

# WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



## **WILSON LEADERS LIMITED (WLS) – FEBRUARY 2006** **INVESTMENT UPDATE & NTA**

Wilson Leaders Limited (WLS) listed on the Australian Stock Exchange on the 10<sup>th</sup> February 2004 after raising \$44.2 million. Wilson Leaders is a Listed Investment Company that invests in a portfolio of Australia's leading public companies.

As at 28 February 2006:

NTA before tax	121.28c*
NTA after tax and before tax on unrealised gains	120.37c*
NTA after tax	115.86c*

\* Before the payment of an interim dividend of 3.0 cents a share fully franked, payable 28 April 2006.

### **PORTFOLIO REVIEW:**

The portfolio moved ahead again in February with equity markets supported by strong results from companies reporting interim results. Reported profit growth came in ahead of estimates at 22% for the 6 month period. Resource companies were the main contributor with profits increasing by more than 50% in the period reflecting the strength in commodity prices.

Industrial earnings were also stronger than expected up 5% for the period. The big surprise was the increase in dividends and capital management initiatives with companies continuing to pay out a higher portion of earnings.

Following the strong run up in resource stocks in January and February, we reduced our exposure to this sector which has benefited us as weaker metal markets and retracting bond yields has seen profit taking in this sector.

Recently we have deliberately avoided domestic cyclicals and focused the portfolio on International growth companies such as Aristocrat, Computershare, Newscorp and Billabong. These companies have all performed well in recent months and will be further supported by the weaker Australian Dollar.

A number of the smaller emerging growth stocks have contributed to performance with Credit Corp, ABC Learning Centres and ABB Grain all reporting excellent profit results.

Recognising that we are moving into a mature phase of the profit cycle, we have accumulated a number of short positions in a range of companies we believe are overvalued. The funds raised from selling these equities have been reinvested in the core holdings of the portfolio.

## **MARKET OUTLOOK**

Following a strong interim reporting season the market is factoring in solid full year profit growth for industrial companies in part reflecting a pick up in the domestic economy. As we move into April we would expect to see commentary emerge on the budget and the prospect of significant fiscal stimuli. With ongoing strength in employment markets and interest rates having peaked in the short term, we would expect to see some recovery in consumer spending as we move into the second half of the year. This is good news for domestic cyclicals such as retailers, media, builders and particularly smaller companies exposed to the domestic cycle.

As noted previously with the domestic market more or less fully valued local equities are likely to take their lead from international markets which still represent reasonable value and will move higher over the medium term.

## **DIVIDEND**

The interim dividend of 3.0 cents a share fully franked will be paid on 28 April 2006. The shares will trade ex dividend on 13 April 2006.

## **SHARE BUY BACK**

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.

A buy back of approximately 10% of the issued capital commenced on 29 June 2005. As at the close of the market on 28 February 2006, 4,297,574 shares had been bought back.

## **PORTFOLIO STRUCTURE**

Investment Type	As at 31 January 2006		As at 28 February 2006	
	\$m	% of net assets	\$m	% of net assets
Listed Securities	64.75	101.6%	69.98	108.5%
Fixed Interest and Cash	3.94	6.2%	2.01	3.1%
<b>Gross Assets</b>	<b>68.69</b>	<b>107.8%</b>	<b>71.99</b>	<b>111.7%</b>
Short positions	(4.95)	-7.8%	(7.52)	-11.7%
<b>Net Assets</b>	<b>63.73</b>	<b>100.0%</b>	<b>64.47</b>	<b>100.0%</b>

The listed securities portfolio is detailed on the following page.

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As at 28 February 2006 the equity portfolio gave exposure to:

	<b>Market Value \$</b>	<b>% of Portfolio</b>		<b>Market Value \$</b>	<b>% of Portfolio</b>
<b>Commercial Services &amp; Supplies</b>			<b>Healthcare Equipment &amp; Services</b>		
Baxter Group Ltd (BAX)	1,240,588	1.77%	AtCor Medical Ltd (ACG)	252,000	0.36%
Brambles Industries Ltd (BIL)	1,507,500	2.15%	Primary Health Care Ltd (PRY)	917,201	1.31%
Credit Corp Ltd (CCP)	1,508,009	2.15%		<b>1,169,201</b>	<b>1.67%</b>
	<b>4,256,096</b>	<b>6.08%</b>	<b>Banks</b>		
<b>Consumer Durables &amp; Apparel</b>			ANZ Banking Corp (ANZ)	5,012,828	7.16%
Billabong Int (BBG)	776,000	1.14%	St George Bank Ltd (SGB)	1,713,420	2.45%
	<b>776,000</b>	<b>1.14%</b>	Westpac Banking Corp (WBC)	3,447,981	4.93%
<b>Consumer Services</b>				<b>10,174,229</b>	<b>14.54%</b>
ABC Learning (ABS)	1,922,975	2.75%	<b>Diversified Financials</b>		
Aristocrat Leisure Ltd (ALL)	2,702,056	3.86%	Henderson Group (HGI)	1,116,000	1.59%
Tabcorp Ltd (TAH)	607,600	0.87%		<b>1,116,000</b>	<b>1.59%</b>
	<b>5,232,631</b>	<b>7.48%</b>	<b>Insurance</b>		
<b>Retail</b>			AMP Limited (AMP)	1,118,000	1.60%
Harvey Norman Holdings Ltd (HVN)	1,102,500	1.58%	OAMPS Ltd (OMP)	878,283	1.26%
	<b>1,102,500</b>	<b>1.58%</b>	Promina Group Ltd (PMN)	708,500	1.01%
<b>Transportation</b>			QBE Insurance Group Ltd (QBE)	1,449,000	2.07%
Patrick Corporation Ltd (PRK)	616,500	0.88%	Tower Limited (TWR)	1,260,600	1.80%
Babcock & Brown Entitlement	32,689	0.05%		<b>5,414,383</b>	<b>7.74%</b>
Babcock & Brown Stapled (BBI)	154,500	0.22%	<b>Software &amp; Services</b>		
Toll Holdings Ltd (TOL)	619,040	0.88%	Computershare Ltd (CPU)	1,252,450	1.79%
	<b>1,422,729</b>	<b>2.03%</b>	Reckon Ltd (RKN)	1,247,751	1.78%
<b>Media</b>				<b>2,500,201</b>	<b>3.57%</b>
Austar United (AUN)	1,116,500	1.60%			
News Corp Class B (NWS)	4,216,940	6.03%	<b>Real Estate</b>		
Publishing & Broadcasting Ltd (PBL)	2,130,000	3.04%	Lend Lease Corporation Ltd (LLC)	2,132,800	3.05%
Sth Cross Broadcast (Aust) Ltd (SBC)	1,209,000	1.73%		<b>2,132,800</b>	<b>3.05%</b>
	<b>8,672,440</b>	<b>12.39%</b>			
<b>Energy</b>			<b>Technology Hardware &amp; Equipment</b>		
Centennial Coal Co Ltd (CEY)	716,000	1.02%	Redflex Holdings (RDF)	278,780	
Oil Search Ltd (OSH)	1,965,600	2.81%		<b>278,780</b>	<b>0.40%</b>
Woodside Petrol (WPL)	672,134	0.96%	<b>Food &amp; Staples Retailing</b>		
	<b>3,353,734</b>	<b>4.79%</b>	ABB Grain Ltd (ABB)	1,132,994	1.62%
<b>Materials</b>			Coles Myer Ltd (CML)	785,600	1.12%
BHP Billiton (BHP)	2,880,173	4.12%	Metcash Limited (MTS)	881,400	1.26%
James Hardie Industries (JHX)	2,042,400	2.92%	Woolworths Limited (WOW)	1,168,400	1.67%
Newcrest Mining Ltd (NCM)	530,000	0.76%		<b>3,968,394</b>	<b>5.67%</b>
Orica Ltd (ORI)	1,034,550	1.48%	<b>Food Beverage &amp; Tobacco</b>		
Rio Tinto Ltd (RIO)	2,716,280	3.88%	Cocacola Amatil (CCL)	2,256,000	3.22%
Sims Group Ltd (SGM)	770,000	1.10%	Foster's Group Ltd (FGL)	1,196,800	1.71%
	<b>9,973,403</b>	<b>14.25%</b>	Select Harvests Ltd (SHV)	761,801	1.09%
<b>Pharmaceuticals &amp; Biotechnology</b>				<b>4,214,601</b>	<b>6.02%</b>
Mayne Pharma Ltd (MYP)	1,108,000	1.58%	<b>Listed Domestic Property</b>		
Sigma Pharmaceuticals Ltd (SIP)	1,869,000	2.67%	Westfield Group Ltd (WDC)	1,246,000	1.78%
	<b>2,977,000</b>	<b>4.25%</b>		<b>1,246,000</b>	<b>1.78%</b>
			<b>TOTAL PORTFOLIO VALUE</b>	<b>69,981,122</b>	<b>100.00%</b>

For further information please contact:  
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