

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



WILSON LEADERS LIMITED (WLS) – JUNE 2004 **INVESTMENT UPDATE & NTA**

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.

The NTA at the close of the issue in February 2004 was \$0.98 per share.

As at 30 June 2004 the NTA before tax was 100.95 cents per share, and the NTA after tax was 100.12 cents per share.

The building of the equity portfolio has continued. As at 30th June, Wilson Leaders Limited had 79.4% of net assets invested in equities. The remainder being held in bank bills of varying duration and cash.

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.

SHARE BUY BACK

On the 13th May 2004 the board of Wilson Leaders Limited announced an on market share buyback, equivalent to 4,420,900 shares or approximately 10% of issued capital. The buyback will be in place for a 12-month period, beginning from 27th May 2004. The buyback was initiated at 90 cents per share, approximately a 10.8% discount to the current pre-tax NTA.

The board is focussed on maximising returns to shareholders and this will from time to time involve active capital management. The board views the introduction of an on market share buy back as being in line with this aim as it will add value to the remaining shares on issue and increase NTA per share.

As at close of the market on 30 June 2004, 520,000 shares had been bought back.

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MARKET OUTLOOK

The market moved up decisively in June in anticipation of a strong profit reporting season with companies due to release full year results in July and August. Investors have largely factored in strong results particularly for those sectors that have appreciated in recent months, most notably resources, domestic cyclicals, and insurance. We expect the banks will continue to struggle with weaker credit growth and ongoing margin pressure. The outlook commentary accompanying the results will be watched carefully and will set the tone for the market going forward.

Investors are looking for another strong year of profit growth in 2005 with corporate earnings expected to grow by at least 15%. While slightly weaker than the year just past, this is still well ahead of trend. Anything other than strong outlook comments from companies reporting will be seen as disappointing.

In June we increased the invested portion of the portfolio to 80% with 20% retained in cash and liquid securities. The portfolio is under-represented in banks and domestic cyclicals recognising the slowing credit trends and a softening domestic economy, the fund continues to be overweight resources.

The key risk for the market is if the economy slows more rapidly than anticipated or if the corporate profit share, currently at record levels comes under pressure as costs start to accelerate. Given valuations are still quite reasonable and profit momentum is strong our base case is for equities to appreciate modestly.

As at 30 June 2004 the equity portfolio gave exposure to:

COMPANY	
Aberdeen Leaders (ALR)	Kimberley Diamond Company (KIM)
Alinta Limited (ALN)	Macquarie Goodman Industrial Trust (MGI)
Ancor Limited (AMC)	Minara Resources Ltd (MRE)
APN News + Media Ltd (APN)	National Australia Bank (NAB)
APN News + Media Ltd Conv. Notes (APNG)	News Corp Ltd (NCP)
Austral Coal Ltd (AUO)	News Corp Ltd Prefs (NCPDP)
Arrow Pharmaceut. Ltd (AWP)	Onesteel Ltd (OST)
Australian Energy Limited (AEN)	Penfold Boscombe (PPR)
Australian Stock Exchange Ltd (ASX)	Photon Group Limited (PGA)
Austin Engineering Ltd (ANG)	Promina Group Ltd (PMN)
Australian Worldwide Exploration Ltd (AWE)	Reckon Limited (RKN)
Bank of Queensland (BOQ)	Record Investments Ltd (RCD)
BHP Billiton (BHP)	Reinsurance Aust. Corp. Ltd (RAC)
Credit Corp Ltd (CCP)	RIO TINTO Ltd (RIO)
CSL Limited (CSL)	Signature Brands Ltd (SIG)
Cygenics Ltd (CYN)	St George Bank Ltd(SGB)
Foster's Group Ltd (FGL)	Tabcorp Ltd (TAH)
HHG Ltd (HHG)	Telstra Corporation Ltd (TLS)
Homeleisure Ltd (HLD)	Virgin Blue Ltd (VBA)
IOOF Holdings Ltd (IFL)	Westpac Banking Corp (WBC)
Infochoice Ltd (ICH)	WMC Resources Ltd (WMR)
James Hardie Industries (JHX)	Woodside Petroleum (WPL)

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