

WILSON LEADERS LIMITED
A.B.N. 64 106 845 970



WILSON LEADERS LIMITED (WLS) – AUGUST 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 31 August 2007

| | |
|--|---------|
| NTA before tax | 144.65c |
| NTA after tax and before tax on unrealised gains | 142.50c |
| NTA after tax | 136.76c |

The above figures are before the payment of the final dividend of 6.0 cents a share fully franked, payable on the 16 November 2007.

Month in Review

Overview

The recent volatility has presented some wonderful opportunities to demonstrate the strengths of this fund. Back in July when we were struggling to find value, we had a significant cash weighting and were very active in short selling expensive securities. As the market pulled back we invested the cash by closing a number of short positions as these shares fell in value (taking profits).

As value started to emerge with the market correcting by more than 10% by mid-August, we were active in buying cheaper industrials, particularly those with international operations which were worth a lot more with the Australian dollar having fallen by 10% in a short space of time.

The fund was 110% invested by the middle of the month when the market bottomed having employed \$10 million of finance. This portfolio adjustment process, actively managing both sides of the balance sheet is a natural consequence of shifts in valuation and the cost of funding.

Major Events

Debt market turmoil tipped over into equity markets through the early part of August with the market eventually finding a bottom mid way through the month as the Federal Reserve stepped in and cut the discount rate. Central Banks the world over were active in repurchase operations injecting liquidity into debts markets which had all but dried up.

Reporting season wrap

Most Australian companies have reported their 30 June results in the last 6 weeks. There were few surprises, with solid earnings growth of 15% for these companies in aggregate. While in the last couple of reporting periods companies have tended to

deliver better than expected results, some of the pressures of a fully employed economy were more evident in this latest set of results. With a strong Australian dollar and ongoing cost pressure persisting, the outlook commentary was a little more guarded than usual. The outlook for the 2008 year is for corporate earnings to grow by 10% supported by a strong economy (Non farm GDP grew by 5.2% annualised in the June quarter)

Equity Markets

Investment banks, second tier miners and smaller companies were sold off aggressively early in the month on a wall of selling with the market finishing down 10% from its high a month earlier. By the end of the month following central bank intervention the market had fully recovered.

Portfolio Attribution

Outperformance came more or less evenly from both short (1.26%) and long positions (1.2%) and the balance from cash. Our bank holdings outperformed with Westpac doing particularly well, NewsCorp, a company that reports in US dollars did well benefiting from the weaker Australian dollar which fell sharply over the month. We built a large position in Brambles following weakness in the company's shares after a market update back in June, only to see BXB shares appreciate sharply in early August as Toll Holdings and Asciano Group appeared as significant shareholders on the companies register. We added to our position in QBE Insurance ahead of a stunning result which saw the company's shares increase by 20% after the announcement.

On the short side of the ledger we were very early in seeing the risks in RAM Home Loans and did well shorting this. Pacific Brands and Energy Developments all fell by more than 10% contributing to performance.

Portfolio Changes

With the turbulence in financial markets still to play out fully we believe OECD growth will be revised downward in the next 6 months. On this basis with BHP reaching an all time high following its strong result we have sold the balance of our holding. We retain substantial positions in Alumina and Rio Tinto which offer better value. We would expect resource companies to struggle in the medium term as growth prospects in the US are reviewed following the credit crisis which the market seems to have quickly forgotten about.

Valuation

We adopt a range of valuation methods in valuing each of the ASX 100 listed companies in addition to all other portfolio holdings. Target prices are derived based on fair value for each investment and expected returns are evaluated for individual investments, the portfolio and the broader market.

Our modelling is indicating the market has quickly moved back to fair value. The portfolio is undervalued by 10% and borrowed securities are overvalued by 20% based on target prices.**

If invested and borrowed securities were to reach our target prices, shareholders funds would increase by more than 20% indicating significant value in the current portfolio.

**** (Price targets are indicative only and are not forecasts of expected returns)**

Outlook

The markets has recovered quickly from the sharp correction earlier in the month, we believe this will be short lived and shares will likely track sideways for some time as the sustainability of US growth is once again brought into question.

DIVIDEND

The final dividend declared for the 2007 year is 4.0 cents a share fully franked and a special dividend of 2.0 cents a share fully franked, payable on 16 November 2007. The shares will trade ex dividend on 5 November 2007.

The dividend re-investment plan will be operating at no discount. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 5 November 2007.

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. The options have an exercise price of \$1.08 per option and can be exercised any time up until the expiry date of 31 October 2007.

As at the 13th September 8,094,900 options have been exercised for a total consideration of \$8,742,492 with a remaining balance of outstanding options being 18,058,713.

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.

PORTFOLIO PERFORMANCE

| Gross Performance | 1 month | 3 month | 6 month | Financial YTD |
|--------------------------|----------------|----------------|----------------|----------------------|
| Wilson Leaders Ltd | 4.9% | 6.1% | 14.7% | 3.8% |
| All Ords Accum | 1.7% | -0.3% | 9.5% | (0.3)% |
| Relative Performance | 3.2% | 6.4% | 5.2% | 4.1% |

PORTFOLIO STRUCTURE

| Investment Type | As at 31 July 2007 | | As at 31 August 2007 | |
|-------------------------|---------------------------|------------------------|-----------------------------|------------------------|
| | \$m | % of net assets | \$m | % of net assets |
| Listed Securities | 118.32 | 133.7% | 121.82 | 132.5% |
| Fixed interest and Cash | -2.57 | -2.9% | 8.93 | 9.7% |
| Gross Assets | 115.75 | 130.8% | 130.75 | 142.2% |
| Short positions | -27.23 | -30.8% | -38.82 | -42.2% |
| Net Assets | 88.52 | 100.0% | 91.93 | 100.0% |

The listed securities portfolio is detailed on the following page.

As at 31 August 2007 the equity portfolio gave exposure to:

| | | | | | | |
|----------------------------------|-------------------|---------------|--|------------------------------------|---------------------|---------------|
| Consumer Discretionary | | | | Health Care | | |
| Amalgamated Holdings Ltd | 1,393,256 | 1.14% | | Primary Health Care Limited | 975,896 | 0.80% |
| Aristocrat Leisure Ltd | 3,602,382 | 2.96% | | Pharmaxis Limited | 3,252,382 | 2.67% |
| Austar United Communications Ltd | 2,292,200 | 1.88% | | | 4,228,278 | 3.47% |
| Billabong International Limited | 1,902,000 | 1.56% | | Industrials | | |
| News Corporation Inc | 7,230,045 | 5.94% | | Service Stream Limited | 1,224,054 | 1.00% |
| Publishing And Broadcasting Ltd | 3,046,400 | 2.50% | | NRW Holdings Limited | 300,000 | 0.25% |
| Seven Network Limited | 1,957,140 | 1.61% | | | 1,524,054 | 1.25% |
| Ten Network Holdings Ltd | 1,310,000 | 1.08% | | Information Technology | | |
| | 28,031,666 | 23.02% | | Computershare Limited | 3,090,000 | 2.54% |
| Consumer Staples | | | | IInet Limited | 2,254,928 | 1.85% |
| Foster's Group Limited | 1,896,000 | 1.56% | | Melbourne It Limited | 1,318,598 | 1.08% |
| Metcash Limited | 4,902,800 | 4.02% | | Reckon Limited | 1,236,933 | 1.02% |
| Select Harvests Limited | 2,378,381 | 1.95% | | | 7,900,459 | 6.49% |
| | 9,177,181 | 7.53% | | Materials | | |
| Energy | | | | Alumina Limited | 5,413,200 | 4.44% |
| Babcock And Brown Power Ltd | 2,030,000 | 1.67% | | Gunns Limited | 2,275,000 | 1.87% |
| Oil Search Limited | 4,710,400 | 3.87% | | James Hardie Industries NV | 1,620,000 | 1.33% |
| | 6,740,400 | 5.54% | | Rio Tinto Limited | 4,215,040 | 3.46% |
| Financials | | | | | 13,523,240 | 11.09% |
| AMP Limited | 1,052,000 | 0.86% | | Telecommunication Services | | |
| ANZ Banking Group Limited | 4,490,551 | 3.69% | | Pipe Networks Limited | 940,847 | 0.77% |
| Australian Wealth Management Ltd | 2,184,400 | 1.79% | | Telecom Corporation Of New Zealand | 4,416,000 | 3.63% |
| Babcock & Brown Limited | 1,585,220 | 1.30% | | Telstra Corporation Ltd T3 | 1,740,000 | 1.43% |
| Credit Corp Group Limited | 1,013,846 | 0.83% | | | 7,096,847 | 5.83% |
| Cadence Capital Limited | 948,276 | 0.78% | | Utilities | | |
| Henderson Group Plc | 2,960,000 | 2.43% | | AGL Energy Limited | 3,850,000 | 3.16% |
| Macquarie Bank Ltd | 1,612,600 | 1.32% | | | 3,850,000 | 3.16% |
| National Australia Bank Limited | 8,706,920 | 7.16% | | | | |
| QBE Insurance Group Limited | 5,924,500 | 4.86% | | TOTAL PORTFOLIO VALUE | 121,817,899 | 100% |
| Westpac Banking Corporation | 4,244,261 | 3.48% | | SHORT POSITIONS | (38,820,514) | |
| Westfield Group | 5,023,200 | 4.12% | | | | |
| | 39,745,774 | 32.62% | | | | |