

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



WILSON LEADERS LIMITED (WLS) – FEBRUARY 2005 INVESTMENT UPDATE & NTA

Wilson Leaders Limited (WLS) 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 28 February 2005:

NTA before tax	120.33c
NTA after tax and before tax on unrealised gains	117.40c
NTA after tax	114.41c

MARKET OUTLOOK

Economy

The 4th quarter GDP data was the weakest for some time. Underlying this weakness though was a strong domestic sector masked by very weak exports and a general drawdown of inventories. There are anecdotal signs of a softening in consumer spending also, with retail sales slowing in recent months. Coupled with a downturn in dwelling construction, domestic demand has clearly come of the frenetic pace of recent years.

While domestic demand is slowing we are encouraged with the outlook for both the export sector and for business investment. We appear to have moved into a new era of growth for commodities supported by demand from Asia, with China and India both advancing toward rapid industrialization. Growth in resource sales alone should add 2 % to GDP in the next few years. Higher prices have also lead to a 25% improvement in Australia's terms of trade in recent years, this a key measure of purchasing power. The multiplier effects of this significant boost to exports and purchasing power will be significant for the economy. Ultimately the benefit will flow through to stronger growth only if productivity and supply bottlenecks are overcome, this is emerging as a significant constraint on growth in the economy.

Markets

With a favourable outlook for the economy we would expect companies to report solid profit growth again in 2005. We have just completed the interim reporting season and again companies have surprised with the strength of reported results leading to further upgrades to full year profit expectations. The strong results were accompanied by further capital management initiatives with aggregate dividends paid out including special dividends and capital returns up appreciably.

While companies are continuing to deliver solid results, we need to be mindful of the mature phase of the economic cycle companies are operating in. Margins and returns for many industries are at record levels. This can be clearly seen in the corporate profit share, a measure of corporate profits as a percentage of national income, currently at a 20 year record high. It will be a challenge for companies to grow profits off such an inflated base. This is particularly so for industries like insurance, banking and domestic cyclicals where profitability is well ahead of trend.

Furthermore, given the robust growth of recent years we are starting to see bottlenecks emerge in the economy where insufficient investment has been made. This may lead to margin pressure in certain sectors struggling with higher costs and slower growth. In an environment of volatile factor costs and supply constraints good management will distinguish itself and weaker management will struggle to maintain margins.

While valuations generally on most traditional measures look reasonable, some segments of the market look overvalued.

There are some warning signs that suggest risk is not being appropriately valued in a number of asset classes. Volatility and risk spreads across a range of asset classes are at record lows. Cash boxes have re-emerged with no obvious investment mandate and excess liquidity continues to push prices higher.

While we are mindful of these risks, we believe the companies we are invested in should continue to deliver positive returns.

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 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 28 February 2005, 3,917,262 shares had been bought back.

DIVIDENDS

The directors of WLS have declared a fully franked interim dividend of 5.0 cents a share (a 2.0 cent interim dividend + 3.0 cent special). The record date will be the 20 April 2005, and the payment date will be the 29 April 2005. The shares are expected to go ex-dividend on 14 April 2005.

Option holders that exercise by 5pm Thursday 14 April 2005 will be entitled to receive the final dividend.

The portfolio is detailed on the following page.

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As at 28 February 2005 the equity portfolio gave exposure to:

	<u>Market Value \$</u>	<u>% of Portfolio</u>		<u>Market Value \$</u>	<u>% of Portfolio</u>
Energy			Health Care Equipment & Services		
Aust. Worldwide Exploration Ltd (AWE)	1,360,000	2.89%	Primary Health Care Ltd (PRY)	1,129,368	2.40%
Origin Energy Ltd (ORG)	865,000	1.84%	Resmed Inc (RMD)	964,600	2.05%
Origin Energy Ltd Rights (ORGR)	25,626	0.05%		2,093,968	4.45%
Sydney Gas Ltd (SGL)	712,500	1.51%	Food Beverage & Tobacco		
Woodside Petroleum Ltd (WPL)	1,960,200	4.16%	Lion Nathan Ltd (LNN)	1,432,600	3.04%
	4,923,326	10.45%		1,432,600	3.04%
Materials			Pharmaceuticals & Biotechnology		
BHP Billiton Ltd (BHP)	3,670,478	7.80%	Advanced Nano Tech Ltd (ADVNAV)	250,002	0.53%
Consolidated Minerals Ltd (CSM)	552,000	1.17%	Arrow Pharmaceuticals Ltd (AWP)	780,000	1.66%
James Hardie Industries (JHX)	1,459,260	3.10%	Medical Dev.Internat. Ltd (MVP)	423,000	0.90%
Newcrest Mining Ltd (NCM)	1,759,500	3.74%	Mesoblast Ltd (MSB)	396,000	0.84%
Nufarm Ltd (NUF)	1,050,460	2.22%		1,849,002	3.93%
Onesteel Ltd (OST)	1,380,000	2.93%	Banks		
Rio Tinto Ltd (RIO)	1,614,612	3.43%	ANZ Banking Group Ltd (ANZ)	961,650	2.04%
	11,486,310	24.39%	Westpac Banking Corp (WBC)	3,248,700	6.90%
Capital Goods				4,210,350	8.94%
Austin Engineering Ltd (ANG)	507,780	1.08%	Diversified Financials		
	507,780	1.08%	Babcock & Brown Ltd (BNB)	729,330	1.55%
			Babcock & Brown Ltd P/Paid (BCMCA)	8,960	0.02%
Transportation				738,290	1.57%
Patrick Corporation Ltd (PRK)	2,681,875	5.70%	Insurance		
	2,681,875	5.70%	Calliden Group Ltd (CIX)	1,247,745	2.65%
Automobiles & Components			Promina Group (PMN)	488,880	1.04%
Fleetwood Corporation Ltd (FWD)	875,000	1.86%		1,736,625	3.69%
	875,000	1.86%	Software & Services		
Commercial Services & Supplies			IT & E Ltd (ITE)	265,000	0.56%
Baxter Group (BAX)	592,000	1.25%	Reckon Ltd (RKN)	799,080	1.70%
Credit Corp Group Ltd (CCP)	1,170,827	2.49%		1,064,080	2.26%
McMillan Shakespeare Ltd (MMS)	632,026	1.34%	Technology Hardware & Equipment		
	2,394,853	5.08%	Redflex Holdings Ltd (RDF)	780,411	1.66%
Hotels, Restaurants & Leisure				780,411	1.66%
eBet Ltd (EBT)	1,013,955	2.15%	Media		
	1,013,955	2.15%	Infochoice Ltd (ICH)	210,680	0.45%
Telecommunication Services			News Corp Class B (NWS)	967,042	2.05%
Singapore Telecom. (SGT)	828,000	1.76%	Photon Group Ltd (PGA)	900,000	1.91%
	828,000	1.76%	Prime TV Ltd (PRT)	465,000	0.99%
Retail			Publishing & Broadcasting Ltd (PBL)	1,549,000	3.29%
Colorado Group Ltd (CDO)	1,136,003	2.41%		4,091,722	8.69%
Harvey Norman Holdings Ltd (HVN)	1,509,650	3.21%	Listed Domestic Property		
	2,645,653	5.62%	Westfield Group Ltd (WDC)	1,685,000	3.58%
				1,685,000	3.58%
			Corporate Debt		
			Primelife Corp C/Notes (PLFGB)	45,973	0.10%
				45,973	0.10%
			TOTAL PORTFOLIO VALUE	47,084,772	100.00%