



Wealth Defender Equities Limited
ACN 602 517 528

ASX Release: Wealth Defender Equities Limited

Wealth Defender Equities Limited (ASX: WDE) announces first full year Financial Reports.

25 August 2016

Today, ASX listed Investment Company, Wealth Defender Equities Limited (ASX: WDE) announced its Result Summary to 30 June 2016.

Profit, Dividend and Net Tangible Assets

Profit for the year to 30 June 2016 was \$1,655,758 after tax at 30 June 2016, up from the maiden after tax profit of \$724,994 for the period ended 30 June 2015.

Subsequent to year end, the Company has declared a final fully franked dividend of 2.0 cents per share. This brought the total dividends paid in the Company's first full year of trading to 3.0 cents per share.

The net tangible assets (NTA) per share before tax was 0.861 cents per share, down from 0.947 cents per share at 30 June 2015.

On this basis, our return for the year (movement in pre-tax NAV allowing for dividends) was -8.0% compared to the benchmark return of +0.9%.

Portfolio Performance

2015-16 was a tough year for Australian share-market investors generally and "value" investors in particular. Whilst the Company profit for the year to 30 June 2016 was \$1,655,758, the investment portfolio return was disappointing with the Company's equity portfolio underperforming the market coupled with the cost of portfolio insurance higher than our budget.

Our Manager, Perennial Value Management's value style of investing faced significant headwinds with this investment style not rewarded in 2015-16. Some of the key positive drivers for the Australian market in 2015-16 were the "defensive" sectors such as Utilities, Healthcare and REITS. Our Manager found stocks in these sectors very expensive and as a result, the Company's portfolio was underweight. Meanwhile, our portfolio exposure to blue chip mining stocks and banks detracted from our returns. The banks still delivered strong dividend flows to the Company allowing us to declare the two dividends we have.

The logo for Wealth Defender Equities features the company name in white text on a dark purple rectangular background. To the right of the text is a stylized white and grey graphic element resembling a curved shape or a partial circle.

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Whilst the protection portfolio performed in down markets, the cost of -2.4% over the period was above our expectations. 2015-16 was a difficult market for the Company in that overall market performance was almost flat for the year but quite volatile – movements of up to 8% in some months being partially or completely reversed in the next month. This combination is probably the worst set of circumstances for a dynamic hedging strategy and we saw this reflected in the overall cost of the program this year

We are disappointed with this result, however, Perennial Value, as a value manager, has demonstrated an ability to add value through stock selection over the medium and long term. We are confident that their value investing approach will deliver over a market cycle.

Perennial Value retains a consistent focus on investing in quality companies, with strong balance sheets, which are offering attractive valuations and, therefore, an appropriate margin for safety and, at the same time, carrying a cost-efficient level of overall market protection sufficient to reduce the magnitude of significant negative returns during sharp equity market falls.

Final Dividend Timetable

- Ex-Dividend date Friday 9 September 2016
- Record date Monday 12 September 2016
- DRP Record / Election date Tuesday 13 September 2016
- DRP pricing calculation period Tuesday 13-Monday 19 September.
- Payment date Friday 30 September 2016.

Annual General Meeting

The Annual General Meeting for Wealth Defender Equities Limited will be held at 1pm in Sydney on the 9th of November at DEXUS Place, Level 5, 1 Margaret Street, Sydney. The Notice of Meeting will be sent to shareholders on 7 October 2016.

Mr Alan Schoenheimer
Chairman

For more information visit the company website at www.wealthdefenderequities.com.au