

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



WILSON LEADERS LIMITED (WLS) – OCTOBER 2006 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 invests in a portfolio of Australia's leading public companies.

As at 31 October 2006:

| | |
|--|----------|
| NTA before tax | 131.43c* |
| NTA after tax and before tax on unrealised gains | 129.97c |
| NTA after tax | 123.57c |

The above figures are after the payment of a final dividend of 3.0 cents a share fully franked and a 2.0 cent special dividend fully franked, paid on 27 October 2006.

*This is after the payment of \$415,681 (0.73 cents a share) in tax.

MARKET OUTLOOK

Equity markets recovered strongly in October lead higher by international markets which have rallied on the back of strong 3rd quarter profit results in the US. International equities are still considered to be attractively priced and with companies delivering such strong profit growth, markets are likely to trend higher in the medium term. Given the strong run up in prices since May, we would expect to see some consolidation short term.

The portfolio has performed well this month with four of our key holdings bid for recently - Rinker Group Ltd, B Digital Ltd, DVC Group Ltd and Mayne Pharma Ltd. We also benefited in October from the underperformance of a number of our short positions.

Given the rally in recent months the market looks fairly valued and with earnings momentum slowing, equities are looking less attractive. However, international equities are still well supported both by valuation and earnings momentum. A further factor that should support equities in the medium term will be the strong money flows from ongoing corporate interest, both from financial and trade buyers. At this stage in the profit cycle companies are often overcapitalised and need to acquire earnings through acquisition. Together with ongoing superannuation flows into equities, these technical factors will provide ongoing support in the medium term.

DIVIDEND

The final dividend of 3.0 cents a share fully franked and a special 2.0 cents a share fully franked, will bring the 2006 full year dividend to 8.0 cents a share. The dividend was paid on 27 October 2006.

OPTIONS ISSUE

On 11th August 2006, the Directors of Wilson Leaders Limited announced a 1 for 2 bonus issue of options to its shareholders. The options were allotted to shareholders on 8th September 2006 and have been issued at no cost to shareholders. As at the 10th November 2006 3,935,499 ordinary shares have been allotted for a total consideration of \$4,250,339.

The Board is focused on creating shareholder value. The Board believes that this bonus option issue will promote this endeavour and will reward shareholders for their loyalty and support for the Company.

The options have an exercise price of \$1.08 per option and they will expire 31 October 2007.

PORTFOLIO PERFORMANCE

| Gross Performance | 1 month | 3 month | 6 month | Financial YTD |
|--------------------------|----------------|----------------|----------------|----------------------|
| Wilson Leaders Ltd | 7.93% | 14.94% | 11.39% | 11.50% |
| All Ords Accum | 4.80% | 9.48% | 5.07% | 7.83% |
| Relative Performance | 3.13% | 5.46% | 6.33% | 3.67% |

PORTFOLIO STRUCTURE

| Investment Type | As at 30 September 2006 | | As at 31 October 2006 | |
|-------------------------|--------------------------------|------------------------|------------------------------|------------------------|
| | \$m | % of net assets | \$m | % of net assets |
| Listed Securities | 104.05 | 151.3% | 107.81 | 143.4% |
| Fixed Interest and Cash | 0.02 | 0.0% | 1.53 | 2.0% |
| Gross Assets | 104.07 | 151.3% | 109.34 | 145.4% |
| Short positions | (35.30) | -51.3% | (34.16) | -45.4% |
| Net Assets | 68.77 | 100.0% | 75.18 | 100.0% |

The listed securities portfolio is detailed on the following page.

As at 31 October the equity portfolio gave exposure to:

| | <u>Market Value \$</u> | <u>% of Portfolio</u> | | <u>Market Value \$</u> | <u>% of Portfolio</u> |
|---|------------------------|-----------------------|-------------------------------------|------------------------|-----------------------|
| Commercial Services & Supplies | | | Banks | | |
| Brambles Industries Ltd (BIL) | 1,372,800 | 1.27% | ANZ Banking Corp (ANZ) | 11,903,496 | 11.04% |
| Credit Corp Ltd (CCP) | 2,735,014 | 2.54% | St George Bank Ltd (SGB) | 4,602,220 | 4.27% |
| McMillan Shakespeare Ltd (MMS) | 2,460,000 | 2.28% | Westpac Banking Corp (WBC) | 6,251,884 | 5.80% |
| | 6,567,814 | 6.09% | | 22,757,600 | 21.11% |
| Consumer Services | | | Insurance | | |
| ABC Learning (ABS) | 2,579,729 | 2.39% | AMP Limited (AMP) | 1,900,000 | 1.76% |
| Aristocrat Leisure Ltd (ALL) | 1,593,731 | 1.48% | QBE Insurance Group Ltd (QBE) | 2,964,000 | 2.75% |
| Tabcorp Ltd (TAH) | 1,930,500 | 1.79% | | 4,864,000 | 4.51% |
| | 6,103,960 | 5.66% | Software & Services | | |
| Transportation | | | Melbourne IT Ltd (MLB) | 2,151,826 | 2.00% |
| Toll Holdings Ltd (TOL) | 2,573,000 | 2.39% | Reckon Ltd (RKN) | 1,661,380 | 1.54% |
| | 2,573,000 | 2.39% | | 3,813,206 | 3.54% |
| Media | | | Food & Staples Retailing | | |
| News Corp Class B (NWS) | 2,097,900 | 1.95% | AWB Ltd (AWB) | 1,134,000 | 1.05% |
| Publishing & Broadcasting Ltd (PBL) | 1,744,200 | 1.62% | Metcash Limited (MTS) | 2,696,400 | 2.50% |
| | 3,842,100 | 3.56% | | 3,830,400 | 3.55% |
| Energy | | | Telecommunication Services | | |
| Oil Search Ltd (OSH) | 2,838,600 | 2.63% | B Digital Ltd (BBB) | 1,582,527 | 1.47% |
| Woodside Petrol (WPL) | 3,251,830 | 3.02% | Reverse Corp Ltd (REF) | 882,500 | 0.82% |
| | 6,090,430 | 5.65% | Singapore Telecomm Ltd (SGT) | 1,459,161 | 1.35% |
| Materials | | | Telecom Corporation of NZ Ltd (TEL) | 1,688,400 | 1.57% |
| BHP Billiton (BHP) | 7,468,446 | 6.93% | | 5,612,589 | 5.21% |
| Boral Ltd (BLD) | 1,017,800 | 0.94% | Utilities | | |
| Gunns Ltd (GNS) | 1,450,000 | 1.34% | AGL Energy Ltd (AGK) | 1,151,250 | 1.07% |
| Incitec Pivot Ltd (IPL) | 2,111,858 | 1.96% | | 1,151,250 | 1.07% |
| James Hardie Industries (JHX) | 2,085,550 | 1.93% | Food Beverage & Tobacco | | |
| Orica Ltd (ORI) | 1,022,280 | 0.95% | Cocacola Amatil (CCL) | 1,600,800 | 1.48% |
| Rinker Group Ltd (RIN) | 2,040,500 | 1.89% | Graincorp Ltd (GNC) | 2,146,110 | 1.99% |
| Rio Tinto Ltd (RIO) | 5,421,360 | 5.03% | Select Harvests Ltd (SHV) | 917,339 | 0.85% |
| | 22,617,793 | 20.98% | | 4,664,249 | 4.33% |
| Pharmaceuticals & Biotechnology | | | Retailing | | |
| Sigma Pharmaceuticals Ltd (SIP) | 2,580,774 | 2.39% | Harvey Norman Holdings Ltd (HVN) | 3,077,000 | 2.85% |
| | 2,580,774 | 2.39% | The Reject Shop (TRS) | 1,198,340 | 1.11% |
| Real Estate | | | | 4,275,340 | 3.97% |
| Lend Lease Corporation Ltd (LLC) | 2,610,200 | 2.42% | Listed Property Domestic | | |
| | 2,610,200 | 2.42% | Multiplex Group (MXG) | 1,104,000 | 1.02% |
| Diversified Financials | | | | 1,104,000 | 1.02% |
| Allco Finance Group Ltd (AFG) | 1,533,180 | 1.42% | | | |
| | 1,533,180 | 1.42% | | | |
| Healthcare Equipment & Services | | | TOTAL PORTFOLIO VALUE | 107,813,200 | 100.00% |
| AtCor Medical Ltd (ACG) | 126,000 | 0.12% | | | |
| Primary Health Care Ltd (PRY) | 232,815 | 0.22% | SHORT POSITIONS | (34,155,856) | |
| | 358,815 | 0.33% | | | |
| Health Care Equipment & Services | | | | | |
| ResMed Inc (RMD) | 862,500 | 0.80% | | | |
| | 862,500 | 0.80% | | | |