WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

Wilson Leaders Limited listed on the Australian Stock Exchange on the 10th February 2004 after raising $44.2 million. Wilson Leaders is a Listed Investment Company that will invest in a portfolio of Australia's leading public companies.

After the successful raising the Net Tangible Asset backing (NTA) at the close of the issue was 98.0 cents per share.

As at the 29th February 2004, the NTA of Wilson Leaders Limited was 98.4 cents per share.

By month end 32.8% of the value of the fund has been invested in the following securities.

Aberdeen Leaders (ALR)
Alinta (ALN)
Amcor (AMC)
Bank of Queensland (BOQ)
BHP Billiton (BHP)
Computershare (CPU)
Cochlear (COH)
James Hardie Industries (JHX)
News Corporation (NCP)
Oamps (OMP)
Penfolds Boscombe (PPR)
Sonic Healthcare (SHL)
Westpac Banking Corporation (WBC)
Woodside Petroleum (WPL)

Investment Overview:
Equity markets performed well in 2003 as the global economy responded to unprecedented levels of monetary and fiscal stimulus. In response to these reflationary forces we witnessed a rotation out of defensive companies into the cyclical sectors of the market with resources in particular doing very well.

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We are now moving into a more mature phase of the liquidity driven rally that commenced in March of last year. Sector positioning will become less relevant going forward and stock selection will become the key driver of portfolio performance.

On this basis we are selectively purchasing companies we believe have the attributes that are consistent with our investment process; good companies that are well managed and can be purchased at attractive prices.

Bank of Queensland, James Hardie Industries, Sonic Healthcare and Woodside Petroleum certainly fulfill all our investment criteria and will become core positions in the fund.

These companies are well positioned in their industries and have successfully employed growth strategies that will create significant wealth for their shareholders.

While we feel the easy gains from owning companies with cyclical exposure have been made we are still quite optimistic about the outlook for resource companies. We expect commodities generally will be in tight supply for some time following years of under investment and strong demand out of Asia. Woodside and BHP are uniquely positioned as suppliers of choice in these market.

We also acquired a stake in Aberdeen Leaders Limited (ALR) at $0.96 per share, a listed investment company with an NTA of $1.09 with significant tax losses and franking credits. The investment is opportunistic given the significant discount and the focus of the portfolio on the ASX 50 leaders.

In addition to the positions taken in the ASX 100, we participated in a recent sell down in Penfolds Boscombe and purchased OAMPs, a well managed insurance broker.

The balance of the funds capital is invested in bank bills of varying durations. The manager is still committed to investing at least 50% of the fund’s capital in equities by June 2004.

Domestic Economy
The economy grew at 4% in the last quarter slightly ahead of its long run average driven by strong construction activity and private consumption.

Easy monetary conditions supported by surging house prices have resulted in consumption growing well ahead of household income for some time, pushing the household savings ratio to a record low (2.7%). Partly addressing this imbalance and the excesses in the housing sector, the RBA has raised interest rates by 50 basis points in the last 6 months.

Having elected not to increase rates again in March, the RBA seems content at this stage to hold rates given the clear impact on the housing market with January housing approvals down 22%, the worst reported since 1984.

The RBA will more than likely move rates up modestly through the balance of 2004 back to a neutral monetary stance. We are not expecting significant rate hikes from here.

Interim Reporting Season
Most Australian companies reported December interim results in February, cumulatively net profit was up just over 10%, slightly ahead of expectations. The strong performance of equities through February with the All Ordinaries Accumulation index up 2.6% reflects the strength of these results. The outlook commentary generally was positive providing further support for the market.

Domestic cyclicals particularly Transport, Building Materials and Media reported strong profit growth reflecting the underlying strength of the economy. Reported profits for Insurance companies and Diversified Financials were also well up on an uplift in premiums and improved equity market returns.

Companies that were exposed to the stronger currency generally struggled. Industrials translating overseas profits such as the wine stocks were a case in point. The mining companies were the exception where stronger commodity prices more than offset any currency impact. BHP in particular reported a very strong operational result.

Market Outlook
While the interim results were solid the market is anticipating a continuation of these strong results into the second half. With the full impact of the higher rates and the higher currency yet to be felt there maybe some risk to full year results.

Back in March of last year the market was clearly oversold. While stocks have risen significantly since then, valuations are still reasonable. If companies are able to deliver strong full year results the market should perform reasonably well through the balance of the year.

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