
Current assets		
Cash and cash equivalents	13	102,572,734
Trade and other receivables	6	17,189,044
Financial assets	7	371,441,579
Total current assets		491,203,357
Non-current assets		
Deferred tax assets	3(b)	1,335,664
Total non-current assets		1,335,664
Total assets		492,539,021
Current liabilities		
Trade and other payables	9	12,083,836
Current tax liabilities	3(c)	5,782,559
Total current liabilities		17,866,395
Non-current liabilities		
Deferred tax liabilities	3(d)	3,451,988
Total non-current liabilities		3,451,988
Total liabilities		21,318,383
Net assets		471,220,638
Equity		
Issued capital	10	446,140,575
Profits reserve	11	25,650,406
Accumulated losses	12	(570,343)
Total equity		471,220,638

The accompanying notes form part of these financial statements.

Statement of changes in equity for the period ended 30 June 2017

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 March 2016 (date of incorporation)		-	-	-	-
Profit for the period		-	29,177,875	-	29,177,875
Transfer to profits reserve		-	(29,748,218)	29,748,218	-
Other comprehensive income for the period		-	-	-	-
Transaction with owners:					
Share issued on incorporation	10(b)	1	-	-	1
Shares issued via initial public offering	10(b)	394,309,935	-	-	394,309,935
Shares issued via exercise of options	10(b)	56,782,140	-	-	56,782,140
Share issue costs (net of tax)	10(b)	(5,160,010)	-	-	(5,160,010)
Shares issued via dividend reinvestment plan	10(b)	208,509	-	-	208,509
Dividends paid	4(a)	-	-	(4,097,812)	(4,097,812)
Balance at 30 June 2017		446,140,575	(570,343)	25,650,406	471,220,638

The accompanying notes form part of these financial statements.

Statement of cash flows for the period ended 30 June 2017

	Note	For the period 1 March 2016 to 30 June 2017 \$
Cash flows from operating activities		
Proceeds from sale of investments		1,623,584,126
Payments for purchase of investments		(1,963,673,804)
Dividends received		7,690,254
Interest received		2,882,378
Other investment income received		727,252
Management fee (GST inclusive)		(4,705,550)
Brokerage expense on share purchases (GST inclusive)		(2,812,169)
Payments for administration expenses (GST inclusive)		(1,838,530)
GST on brokerage expense on share sales		(148,268)
Net GST received from ATO		1,035,716
Net cash used in operating activities	14	(337,258,595)
Cash flows from financing activities		
Shares issued via initial public offering and on incorporation		394,309,936
Shares issued via exercise of options		56,782,140
Dividends paid – net of reinvestment		(3,889,303)
Share issue costs		(7,371,444)
Net cash provided by financing activities		439,831,329
Net increase in cash and cash equivalents held		102,572,734
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at the end of the period	13	102,572,734
Non-cash transactions:		
Shares issued via dividend reinvestment plan		208,509

The accompanying notes form part of these financial statements.

Notes to the financial statements for the period ended 30 June 2017

1. Significant accounting policies

General information

WAM Leaders Limited was incorporated in Australia on 1 March 2016.

The registered office of the Company is located at Level 11, 139 Macquarie Street, Sydney NSW 2000.

The financial report for the period 1 March 2016 to 30 June 2017 was authorised for issue on 31 July 2017 by the Board of Directors.

As this is the Company's first period of operations, there are no comparatives.

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

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, apart from certain financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to 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 unlisted securities that are not traded in an active

1. Significant accounting policies (cont'd)

a) Financial instruments (cont'd)

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.

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 period 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.

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.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

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 three 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

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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 part of receivables or payables in the Statement of financial position.

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

1. Significant accounting policies (cont'd)

i) Comparative figures

As this is the Company's first period of operation there are no comparatives.

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 period.

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 period ended 30 June 2017. 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

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company will not early adopt the new and amended pronouncements at this point in time. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

2. Other revenue

	2017 \$
Australian sourced dividends	8,159,313
Interest	2,981,389
Trust distributions	794,787
Foreign sourced dividends	561,380
Underwriting fees	11,665
	12,508,534

3. Income tax**a) Income tax expense**

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2017 \$
Prima facie tax on profit before income tax at 30%	11,786,458
Imputation credit gross up	606,882
Foreign income tax offset gross up	15,409
Franking credit offset	(2,022,940)
Foreign income tax offset	(51,364)
Other non-assessable items*	(224,128)
	10,110,317
Effective tax rate	25.7%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the period.

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

Total income tax expense results in a:

Current tax liability	5,782,559
Deferred tax liability	3,451,988
Deferred tax asset	875,770
	10,110,317

3. Income tax (cont'd)**b) Deferred tax assets**

	2017 \$
Accruals	8,415
Capitalised share issue costs	1,327,249
	1,335,664
Movement in deferred tax assets	
Balance at the beginning of the period	-
Credited to the Statement of comprehensive income	(875,770)
Capitalised share issue costs	2,211,434
At reporting date	1,335,664

c) Current tax liabilities

	2017 \$
Balance at the beginning of the period	-
Current period income tax on operating profit	5,782,559
At reporting date	5,782,559

d) Deferred tax liabilities

	2017 \$
Fair value adjustments	3,366,984
Income provisions	85,004
	3,451,988
Movement in deferred tax liabilities	
Balance at the beginning of the period	-
Charged to the Statement of comprehensive income	3,451,988
At reporting date	3,451,988

4. Dividends

a) Ordinary dividends paid during the period

	2017 \$
Interim dividend FY2017: 1.0 cent per share fully franked at 30% tax rate paid 28 April 2017	4,097,812

b) Dividends not recognised at period end

	2017 \$
In addition to the above dividends, since the end of the period, the Directors have declared a 2.0 cents per share fully franked dividend which has not been recognised as a liability at the end of the financial period:	8,205,384

c) Dividend franking account

	2017 \$
Balance of franking account at period end	266,736
Adjusted for franking credits arising from: - Estimated income tax payable	5,782,559
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	(3,516,593)
	2,532,702

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.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$3,451,988.

5. Auditor's remuneration

	2017 \$
Remuneration of the auditor for:	
Auditing and reviewing the financial report	42,917
Other services provided by a related practice of the auditor:	
Taxation services	9,020
Investigating accountant's fee on initial public offering	24,264
Other non-assurance services	977
	77,178

5. Auditor's remuneration (cont'd)

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

	2017 \$
Outstanding settlements	15,810,941
Investment income receivable	1,208,650
GST receivable	166,414
Other receivables	3,039
	17,189,044

Outstanding settlements are on the terms of operating in the securities industry. These do not incur interest and require settlement within two days of 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

	2017 \$
Listed investments at fair value	371,441,579

The market values of individual investments held at the end of the reporting period are disclosed on page 54 of the Financial Report.

8. Financial liabilities

No borrowed stock was held at the end of the period. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the gross asset value of the Company without Board approval, as outlined in the Management Agreement.

9. Trade and other payables

	2017 \$
Outstanding settlements	11,466,416
Management fee payable	439,534
Sundry payables	177,886
	12,083,836

9. Trade and other payables (cont'd)

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

10. Issued capital**a) Paid-up capital**

	2017 \$
410,269,192 ordinary shares fully paid	446,140,575

b) Movement in issued capital

	2017 \$
1 ordinary share issued on 1 March 2016 (incorporation date)	1
358,463,577 ordinary shares issued on 24 May 2016 under the initial public offering	394,309,935
51,620,126 ordinary shares issued under the exercise of options exercise price \$1.10	56,782,140
185,488 ordinary shares issued under the dividend reinvestment plan	208,509
Share issue costs (net of tax)	(5,160,010)
At reporting date	446,140,575

c) Share issue

During the period ended 30 June 2017, the Company successfully concluded its IPO in accordance with the Replacement Prospectus dated 18 April 2016 that sought to raise up to \$209 million with the ability to accept an additional \$165 million in oversubscriptions. The Company raised \$394.3 million pursuant to the offer by the issue of 358,463,577 ordinary fully paid shares at an issue price of \$1.10 per share and 358,463,577 attaching options.

d) Options

During the period, 358,463,577 options were issued under the Company's IPO to acquire fully paid ordinary shares, exercisable at \$1.10 per option. The options were allotted on 24 May 2016 and are currently trading on the ASX under the code WLEO.

As at the end of the period, 51,620,126 shares had been allotted from the exercise of options for a total consideration of \$56,782,140. As at 30 June 2017, 306,843,451 options remain unexercised and can be exercised at any time on or before 17 November 2017.

11. Profits reserve

	2017 \$
Profits reserve	25,650,406

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

	2017 \$
Movement in profits reserve	
Balance at the beginning of the period	-
Transfer of profits during the period	29,748,218
Interim dividend paid (refer to note 4a)	(4,097,812)
At reporting date	25,650,406

12. Accumulated losses

	2017 \$
Balance at the beginning of the period	-
Profit for the period attributable to members of the Company	29,177,875
Transfer to profits reserve	(29,748,218)
At reporting date	(570,343)

13. Cash and cash equivalents

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

	2017 \$
Cash at bank and on hand	75,142,313
Term deposits	27,430,421
	102,572,734

The weighted average interest rate for cash and term deposits as at 30 June 2017 is 1.95%. The term deposits have an average maturity of 35 days. All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating. Of the cash and cash equivalents balance at the end of the reporting period, none was held as collateral for borrowed stock (refer to Note 8).

14. Cash flow information2017
\$

Reconciliation of profit after tax to cash flow from operations:	
Profit after income tax	29,177,875
Fair value gains and movements in financial assets	(375,786,104)
Changes in assets and liabilities:	
Increase in receivables	(1,378,103)
Decrease in deferred tax assets	875,770
Increase in payables	617,420
Increase in current tax liabilities	5,782,559
Increase in deferred tax liabilities	3,451,988
Cash flow used in operating activities	(337,258,595)

15. Earnings per share2017
Cents per share

Basic earnings per share	9.49
Diluted earnings per share	9.23

2017
\$

Profit after income tax used in the calculation of basic and diluted earnings per share	29,177,875
---	------------

2017
No.

Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share	307,416,795
Weighted average number of dilutive options outstanding	8,536,592
Weighted average number of ordinary and potential ordinary shares outstanding during the period used in calculating diluted earnings per share	315,953,387

The weighted average number of shares used as the denominator in calculating basic and diluted earnings per share is based on the average number of shares from 1 March 2016, being the date of incorporation, to 30 June 2017. The basic earnings per share would have been 7.85 cents per share if calculated from 24 May 2016 as the Company only had one share on issue and no earnings up to this date.

15. Earnings per share (cont'd)

The Company currently has outstanding options which have the potential to convert to ordinary shares. As the average share price from 30 May 2016 to 30 June 2017 is in excess of the option exercise price, they are currently dilutive in amount and therefore have been considered for the diluted earnings per share calculation.

16. Financial risk management

The Company's financial instruments consist of listed investments, trade receivables and trade payables. 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 throughout the first 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 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 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 provision for impairment of those assets.

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 period 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.

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-. Also, all the maturities of cash and term deposits held by the Company are within three months.

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

16. Financial risk management (cont'd)

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, if 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 2017	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	12,083,836	12,083,836
Total	-	12,083,836	12,083,836

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 the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

16. Financial risk management (cont'd)**c) Market risk (cont'd)****(i) Interest rate risk (cont'd)**

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 2017	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.95%	102,572,734	-	102,572,734
Trade and other receivables		-	17,189,044	17,189,044
Financial assets		-	371,441,579	371,441,579
Total		102,572,734	388,630,623	491,203,357
Liabilities				
Trade and other payables		-	12,083,836	12,083,836
Total		-	12,083,836	12,083,836

(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 and the risk managed on a daily basis. 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.

16. Financial risk management (cont'd)**c) Market risk (cont'd)**

(ii) Other price risk (cont'd)

The Company's industry sector weighting of the gross assets as at 30 June 2017 is as below:

Industry sector	2017 %
Financials	33.0%
Materials	16.7%
Energy	5.6%
Industrials	5.2%
Consumer Staples	5.3%
Information Technology	4.4%
Consumer Discretionary	3.9%
Health Care	3.3%
Total	77.4%

There were no securities representing over 5 per cent of the gross assets of the Company at 30 June 2017.

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 period net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 77.4% of gross assets at period end. A 5.0% movement in the market value of each of the investments within the investment portfolio would result in a 2.8% movement in the net assets after tax. This would result in the 30 June 2017 net asset backing after tax moving by 3.2 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).

16. 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.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2017:

30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	371,441,579	-	-	371,441,579
Financial liabilities	-	-	-	-
Total	371,441,579	-	-	371,441,579

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial period was 3,686. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$4,992,582.

18. Segment reporting

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

19. Capital commitments

There were no capital commitments for the Company as at 30 June 2017.

20. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2017.

21. 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 period are:

- Geoff Wilson Chairman
- Lindsay Mann Director
- Melinda Snowden Director
- Kate Thorley Director
- Chris Stott Director

21. Key management personnel compensation (cont'd)**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 20, 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 period ended 30 June 2017	90,050	8,557	98,607

b) Share holdings

The number of ordinary shares held in the Company during the financial period by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 1 March 2016	Acquisitions	Disposals	Balance at 30 June 2017
Geoff Wilson	1 [*]	2,546,931	-	2,546,932
Lindsay Mann	-	35,000	-	35,000
Melinda Snowden	-	9,200	-	9,200
Kate Thorley	-	66,000	-	66,000
Chris Stott	-	200,000	-	200,000
	1	2,857,131	-	2,857,132

^{*}Sole share on issue in the Company on incorporation.

The number of options held in the Company during the financial period by each key management personnel of the Company and their related parties are set out below:

Options held Directors	Balance at 1 March 2016	Acquisitions	Options exercised	Balance at 30 June 2017
Geoff Wilson	-	2,000,000	-	2,000,000
Lindsay Mann	-	25,000	-	25,000
Melinda Snowden	-	4,600	(4,600)	-
Kate Thorley	-	33,000	(33,000)	-
Chris Stott	-	200,000	-	200,000
	-	2,262,600	(37,600)	2,225,000

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

21. Key management personnel compensation (cont'd)

b) Share holdings (cont'd)

The Directors have not, during or since the end financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

22. Related party transactions

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

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Leaders Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$5,145,084 inclusive of GST. As at 30 June 2017 the balance payable to the Manager was \$439,534 inclusive of GST.

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 period ended 30 June 2017, no performance fee was payable to MAM Pty Limited and \$1,107,390 inclusive of GST is to be carried forward and recouped in full against future positive performance.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Leaders Limited to provide accounting and Company Secretarial services on commercial terms. For the financial period, the accounting services amounted to \$46,200 inclusive of GST and the Company Secretarial services amounted to \$16,500 inclusive of GST. 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 with 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.

23. Events subsequent to reporting date

Since the end of the period, the Directors declared a maiden final dividend of 2.0 cents per share fully franked to be paid on 5 December 2017.

No other matters or circumstances have arisen since the end of the financial period 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 periods.

Directors' Declaration

The Directors of WAM Leaders Limited declare that:

- 1) The financial statements as set out in pages 26 to 47 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 22, 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 2017 and of its performance, as represented by the results of the operations and the cash flows, for the period 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 Manager, MAM Pty Limited declaring that:
 - a) the financial records of the Company for the financial period 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 period comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial period 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
Chairman

Dated in Sydney this 31st day of July 2017

**Independent Auditor's Report
to the Members of WAM Leaders Limited
A.B.N. 33 611 053 751**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of WAM Leaders Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 1 March 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Opinion

In our opinion

- a) the financial report of WAM Leaders Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the period ended 30 June 2017; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p><i>Existence, Completeness, Valuation, and Classification of Financial Assets and Financial Liabilities</i> <i>Refer to Note 7: Financial Assets, Note 8: Financial Liabilities and Note 16 d): Financial Instruments measured at fair value</i></p>	
<p>We focused our audit effort on the valuation, existence and completeness of the Company's financial assets and financial liabilities as they are its largest asset and liability and represent the most significant driver of the Company's net tangible assets and profits.</p> <p>The quantum of level 1 investments held inherently makes financial assets and financial liabilities a key audit matter, in addition however, we focused on whether the assets and liabilities had been appropriately valued to market price in an active market at the period end.</p> <p>In relation to investments, there can be a risk that these are not owned by the Company.</p> <p>We therefore identified the valuation, existence and completeness of investments as an area of focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the investment management process and controls; ▪ We reviewed the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the period 1 March 2016 to 31 December 2016 for the Custodian, and obtained a bridging letter for the residual 6 months; ▪ We agreed the investment holdings to a confirmation obtained directly from the Custodian; ▪ We assessed the Company's valuation of individual investment holdings to independent sources where readily observable data was available; ▪ We evaluated the appropriateness of the accounting treatment of revaluations of financial assets for current/deferred tax and realised/unrealised gains or losses; ▪ We assessed the adequacy of disclosures in the financial statements.

Accuracy and Completeness of Management and Performance Fees Refer to Note 9: Trade and other payables, Note 22: Related party transactions and Remuneration Report	
<p>We focused our audit effort on the accuracy and completeness of management and performance fees as they are significant expenses of the Company and their calculation may require adjustments for events in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p> <p>We therefore identified the accuracy and completeness of management and performance fees as an area of focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and the Directors with respect to any significant events during the period and associated adjustments made as a result, in addition to having reviewed ASX announcements; ▪ Considered the treatment of events that may be significant to the calculation of management and performance fees; ▪ In order to verify the Company's calculation, we recalculated management and performance fees in accordance with our understanding of the Investment Management Agreement; ▪ Tested key inputs used in the calculation of the management and performance fees and performed a reasonableness test; ▪ We also assessed the adequacy of disclosures made in the financial statements in relation to these related party transactions.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the period ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The Directors of WAM Leaders Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are

responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 22 of the Directors' Report for the period ended 30 June 2017. In our opinion, the Remuneration Report of WAM Leaders Limited for the period ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of WAM Leaders Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Pitcher Partners



C I Chandran
Partner

Dated in Sydney this 31st day of July 2017

Investments at market value as at 30 June 2017

Company Name	Code	Market Value \$	% of Gross Assets
Financials			
National Australia Bank Limited	NAB	23,549,941	4.9%
Insurance Australia Group Limited	IAG	18,047,892	3.8%
Westpac Banking Corporation	WBC	17,136,460	3.6%
Commonwealth Bank of Australia	CBA	15,651,090	3.3%
Challenger Limited	CGF	15,350,458	3.2%
Macquarie Group Limited	MQG	11,857,496	2.5%
Suncorp Group Limited	SUN	10,296,195	2.1%
CYBG PLC	CYB	9,412,356	2.0%
Janus Henderson Group	JHG	8,445,944	1.8%
AUB Group Limited	AUB	7,787,921	1.6%
Australia and New Zealand Banking Group Limited	ANZ	6,462,000	1.3%
Lend Lease Group	LLC	4,839,839	1.0%
QBE Insurance Group Limited	QBE	4,724,000	1.0%
NIB Holdings Limited	NHF	4,018,554	0.8%
Steadfast Group Limited	SDF	488,516	0.1%
		158,068,662	33.0%
Materials			
BHP Billiton Limited	BHP	16,722,327	3.5%
Incitec Pivot Limited	IPL	10,321,504	2.2%
Boral Limited	BLD	9,973,250	2.1%
Rio Tinto Limited	RIO	8,075,087	1.7%
OZ Minerals Limited	OZL	7,286,624	1.5%
Nufarm Limited	NUF	6,052,696	1.3%
BlueScope Steel Limited	BSL	5,284,000	1.1%
Amcor Limited	AMC	4,863,000	1.0%
James Hardie Industries	JHX	3,276,987	0.7%
Orora Limited	ORA	3,049,488	0.6%
Adelaide Brighton Limited	ABC	2,420,900	0.5%
Sims Metal Management Limited	SGM	2,219,316	0.5%
		79,545,179	16.7%
Energy			
Origin Energy Limited	ORG	9,484,629	2.0%
Woodside Petroleum Limited	WPL	8,644,378	1.8%
Santos Limited	STO	4,829,820	1.0%
Oil Search Limited	OSH	3,887,400	0.8%
		26,846,227	5.6%

Company Name	Code	Market Value \$	% of Gross Assets
Industrials			
Qantas Airways Limited	QAN	8,723,000	1.8%
Seek Limited	SEK	5,959,845	1.2%
Downer EDI Limited	DOW	5,453,859	1.1%
Reliance Worldwide Corporation (Aust) Pty Limited	RWC	2,776,769	0.6%
Monadelphous Group Limited	MND	2,548,768	0.5%
		25,462,241	5.2%
Consumer Staples			
Woolworths Limited	WOW	21,236,587	4.4%
Metcash Limited	MTS	4,234,716	0.9%
		25,471,303	5.3%
Information Technology			
Computershare Limited	CPU	18,833,151	3.9%
MYOB Group Limited	MYO	2,417,099	0.5%
		21,250,250	4.4%
Consumer Discretionary			
Star Entertainment Group Limited	SGR	5,661,050	1.2%
Flight Centre Travel Group Limited	FLT	5,288,196	1.1%
Fairfax Media Limited	FXJ	3,571,028	0.7%
Premier Investments Limited	PMV	1,859,056	0.4%
Super Retail Group Limited	SUL	1,038,415	0.2%
Nine Entertainment Co Holdings Limited	NEC	728,615	0.2%
Southern Cross Media Group Limited	SXL	537,439	0.1%
		18,683,799	3.9%
Health Care			
CSL Limited	CSL	10,366,329	2.1%
Estia Health Limited	EHE	2,763,913	0.6%
ResMed Inc	RMD	1,950,501	0.4%
Healthscope Limited	HSO	1,033,175	0.2%
		16,113,918	3.3%
Total Long Portfolio		371,441,579	77.4%
Total Cash and cash equivalents, income receivable and net outstanding settlements		108,216,162	22.6%
Gross Assets		479,657,741	100%

* The total number of stocks held at the end of the financial period was 51.

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 30 June 2017) - there are currently no substantial shareholders.

On-market buy back (as at 30 June 2017) – there is no current on-market buy back.

Distribution of shareholders (as at 30 June 2017)

Category	No. of shareholders	No. of option holders
	Ordinary shares	Options
1 – 1,000	161	36
1,001 – 9,999	2,512	1,361
10,000 – 99,999	7,975	4,120
100,000 – 999,999	656	522
1,000,000 and over	21	33
	11,325	6,072

The number of shareholdings held in less than marketable parcels is 70.

Twenty largest shareholders – Ordinary shares (as at 30 June 2017)

Name	Number of ordinary shares held	Percentage of issued capital held
Navigator Australia Limited	5,175,454	1.3%
Australian Investors Pty Limited	4,708,182	1.1%
IOOF Investment Management Limited	4,091,956	1.0%
Netwealth Investments Limited	4,019,432	1.0%
BNP Paribas Nominees Pty Limited	3,019,820	0.7%
Interests associated with Geoff Wilson	2,546,932	0.6%
Mr VJ Plummer	2,000,000	0.5%
Camelia Pty Limited	1,818,182	0.4%
HSBC Custody Nominees (Australia) Limited	1,801,906	0.4%
Avanteos Investments Limited	1,729,400	0.4%
Pineross Pty Limited	1,545,795	0.4%
Citicorp Nominees Pty Limited	1,536,788	0.4%
Mr W Blomfield	1,250,000	0.3%
Mr JE Kennedy	1,156,263	0.3%
Jorlyn Pty Limited	1,150,000	0.3%
Bond Street Custodians Limited	1,091,000	0.3%
Mr & Mrs Jones	1,069,691	0.3%
Netwealth Investments Limited	1,029,840	0.3%
Mr & Mrs Dekanic	1,009,091	0.2%
888 Corporation Pty Limited	1,000,000	0.2%
	42,749,732	10.4%

Twenty largest option holders – Options (as at 30 June 2017)

Name	Number of options held	Percentage of options held
BNP Paribas Nominees Pty Limited	11,561,112	3.8%
Halcyon Pty Limited	6,150,000	2.0%
Navigator Australia Limited	5,040,863	1.6%
IOOF Investment Management Limited	3,227,731	1.1%
HSBC Custody Nominees (Australia) Limited	2,561,018	0.8%
BNP Paribas Nominees Pty Limited	2,331,983	0.8%
Mr DR Parker	2,250,000	0.7%
Aris Nominees Pty Limited	2,200,000	0.7%
Interests associated with Geoff Wilson	2,000,000	0.7%
Faerie's Knob Pty Limited	2,000,000	0.7%
Mr D Daya	1,977,171	0.6%
Miss Y Li	1,900,000	0.6%
Mr C Bernasconi	1,600,000	0.5%
Jedina Holdings Pty Limited	1,573,670	0.5%
Mrs TM Newman	1,527,483	0.5%
Mr & Mrs Gubbins	1,500,000	0.5%
Perpetual Corporate Trust Limited	1,500,000	0.5%
Mr D Lucas & Mr V Danko	1,500,000	0.5%
3D Earthmoving (WA) Pty Limited	1,490,560	0.5%
Mr & Mrs Woodhouse	1,400,432	0.5%
	55,292,023	18.0%

Stock exchange listing

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

Wilson

Asset Management

wilsonassetmanagement.com.au
Telephone. + 61 2 9247 6755
Fax. +61 2 9247 6855

info@wilsonassetmanagement.com.au
Level 11, 139 Macquarie Street
Sydney NSW 2000 Australia