

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970



WILSON LEADERS LIMITED (WLS) – FEBRUARY 2007 **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 28 February 2007:

NTA before tax	139.36c*
NTA after tax and before tax on unrealised gains	136.12c
NTA after tax	130.32c

The above figures are undiluted for unexercised options and after the exercise of 394,154 options at \$1.08 each. The above figures are also before the payment of an interim dividend of 4.0 cents a share fully franked, payable on the 27 April 2007.

*This is after the payment of \$652,335 (1.14 cents a share) in tax.

MARKET OUTLOOK

Equity markets moved higher again in February as investors responded to strong profit growth from companies reporting their interim results. On balance the results were in line with expectations and the outlook commentary was encouraging. Robust cash flows coupled with strong balance sheets has encouraged many companies to return capital to shareholders. A raft of capital management initiatives lead by BHP Billiton's \$10 billion buy back will add further to the earnings outlook (EPS accretive) and provide further liquidity support for the market.

Companies have done particularly well to contain costs in spite of capacity constraints and a tight labour market. The larger companies in particular are demonstrating pricing power by taking advantage of concentrated market positions. Smaller companies operating in more competitive markets on the other hand have struggled to protect margins. By the end of the reporting season, profit expectations for the full year and into next year were looking well supported by the guidance provided and equities had moved higher accordingly.

The portfolio delivered a disappointing return in February for two reasons. By far and away the main reason for the underperformance was the substantial correction in the value of Timbercorp (TIM) and Select Harvest (SHV). This followed a tax department ruling removing the upfront deductibility of establishment fees for investors in MIS schemes. While this is very disappointing, we believe the ruling will more than likely be overturned in the Federal Court and given the strong annuity income generated from established schemes we have retained our investment in these companies. A second reason for the underperformance was the appreciation in a number of short positions due to corporate activity, namely in Coles Ltd

and Pacific Brands Group Ltd (PBG). This is particularly frustrating as both companies reported very disappointing results supporting our case for shorting these securities.

The correction in the market in March along with increased volatility in global markets is best seen as an inevitable correction with markets having run to hard early in the year. If we look at the US market as a guide, valuations are now below historic averages and equities continue to look cheap versus over asset classes. While the US economy is clearly slowing, it is slowing at a manageable rate and recession looks unlikely. US companies continue to report strong profit growth and an inverted yield curve would suggest lower interest rates in the future. This is a supportive environment for equities which should rise in the medium term in the absence of a sharp economic contraction. While the Australian market still looks a little expensive even after the pull back in early March, the fundamentals are encouraging given the strength of recent reported results along with solid guidance. Further liquidity injected into the market from capital management initiatives, private equity and M&A, along with ongoing superannuation flows and the future fund in combination should see the market well supported here.

DIVIDEND

On the 7th February the Directors declared an interim dividend of 4.0 cents a share fully franked payable on the 27 April 2007. The shares will trade ex dividend on 16 April 2007.

Option holders who exercise their options by the 13 April 2007 will receive the interim dividend of 4.0 cents a share.

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 13th March 2007 4,631,667 ordinary shares have been allotted for a total consideration of \$5,002,815.29.

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

Gross Performance	1 month	3 month	6 month	Financial YTD
Wilson Leaders Ltd	-2.2%	3.8%	17.7%	19.4%
All Ords Accum	1.6%	7.4%	16.8%	18.7%
Relative Performance	-3.8%	-3.6%	0.9%	0.7%

PORTFOLIO STRUCTURE

Investment Type	As at 31 January 2007		As at 28 February 2007	
	\$m	% of net assets	\$m	% of net assets
Listed Securities	128.31	155.1%	116.23	144.2%
Fixed interest and Cash	-2.41	-2.9%	-2.26	-2.8%
Gross Assets	125.90	152.2%	113.97	141.4%
Short positions	-43.16	-52.2%	-33.39	-41.4%
Net Assets	82.74	100.0%	80.58	100.0%

The listed securities portfolio is detailed on the following page.

As at 28 February the equity portfolio gave exposure to:

	Market Value \$	% of Portfolio		Market Value \$	% of Portfolio
Energy			Consumer Discretionary		
Oil Search Ltd (OSH)	2,584,200	2.22%	ABC Learning (ABS)	2,297,686	1.98%
Woodside Petrol (WPL)	2,295,216	1.97%	Aristocrat Leisure Ltd (ALL)	840,000	0.72%
	4,879,416	4.19%	Billabong International Limited (BBG)	1,372,000	1.18%
Materials			Harvey Norman Holdings Ltd (HVN)	1,000,500	0.86%
Alumina Limited (AWC)	2,022,000	1.74%	News Corp Class B (NWS)	4,002,580	3.44%
BHP Billiton (BHP)	9,869,080	8.49%	Publishing & Broadcasting Ltd (PBL)	961,500	0.83%
Consolidated Minerals Ltd (CSM)	1,150,000	0.99%	RR Australia Ltd (RRA)	1,490,000	1.28%
James Hardie Industries (JHX)	2,998,800	2.58%	Village Roadshow Ltd Prefs (VRLPA)	1,662,277	1.43%
Onesteel Ltd (OST)	1,405,600	1.21%		13,626,543	11.72%
Sims Group Limited (SGM)	1,540,000	1.32%	Health Care		
Rio Tinto Ltd (RIO)	5,378,940	4.63%	Australian Pharmaceutical Industries Ltd (API)	1,188,000	1.02%
Timbercorp Ltd (TIM)	1,462,650	1.26%	Sonic Healthcare Ltd (SHL)	1,265,400	1.09%
Zinifex Limited (ZFX)	1,514,832	1.30%	Sigma Pharmaceuticals Ltd (SIP)	3,458,741	2.98%
	27,341,902	23.52%		5,912,141	5.09%
Industrials			Financials		
Brambles Ltd (BXB)	2,121,600	1.83%	ANZ Banking Corp (ANZ)	10,545,070	9.07%
McMillan Shakespeare Ltd (MMS)	2,782,676	2.39%	AMP Limited (AMP)	2,062,000	1.77%
Service Stream Limited (SSM)	2,218,620	1.91%	Commonwealth Bank Of Australia (CBA)	2,997,600	2.58%
SAI Global Ltd (SAI)	1,760,786	1.51%	Cadence Capital Ltd (CDM)	1,086,207	0.93%
Walter Diversified Services (WDS)	1,555,122	1.34%	Credit Corp Ltd (CCP)	3,307,502	2.85%
	10,438,804	8.98%	Henderson Group PLC (HGI)	2,640,000	2.27%
Consumer Staples			QBE Insurance Group Ltd (QBE)	3,520,000	3.03%
Woolworths Limited (WOW)	2,720,000	2.34%	St George Bank Ltd (SGB)	3,866,354	3.33%
Metcash Limited (MTS)	2,961,000	2.55%	Westpac Banking Corp (WBC)	5,373,053	4.63%
Select Harvests Ltd (SHV)	3,035,445	2.61%	IWL Limited (IWL)	377,272	0.32%
	8,716,445	7.50%		35,775,059	30.78%
Telecommunication Services			Information Technology		
Reverse Corp Ltd (REF)	1,200,000	1.03%	E-Pay Asia Ltd (EPY)	740,775	0.64%
SP Telemedia Limited (SOT)	389,111	0.34%	Melbourne IT Ltd (MLB)	1,493,874	1.29%
Telecom Corporation of NZ Ltd (TEL)	1,814,400	1.56%	Reckon Ltd (RKN)	1,810,904	1.56%
	3,403,511	2.93%		4,045,553	3.48%
Utilities					
AGL Energy Limited (AGK)	641,200	0.55%	TOTAL PORTFOLIO VALUE	116,234,074	100%
AGL Energy Limited (Placement) (AGK)	1,453,500	1.25%			
	2,094,700	1.80%	SHORT POSITIONS	-33,392,925	