



Wealth Defender Equities Limited
ACN 602 517 528

ASX Release: Wealth Defender Equities Limited

Wealth Defender Equities Limited announces 31 December 2017 Half-Year results

26 February 2018

Result

Wealth Defender Equities Limited (**ASX: WDE**) today released its half-year report for the period ended 31 December 2017.

Over the first half, the portfolio return before tax was a positive 8.0% compared to the ASX 300 Accumulation Index return of 8.6%. This result is after all expenses of the Company have been deducted and assuming the reinvestment of dividends.

Wealth Defender Equities Limited (**the Company**) reported an after tax profit of \$1,467,524 for the period.

The Directors consider that the pre-tax Net Tangible Assets (**NTA**), after fees and expenses, combined with the flow of dividends, is a better measure of the performance of the Company. For the 6 months to 31 December 2017, the Company's pre-tax NTA increased from \$0.92 per share to \$0.98 per share. In addition, the Company paid a 1 cent per share fully franked dividend in September 2017.

The increase in NTA per share primarily reflects the appreciation in the value of the Company's long term equity investments.

Dividend

On 25 January 2018 WDE declared a fully franked interim dividend of 2 cents per share for the six month period ending 31 December 2017. The dividend is payable on 20 April 2018.

Capital Management

On 25 January 2018, WDE also announced its intention to undertake an on market share buy-back of up to 12,629,838 ordinary shares as part of a capital management plan over the next 12 months. The Company announced that the earliest date for the commencement of the buy-back would be Tuesday, 27 February 2018, however the Board has since determined that it would not consider the purchase of any shares under the buy-back until Monday, 28 May 2018. The Board of WDE is committed to actively managing the Company's capital and believes that the buy-back provides the opportunity to repurchase shares at attractive valuations. The shares will only be bought back if the WDE share price trades at a material



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discount to its underlying net asset value.

WDE has appointed Baillieu Holst to act on behalf of the Company in relation to the share buy-back process.

Message from the Chairman

Fellow Shareholders,

The Board is pleased to announce that the Company has experienced solid investment returns over the past six months. The underlying share portfolio delivered a strong return for the period, whilst at all times the portfolio was protected in the event of a significant sharp market fall. Over the first half the pre-tax NTA increased by 8.0%, and the WDE share price increased by 12.5%.

The equity portfolio returned 10.0% for the period, outperforming the ASX 300 Accumulation Index by 1.4%. This performance was aided by an increased contribution from the small cap stocks. The decision taken in December 2016 to increase the allocation to small cap stocks has proved successful. The cost of protection for the period was 1.1%, and this was down against the previous corresponding period of 2.8%.

The combination of strong investment performance, coupled with a reduction in the cost of providing protection over the period, allowed the Company to declare an interim fully franked dividend of 2 cents per share for the half year. The Company's objective remains to continue to pay a regular, consistent stream of dividends from available profits and cash flow in line with the performance of the Company.

Investment Outlook

The global economic backdrop continues to improve, led by the US, with the major regions generating synchronised growth on the back of a recovery in the global trade cycle. This is translating into positive earnings growth for equities globally and has seen solid performances from the major market indices over the past 12 months.

The domestic economy, while somewhat lagging offshore markets, continues to show signs of improvement, with a broadening of activity from the residential construction sector seeing increasing private capex and infrastructure investment. Further, the strong global demand environment has seen a rally in commodity prices which has been very positive for the resources sector, where earnings have staged a dramatic recovery. This is now translating into increased investment, which is also positive for the domestic economy.

At the same time, the prospect of a staged withdrawal of monetary stimulus by the global

The logo for Wealth Defender Equities features the company name in white, bold, sans-serif font on a dark purple rectangular background. To the right of the text is a white, curved graphic element that resembles a stylized 'S' or a protective shield.

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central banks and an increase in inflation, has seen bond yields rise, particularly in the US. This increase in interest rates is to be expected as economic growth accelerates, and should in our Manager's view not significantly restrain activity levels in the real economy.

Despite this positive economic outlook, the movement in interest rates has introduced a level of volatility back into markets which have been extremely calm in recent times. We expect elevated levels of volatility to continue as markets become more "normal" after a prolonged period of very low interest rates. In the event that this more volatile environment leads to significant market falls, we believe investors will appreciate the value of having protection strategies in place to manage downside risk in the portfolio.

In this environment, investor complacency and over-paying for perceived growth or defensiveness could prove particularly risky. As such, the Manager will continue to avoid expensive growth stocks and interest-rate sensitive "bond-proxy" stocks.

As always, the Manager's focus remains on investing in quality companies, underpinned by strong balance sheets and offering attractive valuations. The overall portfolio continues to exhibit the Manager's true-to-label value characteristics, offering better value than the overall market on each of their four valuation characteristics: price to earnings, price to free cash flow, gross dividend yield and price to net tangible assets.

Thank you for your continuing support of our Company.

Mr Alan Schoenheimer
Chairman

For more information visit the Company's website at www.wealthdefenderequities.com.au