

# WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



## **WILSON LEADERS LIMITED (WLS) – DECEMBER 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 December 2006:

NTA before tax	138.53c*
NTA after tax and before tax on unrealised gains	135.42c*
NTA after tax	128.87c*

\* 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.

### **MARKET OUTLOOK**

Australia equities finished the year strongly with the market up 3.7% in December and 24.2% for the calendar year. The best performing sectors were utilities, telecom and property trusts as investors reduced risk. With the fund under represented in these sectors the portfolio underperformed the broader market in December. We continue to believe these sectors are fully valued. Corporate transactions continued to dominate events with a consortium of investors bidding for Qantas and several deals announced in the insurance sector. The frenetic activity has continued into the New Year with 2 sizeable transactions announced in the utilities sector. Corporate interest, along with private equity and superannuation flows, continue to support equity markets. This is unlikely to change in the medium term. As we move into the New Year the focus will shift to the upcoming interim results to be reported in February. We would expect companies to report results broadly in line with expectations. If this proves to be the case Australian equities should deliver modest gains in the 1<sup>st</sup> half of the calendar year 2007.

### **DIVIDEND**

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

## OPTIONS ISSUE

On 11<sup>th</sup> 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 8<sup>th</sup> September 2006 and have been issued at no cost to shareholders. As at the 12<sup>th</sup> January 2007 3,948,367 ordinary shares have been allotted for a total consideration of \$4,264,236.

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 can be exercised any time up to the expiry date being 31 October 2007.

## 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	2.6%	14.1%	17.9%	17.9%
All Ords Accum	3.6%	11.3%	14.5%	14.5%
Relative Performance	-1.0%	2.9%	3.4%	3.4%

## PORTFOLIO STRUCTURE

<b>Investment Type</b>	<b>As at 30 November 2006</b>		<b>As at 31 December 2006</b>	
	<b>\$m</b>	<b>% of net assets</b>	<b>\$m</b>	<b>% of net assets</b>
Listed Securities	109.57	141.6%	121.39	151.7%
Fixed Interest and Cash	1.63	2.1%	2.48	3.1%
<b>Gross Assets</b>	<b>111.20</b>	<b>143.7%</b>	<b>123.87</b>	<b>154.8%</b>
Short positions	(33.80)	-43.7%	(43.85)	-54.8%
<b>Net Assets</b>	<b>77.39</b>	<b>100.0%</b>	<b>80.02</b>	<b>100.0%</b>

The listed securities portfolio is detailed on the following page.

LEVEL ELEVEN  
139 MACQUARIE ST  
SYDNEY NSW 2000  
TEL (02) 9247 6755  
FAX (02) 9247 6855

As at 31 December the equity portfolio gave exposure to:

	<u>Market Value</u> \$	<u>% of</u> <u>Portfolio</u>		<u>Market Value</u> \$	<u>% of</u> <u>Portfolio</u>
<b>Energy</b>			<b>Consumer Discretionary</b>		
Oil Search Ltd (OSH)	2,780,500	2.29%	ABC Learning (ABS)	3,493,720	2.88%
Woodside Petrol (WPL)	3,300,326	2.72%	Amalgamated Holdings Ltd (AHD)	1,226,008	1.01%
	<b>6,080,826</b>	<b>5.01%</b>	Aristocrat Leisure Ltd (ALL)	1,342,119	1.11%
<b>Materials</b>			APN News & Media Ltd (APN)	1,815,000	1.50%
Bendigo Mining Ltd (BDG)	429,000	0.35%	Harvey Norman Holdings Ltd (HVN)	2,280,000	1.88%
BHP Billiton (BHP)	6,926,381	5.71%	News Corp Class B (NWS)	2,105,300	1.73%
Consolidated Minerals Ltd (CSM)	2,712,500	2.23%	Publishing & Broadcasting Ltd (PBL)	1,494,500	1.23%
Incitec Pivot Ltd (IPL)	2,138,131	1.76%	RR Australia Ltd (RRA)	775,000	0.64%
James Hardie Industries (JHX)	3,988,150	3.29%	Village Roadshow Ltd (VRL)	158,000	0.13%
			Village Roadshow Ltd Prefs (VRLPA)	1,524,574	1.26%
Onesteel Ltd (OST)	936,000	0.77%		<b>16,214,220</b>	<b>13.36%</b>
Rinker Group Ltd (RIN)	1,985,500	1.64%	<b>Health Care</b>		
Rio Tinto Ltd (RIO)	4,394,845	3.62%	Primary Health Care Ltd (PRY)	242,858	0.20%
Timbercorp Ltd (TIM)	2,100,000	1.73%	Sonic Healthcare Ltd (SHL)	1,339,200	1.10%
	<b>25,610,507</b>	<b>21.10%</b>	Sigma Pharmaceuticals Ltd (SIP)	4,186,897	3.45%
<b>Industrials</b>				<b>5,768,955</b>	<b>4.75%</b>
Brambles Ltd (BXB)	2,052,800	1.69%	<b>Financials</b>		
McMillan Shakespeare Ltd (MMS)	3,883,862	3.20%	Allco Finance Group Ltd (AFG)	93,402	0.08%
SAI Global Ltd (SAI)	3,850,000	3.17%	ANZ Banking Corp (ANZ)	12,409,579	10.22%
	<b>9,786,662</b>	<b>8.06%</b>	AXA Asia Pacific Holdings Ltd (AXA)	2,405,700	1.98%
<b>Consumer Staples</b>			Cadence Capital Ltd (CDM)	1,004,310	0.83%
Graincorp Ltd (GNC)	2,608,218	2.15%	Credit Corp Ltd (CCP)	3,398,342	2.80%
Metcash Limited (MTS)	2,942,100	2.42%	Multiplex Group (MXG)	1,838,616	1.51%
Select Harvests Ltd (SHV)	2,815,090	2.32%	QBE Insurance Group Ltd (QBE)	2,596,500	2.14%
	<b>8,365,408</b>	<b>6.89%</b>	St George Bank Ltd (SGB)	5,676,000	4.68%
<b>Telecommunication Services</b>			Westpac Banking Corp (WBC)	6,327,585	5.21%
Reverse Corp Ltd (REF)	950,000	0.78%		<b>35,750,035</b>	<b>29.45%</b>
Singapore Telecomm Ltd (SGT)	1,262,525	1.04%	<b>Information Technology</b>		
Telecom Corporation of NZ Ltd (TEL)	1,806,000	1.49%	E-Pay Asia Ltd (EPY)	1,060,000	0.87%
Total Comm Infrastructure Ltd (TCI)	2,174,248	1.79%	Melbourne IT Ltd (MLB)	2,359,497	1.94%
	<b>6,192,772</b>	<b>5.10%</b>	Reckon Ltd (RKN)	1,694,608	1.40%
<b>Utilities</b>				<b>5,114,104</b>	<b>4.21%</b>
AGL Energy Ltd (AGK)	2,507,900	2.07%	<b>Information Technology</b>		
	<b>2,507,900</b>	<b>2.07%</b>	E-Pay Asia Ltd (EPY)	1,060,000	0.87%
			<b>TOTAL PORTFOLIO VALUE</b>	<b>121,391,390</b>	<b>100.00%</b>
			<b>SHORT POSITIONS</b>	<b>(43,845,466)</b>	