

# WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



## WILSON LEADERS LIMITED (WLS) – MAY 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 31 May 2006:

NTA before tax	126.16c*
NTA after tax and before tax on unrealised gains	125.08c*
NTA after tax	119.43c*

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

### PORTFOLIO REVIEW

The portfolio held up very well in May in the face of aggressive profit taking across the market with the broader All Ords Accumulation Index down 4.34% during the period. The market was lead lower by profit taking in resource stocks with the large diversified miners down by close to 10% over the month. The fund had reduced its commodities exposure at the end of the first quarter.

The catalyst for the sell off in global equity markets was concerns about rising inflation in the US at a time when the economy is showing signs of slowing. The prospect of the central bank having to raise rates to keep inflation in check in a softening economic environment has pushed the market lower.

These inflation concerns have lead to a correction in infrastructure and utilities stocks which tend to be priced off bond yields. We have felt for some time that these companies generally were overvalued and at risk of a sell off in bonds. Wilson Leaders low exposure to these types of companies has helped the relative performance of the portfolio.

The other major contributor to the funds performance over the month was the funds significant investment in News Corporation (NWS). NWS reported a very strong 3<sup>rd</sup> quarter result and an aggressive capital management program early in the month. We have taken advantage of this opportunity to take profits in NWS.

## MARKET OUTLOOK

With the market having retraced by 10% from the high reached in early May we are starting to see value emerge again in a number of sectors. Given our highly favourable view of the longer term outlook for resource companies we have taken advantage of the recent correction to increase our weighting to BHP, RIO and WPL.

Having realised sizable profits on a number of our short positions in the last month we have wound down the short portfolio.

## DIVIDEND

The interim dividend of 3.0 cents a share fully franked was paid on 28 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.

On the 29 June 2005 a buy back of approximately 10% of the issued capital commenced. As at the close of the market on 13 June 2006, a total of 4,897,574 shares have been bought back for a total consideration of \$4,651,498.

## PORTFOLIO PERFORMANCE

<b>Gross Performance</b>	<b>1 month</b>	<b>3 month</b>	<b>6 month</b>	<b>Financial YTD</b>
Wilson Leaders Ltd	-1.4%	8.4%	16.8%	29.2%
All Ords Accum	-4.3%	2.7%	10.4%	21.9%
Relative Performance	3.0%	5.7%	6.4%	7.2%

## PORTFOLIO STRUCTURE

<b>Investment Type</b>	<b>As at 30 April 2006</b>		<b>As at 31 May 2006</b>	
	<b>\$m</b>	<b>% of net assets</b>	<b>\$m</b>	<b>% of net assets</b>
Listed Securities	86.33	125.5%	91.35	136.1%
Fixed Interest and Cash	2.31	3.4%	(9.24)	-13.8%
<b>Gross Assets</b>	<b>88.65</b>	<b>128.8%</b>	<b>82.11</b>	<b>122.4%</b>
Short positions	(19.84)	-28.8%	(15.01)	-22.4%
<b>Net Assets</b>	<b>68.80</b>	<b>100.0%</b>	<b>67.10</b>	<b>100.0%</b>

The listed securities portfolio is detailed on the following page.

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As at 31 May 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>		
Brambles Industries Ltd (BIL)	2,132,000	2.33%	AtCor Medical Ltd (ACG)	156,000	0.17%
Credit Corp Ltd (CCP)	2,943,683	3.22%	Primary Health Care Ltd (PRY)	1,772,889	1.94%
	<b>5,075,683</b>	<b>5.56%</b>		<b>1,928,889</b>	<b>2.11%</b>
<b>Consumer Durables &amp; Apparel</b>			<b>Banks</b>		
Billabong Int (BBG)	1,092,750	1.20%	ANZ Banking Corp (ANZ)	4,097,105	4.49%
	<b>1,092,750</b>	<b>1.20%</b>	St George Bank Ltd (SGB)	4,018,210	4.40%
<b>Consumer Services</b>			Westpac Banking Corp (WBC)	4,726,535	5.17%
ABC Learning (ABS)	3,695,794	4.05%		<b>12,841,850</b>	<b>14.06%</b>
Aristocrat Leisure Ltd (ALL)	1,667,261	1.83%	<b>Insurance</b>		
Tabcorp Ltd (TAH)	1,552,440	1.70%	AMP Limited (AMP)	875,000	0.96%
	<b>6,915,494</b>	<b>7.57%</b>	OAMPS Ltd (OMP)	828,095	0.91%
<b>Transportation</b>			Promina Group Ltd (PMN)	738,400	0.81%
Patrick Corporation Ltd (PRK)	795,600	0.87%	QBE Insurance Group Ltd (QBE)	1,499,400	1.64%
	<b>795,600</b>	<b>0.87%</b>	Tower Limited (TWR)	2,208,012	2.42%
<b>Media</b>				<b>6,148,907</b>	<b>6.73%</b>
Austar United (AUN)	312,921	0.34%	<b>Software &amp; Services</b>		
Fairfax (John) Holdings Ltd (FXJ)	2,057,000	2.25%	Computershare Ltd (CPU)	1,709,400	1.87%
News Corp Class B (NWS)	4,713,800	5.16%	Jumbuck Entertainment Ltd (JMB)	1,372,749	1.50%
Publishing & Broadcasting Ltd (PBL)	1,298,500	1.42%	Melbourne IT Ltd (MLB)	1,379,016	1.51%
Sth Cross Broadcasting (Aust) Ltd (SBC)	797,300	0.87%	Reckon Ltd (RKN)	2,058,930	2.25%
	<b>9,179,521</b>	<b>10.05%</b>	Redflex Holdings (RDF)	140,583	0.15%
<b>Energy</b>				<b>6,660,677</b>	<b>7.29%</b>
Beach Petroleum Ltd (BPT)	504,000	0.55%	<b>Food &amp; Staples Retailing</b>		
Centennial Coal Company Ltd (CEY)	82,750	0.09%	Coles Myer Ltd (CML)	1,250,700	1.37%
Oil Search Ltd (OSH)	2,557,800	2.80%	Metcash Limited (MTS)	3,260,400	3.57%
Woodside Petrol (WPL)	1,610,400	1.76%	Woolworths Limited (WOW)	1,181,100	1.29%
	<b>4,754,950</b>	<b>5.21%</b>		<b>5,692,200</b>	<b>6.23%</b>
<b>Materials</b>			<b>Food Beverage &amp; Tobacco</b>		
BHP Billiton (BHP)	6,180,171	6.77%	Cocacola Amatil (CCL)	1,260,000	1.38%
Incitec Pivot Ltd (IPL)	1,540,000	1.69%	Select Harvests Ltd (SHV)	708,212	0.78%
James Hardie Industries (JHX)	3,422,250	3.75%		<b>1,968,212</b>	<b>2.15%</b>
Rio Tinto Ltd (RIO)	5,400,615	5.91%	<b>Utilities</b>		
	<b>16,543,036</b>	<b>18.11%</b>	Australian Gas Light Company (AGL)	1,503,000	1.65%
<b>Pharmaceuticals &amp; Biotechnology</b>				<b>1,503,000</b>	<b>1.65%</b>
Mayne Pharma Ltd (MYP)	938,000	1.03%	<b>TOTAL PORTFOLIO VALUE</b>	<b>91,348,730</b>	<b>100.00%</b>
Pharmaxis Ltd (PXS)	300,060	0.33%			
Sigma Pharmaceuticals Ltd (SIP)	2,288,000	2.50%	<b>SHORT POSITIONS</b>	<b>(15,008,599)</b>	
	<b>3,526,060</b>	<b>3.86%</b>	Alumina Ltd (AWC)		
<b>Listed Domestic Property</b>			Aust Pharmaceuticals Industries (API)		
Macquarie Goodman Group (MGQ)	277,000	0.30%	Amcor Ltd (AMC)		
Westfield Group Ltd (WDC)	2,275,000	2.49%	Boral Ltd (BLD)		
	<b>2,552,000</b>	<b>2.79%</b>	Downer EDI Ltd (DOW)		
<b>Real Estate</b>			Fosters Group Ltd (FGL)		
Lend Lease Corporation Ltd (LLC)	2,772,000	3.03%	Harvey Norman Holdings Ltd (HVN)		
	<b>2,772,000</b>	<b>3.03%</b>	Leighton Holdings Ltd (LEI)		
<b>Diversified Financials</b>			Pacific Brands Ltd (PBG)		
Macquarie Bank Ltd (MBL)	639,900	0.70%	Paperlink Ltd (PPX)		
Henderson Group (HGI)	758,000	0.83%	Telstra Corporation Ltd (TLS)		
	<b>1,397,900</b>	<b>1.53%</b>	Wesfarmers Ltd (WES)		