



Prospectus

Offer of up to 140,000,000 fully paid ordinary shares
in WAM Microcap Limited, at an Offer price of \$1.10
per Share, to raise up to \$154,000,000

Wilson
Asset Management

Joint Lead Managers



WAM Microcap Limited
ACN 617 838 418

Important information: This Prospectus contains important information for you as a prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Important notices

This document (**Prospectus**) is dated 5 May 2017 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is issued by WAM Microcap Limited (ACN 617 838 418) (**Company**) and is an invitation to apply for a minimum of 15,000,000 **Shares** and up to 140,000,000 Shares at an Application Price of \$1.10 per Share to raise up to \$154,000,000. This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

ASX listing

The Company will apply within seven days after the date of this Prospectus for admission to the official list of the ASX and for the Shares to be quoted on the ASX.

The fact the ASX may admit the Company to the official list and quote the Shares is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Minimum Subscription has been received and the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company.

If permission is not granted for the Shares to be quoted before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of seven days after the date of this Prospectus, which period may be extended by ASIC by a further period of seven days (**Exposure Period**).

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and Taylor Collison Limited, the holder of an AFSL (**Authorised Intermediary**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The Joint Lead Managers will manage the Offer on behalf of the Company. The Joint Lead Managers are Taylor Collison Limited and Morgans Financial Limited. The Joint Lead Managers' and the Authorised Intermediary's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor.

Neither of the Joint Lead Managers guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither of the Joint Lead Managers is responsible for, or has caused the issue of, this Prospectus.

Investment decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in the Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 5. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward looking statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results or events to differ materially from the expectations described in such forward looking statements.

While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Information about the Investment Manager

This Prospectus contains certain information about MAM Pty Limited (ACN 100 276 542) (**Investment Manager**) and Wilson Asset Management (International) Pty Limited (**WAMI**) (together, **Wilson Asset Management**), their senior executives and businesses. It also contains details of Wilson Asset Management's investment approach, strategy and philosophy.

To the extent that the Prospectus includes statements by the Investment Manager, WAMI or Wilson Asset Management or includes statements based on any statement of, or information provided by, the Investment Manager, WAMI or Wilson Asset Management, the Investment Manager and WAMI consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from www.wilsonassetmanagement.com.au/lic/wam-microcap. The Offer to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send a paper copy of the Prospectus and Application Form free of charge if requested before the Closing Date.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by copies of the Application Form. The Shares to which the Electronic Prospectus relates will only be issued on receipt of a completed Application Form that has accompanied the Prospectus.

Online application

Applicants can apply online for shares under the Offer at www.wilsonassetmanagement.com.au/lic/wam-microcap and pay their Application Price by BPAY.

Print application

You can only make an Application for Shares under the Offer by completing and submitting an Application Form.

You can find detailed instructions on completing an Application Form on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum of 2,000 Shares at \$1.10 per Share (i.e. for a minimum subscription amount of \$2,200). A larger number of Shares may be applied for in multiples of 100 Shares.

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

By mail

WAM Microcap Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand delivered

WAM Microcap Limited
c/- Boardroom Pty Limited
Level 12, 225 George St
Sydney NSW 2000

Application Monies

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "WAM Microcap Limited" and crossed "Not Negotiable". No stamp duty or brokerage is payable by Applicants.

When to apply

Completed Applications and Application Monies under the Offer must be received by 5.00pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

Defined terms

Defined terms, abbreviations and interpretations included in the text of this Prospectus are set out in Section 11.

Highlights of the Offer

Important dates

Lodgement of Prospectus with ASIC	5 May 2017
Expected expiry of the Exposure Period	12 May 2017
Offer expected to open	15 May 2017
WAM Priority Allocation expected to close	5.00pm, 5 June 2017
Broker Firm Offer expected to close	5.00pm, 9 June 2017
General Offer expected to close	5.00pm, 14 June 2017
Offer expected to close	5.00pm, 14 June 2017
Expected date of allotment / date of dispatch of holding statements	23 June 2017
Shares expected to commence trading on the ASX	28 June 2017

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications.

Key Offer statistics

Company	WAM Microcap Limited ACN 617 838 418
Proposed ASX code	WMI
Shares offered	Fully paid ordinary Shares
Minimum number of Shares available under the Offer	15,000,000 Shares
Minimum proceeds from the Offer	\$16,500,000
Maximum number of Shares available under the Offer	140,000,000 Shares
Maximum proceeds from the Offer	\$154,000,000
Application Price per Share	\$1.10
Pro-forma Net Asset Value (NAV) backing per Share if the Minimum Subscription amount is raised (based on pro-forma balance sheet set out in Section 6.2)	\$1.083
Pro-forma NAV backing per Share if the Maximum Subscription amount is raised (based on pro-forma balance sheet set out in Section 6.2)	\$1.092

Enquiries

For more information or additional copies of the Prospectus:

Wilson Asset Management
T (02) 9247 6755
E info@wilsonassetmanagement.com.au

For questions about the application process:

Boardroom Pty Limited
T (within Australia) 1300 737 760
T (outside Australia) +61 2 9290 9600

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Corporate Directory

Directors

Geoff Wilson
Jacqueline Sullivan
Kate Thorley
Chris Stott

Company Secretary

Linda Vo

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000
T (02) 9247 6755
F (02) 9247 6855

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T (02) 9290 9600
F (02) 9279 0664

Investigating Accountant

Pitcher Partners Sydney
Corporate Finance Pty Limited
Level 22, 19 Martin Place
Sydney NSW 2000
T (02) 8236 7700
F (02) 9233 4636

Solicitors to the Offer

Kardos Scanlan
Level 5, 151 Castlereagh Street
Sydney NSW 2000
T (02) 9146 5290
F (02) 9146 5299

Joint Lead Managers

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
T (08) 8217 3900
F (08) 8410 4078

Morgans Financial Limited
Level 29, 123 Eagle Street
Brisbane QLD 4000
T (07) 3334 4864
F (07) 3931 0593

Authorised Intermediary

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
T (08) 8217 3900
F (08) 8410 4078



Dear Investor,

On behalf of the Board of Directors, I am pleased to present this Prospectus and offer you the opportunity to become a Shareholder in WAM Microcap Limited (**Company**).

The Company aims to provide Shareholders risk-adjusted returns derived from a portfolio of undervalued growth companies listed on the ASX with a market capitalisation of less than \$300 million at the time of acquisition using Wilson Asset Management's research-driven and market-driven investment processes.

The Company is seeking to raise up to \$154 million through the issue of up to 140 million Shares under the Offer. The Company will be listed on the ASX under the code WMI.

The Offer

The issue price under the Offer is \$1.10 per Share. The Offer is made up of the WAM Priority Allocation (detailed in Section 2.2), the Broker Firm Offer (detailed in Section 2.3) and the General Offer (detailed in Section 2.4). Up to 110 million Shares of the 140 million total Shares on offer have been set aside for WAM Capital, WAM Research, WAM Active and WAM Leaders shareholders, details are set out within Section 2.2. The Offer is expected to open on 15 May 2017 and close at 5.00pm (Sydney time) on 14 June 2017.

The opportunity

The Company, a listed investment company (**LIC**), will provide investors access to:

- a highly experienced and active Investment Manager with expertise across the Australian equity market;
- Wilson Asset Management's absolute bias¹, bottom-up², benchmark unaware³, fundamental investment methodology;
- research-driven and market-driven investment processes;
- a LIC focused on investing in listed entities with a market capitalisation of less than \$300 million at the time of acquisition;
- the LIC structure, which provides investors with a closed pool of capital, strong corporate governance and the ability to pay fully franked dividends; and
- a Board of Directors and Investment Manager with significant experience and expertise in funds management, Australian listed equities and corporate governance.

Investment principles

The Company's investment principles are to:

- Focus on Micro-cap companies;
- Invest in undervalued growth companies;
- Utilise a portfolio based and index unaware investment methodology; and
- Preserve shareholders' capital.

Investment objectives

The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.⁴

¹ **Absolute bias** aims to produce a positive return over time, regardless of the prevailing market conditions.

² **Bottom-up** describes an investment strategy that entails a thorough review of each potential investment and assumes that individual entities can do well even in an industry that is not performing very well.

³ **Index (benchmark) unaware** describes an investment strategy based only on the manager's conviction without reference to a particular benchmark or index.

⁴ This is not intended to be a forecast. It is merely an indication of what the Company aims to achieve over the medium-to-long term.

Key risks

You are encouraged to read the Prospectus carefully as it contains detailed information about the Company and the Offer. Like all investments, an investment in the Company carries risk. The performance of the Company will be dependent on our ability to deliver on the investment objectives. As the Company will predominantly invest in listed securities, the Company will always be subject to market risk as the market price of these listed securities can fluctuate.

It is particularly important for potential investors to review carefully the risks associated with an investment in the Company. These are detailed in Section 5.

About the Investment Manager and Wilson Asset Management

The Investment Manager allows the Company to benefit from Wilson Asset Management's experienced investment team.

Wilson Asset Management's investment team has almost 100 years' collective experience in the Australian equities market. In addition, the Wilson Asset Management investment team has:

- a proprietary research rating process;
- an intensive investee company meeting schedule (1,500+ meetings each year);
- a total focus on managing money;
- a broad coverage of various industry sectors;
- an extensive network of contacts to provide insights, intelligence and opportunities to the investment team; and
- a flat management structure informed by the team's collective experience.

Our rigorous Investment Strategy

The Company will implement its Investment Strategy utilising Wilson Asset Management's two investment processes:

1. The research-driven investment process involves extensive research focusing on free cash flow, return on equity and the quality of the potential investee company. Each potential investment is rated with respect to management, earnings growth potential, valuation and industry position. Using this process, Wilson Asset Management will only select a security for investment by the Company once it can identify a catalyst or an event that it expects will change the market's valuation of that security. See Section 3.4(a) for further details.

2. The market-driven investment process takes advantage of short-term relative arbitrages and mispricings in the Australian equity market. This part of the Company's investment Portfolio will be actively traded. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructurings), arbitrage opportunities, including LIC discount and relative value arbitrages, Short Selling and trading market themes and trends. See Section 3.4(b) for further details.

Benefits of the LIC structure

The LIC structure can provide a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment principles. Importantly, the LIC structure can allow the opportunity to pay shareholders fully franked dividends over time. As a listed entity, a LIC must comply with rigorous corporate governance principles, providing investors with transparency and accountability.

Engagement with Shareholders

Wilson Asset Management takes an active approach to engaging and communicating with shareholders. Regular communications include weekly email updates, monthly investment updates and NTA announcements, yearly and half yearly profit announcements and educational and insightful articles. Wilson Asset Management also conducts well attended semi-annual shareholder briefings, with presentations held in Sydney, Melbourne, Adelaide, Brisbane, Perth and Canberra. The investment and management team greatly values the opportunity to meet with shareholders at these semi-annual events. Access to all relevant information about the Company, such as independent research reports, will be available on www.wilsonassetmanagement.com.au

Welcome to Shareholders

I believe WAM Microcap presents investors with an excellent opportunity to access a Portfolio of small and Micro-cap companies selected by a proven investment team. I am personally investing \$1.1 million in the Company.

On behalf of the Board of Directors, I look forward to welcoming you as a Shareholder of the Company.



Geoff Wilson
Chairman, WAM Microcap Limited



1) Offer summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

A. Key investment highlights

Question	Answer	More information
What are the key highlights of the Offer?	<p>The Company aims to provide Shareholders with exposure to undervalued growth companies listed on the ASX with a market capitalisation of less than \$300 million at the time of acquisition using Wilson Asset Management's research-driven and market-driven investment processes.</p> <p>Taking up this Offer will provide Shareholders with access to:</p> <ul style="list-style-type: none">(a) a highly experienced and active Investment Manager with expertise across the Australian equity market;(b) Wilson Asset Management's absolute bias, bottom-up, benchmark unaware, fundamental investment methodology;(c) research-driven and market-driven investment processes;(d) a LIC focused on investing in listed entities with a market capitalisation of less than \$300 million at the time of acquisition;(e) the LIC structure, which provides investors with a closed pool of capital, strong corporate governance and the ability to pay fully franked dividends; and(f) a Board of Directors and Investment Manager with significant experience and expertise in funds management, Australian listed equities and corporate governance.	<i>See Section 3</i>
What is the business model of the Company?	<p>The Company is a newly incorporated company that has not conducted business to date. Upon completion of the Offer, the Company will be a LIC.</p> <p>The Company will provide investors access to:</p> <ul style="list-style-type: none">(a) an actively managed Portfolio, predominately comprised of ASX listed entities;(b) a LIC focused on investing in entities with a market capitalisation less than \$300 million at the time of acquisition; and(c) the investment management expertise of Wilson Asset Management. <p>The Company's Portfolio will be constructed by the Investment Manager using the Wilson Asset Management's absolute bias, bottom-up, benchmark unaware, fundamental investment methodology with the flexibility to hold cash if investment opportunities are not identified within the investment process.</p>	<i>See Sections 3, 4 and 9.1</i>
What are the investment objectives?	<p>The Company's investment objectives are to:</p> <ul style="list-style-type: none">(a) deliver a stream of fully franked dividends;(b) provide capital growth over the medium-to-long term; and(c) preserve capital.	<i>See Section 3.2</i>

1) Offer summary

Question	Answer	More information
Will the Company pay dividends?	<p>One of the Company's stated investment objectives is to deliver a stream of fully franked dividends to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practices to do so.</p> <p>This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.</p> <p>The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 10.4.</p>	See Sections 3.7 and 10.4

B. Key information about the Company's Portfolio and the Investment Strategy

Question	Answer	More information
What is the Company's investment strategy?	<p>The Company aims to provide Shareholders with exposure to undervalued growth companies identified using Wilson Asset Management's research-driven and market-driven investment processes. The Company will target listed entities with a market capitalisation of less than \$300 million at the time of acquisition.</p> <p>The Investment Manager will actively manage the Portfolio, using Wilson Asset Management's research-driven and market-driven investment processes.</p> <p>The research-driven investment process involves extensive research, focusing on free cash flow, return on equity and the quality of the potential investee company. Each company is rated with respect to management, earnings growth potential, valuation and industry position.</p> <p>The market-driven investment process takes advantage of short-term relative arbitrages and mispricings in the Australian equity market.</p> <p>See Section 3 for further details about the research-driven and market-driven investment processes.</p>	See Section 3.4
What are the key risks associated with the business model and the Offer?	<p>An investment in the Company is subject to a variety of risks. The key risks identified by the Company include:</p> <p>(a) Market risk: Share markets tend to move in cycles, and individual security prices may fluctuate and underperform other asset classes over extended periods of time. The value of listed securities may rise or fall depending on a range of factors beyond the control of the Company. Although the Investment Manager will seek to manage market risk, unexpected market conditions could have a negative impact on the value of the Portfolio or the return of the Company's investments. Shareholders in the Company are exposed to this risk both through their holding in Shares as well as through the Company's Portfolio.</p> <p>(b) Investment Strategy risk: The success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. If the Investment Manager fails to do so, the Company may not perform well. There are risks inherent in the Investment Strategy that the Investment Manager will employ for the Company.</p>	<i>Investors should read these risks together with the other risks described in Section 5</i>



Question	Answer	More information
(continued)	<p>(c) Investment Manager's performance risk: The past performance of portfolios managed by the Investment Manager, and persons associated with the Investment Manager, are not necessarily a guide to future performance of the Company. The success and profitability of the Company depends almost entirely on the ability of the Investment Manager to construct a Portfolio of investments, exposed to well managed businesses that have the ability to increase in value over time. The Investment Management Agreement is expected to have an initial term of 10 years. Even if the Company does not perform well, it may be difficult to remove the Investment Manager.</p> <p>(d) Economic risk: The Company's Portfolio will be exposed to economic risks that may have a negative impact on the value of the Portfolio or the return of the Company's investments.</p> <p>The value of the Portfolio may be impacted by numerous economic factors. The factors include changes in economic conditions (e.g. changes in interest rates or economic growth), legislative and political environment, as well as changes in investor sentiment.</p> <p>In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on the Company or securities within the Company's Portfolio. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the price of the Company's Securities.</p> <p>(e) Financial volatility: A fall in domestic or global equity markets, or bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the value of the Portfolio (for example if the price of securities within the Portfolio decreases and the Investment Manager is required to sell investments at a loss). This may also have a negative effect on the price at which the Company's Shares trade.</p> <p>(f) Concentration risk: There may be more volatility in the Portfolio as compared to the S&P/ASX Small Accumulation Index because the Portfolio will be comprised of a smaller number of securities than the broader market Index.</p> <p>(g) Short Selling risk: There are inherent risks associated with short selling. Short Selling involves borrowing securities which are then sold. If the price of the securities falls then the Company can buy those securities at a lower price to transfer back to the lender of the securities. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio and exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.</p>	<p><i>Investors should read these risks together with the other risks described in Section 5</i></p>

1) Offer summary

Question	Answer	More information
<i>(continued)</i>	<p>(h) Compensation for fee structure risk: The Investment Manager will receive compensation based on the Portfolio's performance. The performance fee may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance.</p> <p>A more detailed list and explanation of risks associated with an investment in the Company are set out in Section 5. Investors should consider all risks before investing in the Company.</p>	<i>Investors should read these risks together with the other risks described in Section 5</i>
How will the Portfolio be constructed?	The Portfolio will be constructed by the Investment Manager in accordance with the Investment Strategy, investment guidelines and parameters as agreed with the Company from time-to-time.	<i>See Sections 3 and 3.6</i>
Can the Company hold cash?	<p>Yes, the Portfolio can include a cash component at any given time.</p> <p>The Company will invest only when the Investment Manager can identify appropriate investment opportunities and the Company will hold cash when opportunities are not identified by the Investment Manager. There is no limitation to the level of cash held in the Portfolio.</p>	<i>See Section 3.3</i>
Will the Company participate in Short Selling?	<p>Short Selling may be undertaken by the Company as part of the Investment Strategy to benefit from falling security prices. The Company is expected to engage in Short Selling by borrowing Securities and providing stock or cash collateral.</p> <p>Short Selling can magnify gains in the Portfolio, but can also magnify losses. To manage this risk, the Company has adopted the Short Selling policy in Section 3.9.</p>	<i>See Sections 3.9 and 5.3</i>
Will the Portfolio be leveraged?	No. The Investment Manager will not use leverage in the form of borrowings.	
What is the investment term?	<p>The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth over the medium-to-long term and to preserve capital.</p> <p>For this reason investors are strongly advised to regard any investment in the Company as a medium-to-long term proposition (more than five years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.</p>	<i>See Section 5.6</i>

C. Key information about the Company and Investment Manager

Question	Answer	More information
Who are the Company's Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Geoff Wilson (Non-independent Chairman) • Jacqueline Sullivan (Independent Director) • Kate Thorley (Non-independent Director) • Chris Stott (Non-independent Director) <p>See Section 8.2 for further details regarding the background of the Directors.</p>	<i>See Section 8</i>



Question	Answer	More information
What is the financial position of the Company?	<p>The Company has no performance history as it is yet to commence trading.</p> <p>Pro-forma statements of financial position are set out in Section 6.2.</p>	<i>See Section 6.2</i>
Who will manage the Portfolio?	<p>The Investment Manager forms part of Wilson Asset Management, a boutique fund manager established in 1997. Wilson Asset Management is comprised of the Investment Manager and WAMI. The Investment Manager was established in 2002. The Investment Manager holds an Australian Financial Services Licence (AFSL) 223231.</p> <p>Wilson Asset Management is led by the Company's Chairman, Geoff Wilson. Wilson Asset Management manages approximately \$2 billion (as at 31 March 2017) on behalf of retail and wholesale investors across four LICs and one wholesale unit trust.</p> <p>The Investment Manager and WAMI employ the same investment team (Wilson Asset Management Investment Team) to manage their respective portfolios (see Section 4.6 for further details of the team's experience and expertise).</p> <p>The Wilson Asset Management Investment Team will dedicate its time to the management of the Company and WAM entities. Geoff Wilson and Chris Stott will oversee the Portfolio dedicating between 10% to 30% of their time to the Company. Martin Hickson, Tobias Yao and Oscar Oberg will dedicate between 20% to 50% of their time to the Portfolio. Other members of the Wilson Asset Management Investment Team will dedicate such time as required to the Company.</p>	<i>See Section 4</i>
Does the Board approve investments?	<p>Board approval is not required for investments undertaken by the Investment Manager that are in accordance with the Company's investment objectives, Investment Strategy, guidelines and permitted investments agreed from time-to-time (initially being those summarised in this Prospectus). Any investments that the Investment Manager proposes outside of these parameters must be approved by the Board.</p>	<i>See Section 9.1</i>
Will any related party have a significant interest in the Company or in connection with the Offer?	<p>All Directors will be remunerated for their services. The annual salary of each Director (inclusive of superannuation) is summarised in Section 8.8. In addition to their annual salary, Directors are entitled to be reimbursed for certain costs and expenses.</p> <p>Currently, Chairman Geoff Wilson holds the sole Share on issue in the Company.</p> <p>Geoff Wilson is the sole director and indirect owner of 100% of the ordinary shares in the Investment Manager. As the indirect owner of the ordinary shares in the Investment Manager, Geoff Wilson will benefit from any fees paid to MAM in accordance with the Investment Management Agreement.</p> <p>Chris Stott and Kate Thorley are executives of WAMI and will benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement.</p>	<i>See Sections 8.8, 8.9, and 8.11</i>

1) Offer summary

Question	Answer	More information								
(continued)	<p>Directors or entities related to them may apply for Shares under this Offer.</p> <p>The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus. At completion of the Offer, the Directors are expected to have a Relevant Interest in the following numbers of Shares respectively:</p> <table><tr><td>Geoff Wilson:</td><td>1,000,001 Shares</td></tr><tr><td>Jacqueline Sullivan:</td><td>Nil</td></tr><tr><td>Kate Thorley:</td><td>200,000 Shares</td></tr><tr><td>Chris Stott:</td><td>500,000 Shares</td></tr></table> <p>Other than as set out above and elsewhere in this Prospectus there are no other existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.</p>	Geoff Wilson:	1,000,001 Shares	Jacqueline Sullivan:	Nil	Kate Thorley:	200,000 Shares	Chris Stott:	500,000 Shares	<p>See Sections 8.8, 8.9, and 8.11</p>
Geoff Wilson:	1,000,001 Shares									
Jacqueline Sullivan:	Nil									
Kate Thorley:	200,000 Shares									
Chris Stott:	500,000 Shares									
What are the key terms of the Investment Management Agreement?	<p>The Investment Management Agreement has an initial term of five years (or as extended for periods of five years at the end of the initial term and each subsequent term thereafter).</p> <p>The Company will apply to the ASX for a waiver to allow this initial term period of 10 years. If the ASX refuses the waiver application, the initial term of the Investment Management Agreement will be five years.</p> <p>The Investment Manager will be responsible for managing the Portfolio in accordance with the strategy set out in Section 4 (as amended from time-to-time by the Company).</p>	<p>See Sections 9.1</p>								
What fees will the Investment Manager receive?	<p>In return for the performance of its duties the Investment Manager would be entitled to be paid a monthly Management Fee equal to approximately 0.0833334% per month or 1% per annum (plus GST) of the Value of the Portfolio (calculated on the last business day of each month and paid at the end of each month in arrears). As a worked example, assuming an initial Portfolio value of \$154,000,000 at 1 July 2017, and nil performance return on the Portfolio each month, the aggregate Management Fee payable on the Portfolio value for the period 1 July 2017 to 30 June 2018 would be approximately \$1,540,000 (plus GST) or 1% of the Value of the Portfolio for the period.</p> <p>The Management Fee is to be paid to the Investment Manager regardless of the performance of the Company. Management Fees would increase if the Portfolio value increases, and decreases if the Portfolio value decreases, over the period.</p> <p>In addition to the monthly Management Fee, the Investment Manager is entitled to be paid a Performance Fee of 20% (plus GST) of the Portfolio's outperformance of the S&P/ASX Small Ordinaries Accumulation Index or in circumstances where the S&P/ASX Small Ordinaries Accumulation Index return is negative, the absolute performance of the Portfolio.</p> <p>The calculation of both the Management and Performance Fees are explained in full in section 9.1.</p>	<p>See Section 9.1</p>								



Question	Answer	More information
(continued)	<p>As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$154,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period 15% higher than at the beginning of \$177,100,000:</p> <p>(a) If the S&P/ASX Small Ordinaries Accumulation Index return is 10% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$7,700,000; and</p> <p>(b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$1,540,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the benchmark.</p> <p>As a worked example, assuming a Performance Calculation Period of 1 July 2018 to 30 June 2019, an initial Value of the Portfolio of \$177,100,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% higher than at the beginning of \$185,955,000:</p> <p>(a) If the S&P/ASX Small Ordinaries Accumulation Index return is 10% per annum for the Performance Calculation Period, there would be an aggregate underperformance of \$8,855,000; and</p> <p>(b) In this instance, there would be no performance fee payable for the Performance Calculation Period as the Portfolio has underperformed the benchmark.</p> <p>As a worked example, assuming a Performance Calculation Period of 1 July 2019 to 30 June 2020, an initial Value of the Portfolio of \$185,955,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 15% higher than at the beginning of \$213,848,250:</p> <p>(a) If the S&P/ASX Small Ordinaries Accumulation Index return is 5% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$18,595,500; and</p> <p>(b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$3,719,100 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the benchmark.</p> <p>As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$154,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that has not changed in value from the beginning being \$154,000,000:</p> <p>(a) If the S&P/ASX Small Ordinaries Accumulation Index return is negative 10% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$15,400,000; and</p> <p>(b) In this instance, although there has been outperformance against the benchmark, there would be no performance fee payable to the Investment Manager for the Performance Calculation Period as a performance fee is only payable on positive performance of the Portfolio.</p>	<p>See Section 9.1</p>

1) Offer summary

D. About the Offer

Question	Answer	More information
Who is the issuer of the Shares under this Prospectus?	The issuer is WAM Microcap Limited (ACN 617 838 418).	See Section 2
What is the Offer?	The Company is offering for subscription fully paid Shares at an Application Price of \$1.10 to raise a minimum of \$16,500,000 (Minimum Subscription) and up to \$154,000,000 (Maximum Subscription). The Offer is made up of the WAM Priority Allocation, the Broker Firm Offer and the General Offer.	See Section 2.1
What is the purpose of the Offer?	The money raised under the Offer will be used by the Company for investments consistent with the Investment Strategy and objectives (refer Section 3 for details) and paying the costs of the Offer, including obtaining a listing on the ASX.	See Section 3
Is there a Minimum Subscription?	Yes. For the Offer to proceed, valid Applications for no less than 15,000,000 Shares must be received by the Company.	See Section 2.5
Is the Offer underwritten?	The Offer is not underwritten.	See Section 2.6
Is there a cooling off period?	There is no cooling off period.	
Who can participate in the WAM Priority Allocation?	The WAM Priority Allocation is open to shareholders of one or more of WAM Capital Limited, WAM Research Limited, WAM Active Limited and WAM Leaders Limited with registered addresses in Australia.	See Section 2.2
Who can participate in the Broker Firm Offer?	The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.	See Section 2.3
Who can participate in the General Offer?	The General Offer is open to members of the general public who have a registered address in Australia.	See Section 2.4
How do I apply for Shares?	The procedures for making an investment in the Company are described in Section 2.	See Section 2.7
Is there a minimum number of Shares Applicants must apply for?	Yes. Each Applicant must subscribe for a minimum of 2,000 Shares for a total of \$2,200.	See Section 2.5



Question	Answer	More information
What is the Application Price payable by Applicants under the Offer?	<p>Under the Offer, Applicants will pay an Application Price of \$1.10 per Share.</p> <p>The procedures for making an investment in the Company are described in Section 2.</p>	<i>See Section 2</i>
What are the fees and costs of the Offer?	<p>The Company will pay the Joint Lead Managers a fee equal to 0.5% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager. The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares.</p> <p>These costs are estimated to be:</p> <ul style="list-style-type: none">• \$258,900, assuming the Minimum Subscription; and• \$1,178,944, assuming the Maximum Subscription.	<i>See Sections 6.6 and 9.2</i>
Who are the Joint Lead Managers?	Taylor Collison Limited and Morgans Financial Limited are Joint Lead Managers to the Offer.	<i>See Section 9.2</i>
Who is the Authorised Intermediary?	Taylor Collison Limited is the Authorised Intermediary.	<i>See Section 9.2</i>
How can I obtain further information?	<p>For further information or if you have any questions relating to the Offer, you can contact Wilson Asset Management on (02) 9247 6755 or at info@wilsonassetmanagement.com.au</p> <p>For questions about the application process, please contact the Share Registry, Boardroom Pty Limited on 1300 737 760 (from within Australia) and (+612) 9290 9600 (from outside Australia).</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares.

2) Details of the Offer

This Prospectus should be read in full before making any decision to apply for Shares.

2.1. The Offer

The Company is offering for subscription a minimum of 15,000,000 and up to 140,000,000 fully paid ordinary Shares to raise a minimum of \$16,500,000 (**Minimum Subscription**) and a maximum of \$154,000,000 (**Maximum Subscription**).

Under the Offer, the Shares have an Application Price of \$1.10 per Share. The rights attaching to the Shares are set out in Section 10.3.

The Offer is made up of the WAM Priority Allocation (detailed in Section 2.2), the Broker Firm Offer (detailed in Section 2.3) and the General Offer (detailed in Section 2.4).

To participate in the WAM Priority Allocation, the Registry must receive your Application Form by the Closing Date. The WAM Priority Allocation is expected to close on 5 June 2017, the Broker Firm Offer is expected to close on 9 June 2017 and the General Offer is expected to close on 14 June 2017.

The Offer will be made to investors who have a registered address in Australia.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the exposure period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act.

The Directors reserve the right to terminate the Offer at any time.

2.2. WAM Priority Allocation

Up to 110,000,000 Shares have been set aside for the WAM Priority Allocation to WAM Eligible Participants. WAM Eligible Participants are shareholders of one or more of WAM Capital Limited (**WAM Capital**), WAM Research Limited (**WAM Research**), WAM Active Limited (**WAM Active**) and WAM Leaders Limited (**WAM Leaders**) with registered addresses in Australia (**WAM Eligible Participants**).

The WAM Priority Allocation will be restricted to the WAM Eligible Participants. Shares will be allocated under the WAM Priority Allocation at the Directors' discretion.

The WAM Eligible Participants should use the WAM Priority Application Form.

Early lodgement of your application is recommended as the Offer may be closed early at the Directors' discretion.

Shares offered under the WAM Priority Allocation that are not taken up will be allocated by the Company under the Broker Firm Offer or the General Offer (at the Directors' discretion).

2.3. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 9 June 2017.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares to Brokers will be determined by the Joint Lead Managers and the Company. Shares that are allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares.

The Company takes no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (**DvP**) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker or the Joint Lead Managers for further details.

Please contact your Broker if you have any questions.

2.4. General Offer

The General Offer is open to all Applicants with a registered address in Australia. The Application Form marked General Offer Application Form must be completed by Applicants that are not WAM Eligible Participants and who are not participating in the Broker Firm Offer.

To participate in the General Offer, your Application Form must be received by the Registry by 5.00pm (Sydney time) on 14 June 2017.

Applications will be processed, and Shares allocated under the General Offer as agreed by the Company and the Joint Lead Managers.

2.5. Minimum subscription

The Minimum Subscription required for the Offer to proceed is \$16,500,000, being receipt of valid Applications for not less than 15,000,000 Shares.

If Applications for the minimum subscription are not received by the Company before the end of 3 months after the date of the Original Prospectus (or such longer period permitted by the Corporations Act with the consent of ASIC), all Application Monies received pursuant to the Prospectus will be refunded in full to Applicants, without interest, within the time prescribed by the Corporations Act.

In addition, the minimum Application Monies payable by an Applicant under the Offer is \$2,200.

2.6. Offer not underwritten

The Offer is not underwritten.

2.7. Applications

Application Forms

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus.

Application Forms will be accepted at any time after the Opening Date and until 5.00pm (Sydney time) on the Closing Date.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Applications under the Offer must be for a minimum of 2,000 Shares for a total of \$2,200. Applications may be made for additional Shares in multiples of 100 Shares for \$110 in Application Monies.

Applications under the WAM Priority Allocation and the General Offer must be accompanied by the payment of the Application Price in Australian currency of \$1.10 for each Share applied.

Applications and Application Monies for Shares under the Offer received after 5.00p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date or close the Offer early any time after the expiry of the exposure period without prior notice. Accordingly, early lodgement of your Application is recommended. Applications must be accompanied by payment in Australian currency.

Online application and payment by BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.wilsonassetmanagement.com.au/lic/wam-microcap and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)). You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the relevant Closing Date. Your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the relevant Closing Date arising as a result of, among other things, processing of payments by financial institutions.

2) Details of the Offer

Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "WAM Microcap Limited" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

By mail

WAM Microcap Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand delivered

WAM Microcap Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

2.8. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of lodgement of the original Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.9. Allotment

The Company will not allot Shares until the Minimum Subscription has been received and the ASX has granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company.

It is expected that the issue of Shares under the Offer will take place by 23 June 2017. Application Monies will be held on trust until allotment. The Company may retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

The Application constitutes an offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus.

A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) as soon as reasonably practicable.

It is the responsibility of each Applicant to confirm their holding before trading in Securities. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Share Registry and each Joint Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

2.10. ASX and CHES

The Company will apply within seven days of the date of this Prospectus for admission to the official list of the ASX and for the Shares to be quoted on the ASX.

The Company will apply to participate in the ASX's CHES and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in Securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHES sub-register or an issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHES holders or, where applicable, the Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.



Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Registry may charge a fee for these additional issuer sponsored statements.

2.11. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

See Sections 2.12 and 9.2 for details of fees that the Company will pay to the Joint Lead Managers.

2.12. Licensed dealers

Offers under this Prospectus will be made under an arrangement between the Company and Taylor Collison Limited, the holder of an AFSL (**Authorised Intermediary**), under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted. The Company will not pay a fee to the Authorised Intermediary.

The Company will pay the Joint Lead Managers a fee equal to 0.5% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager.

The Joint Lead Managers' and Authorised Intermediary's functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Neither the Authorised Intermediary nor any Joint Lead Manager guarantees the success or performance of the Company or the returns (if any) to be received by the Shareholders.

Neither the Joint Lead Managers nor the Authorised Intermediary is responsible for or caused the issue of this Prospectus.

2.13. Overseas investors

The Offer is an offer to Australian investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Securities being offered pursuant to this Prospectus have not been registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the U.S. Securities Act and applicable state Securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these Securities may not be conducted unless in compliance with the U.S. Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.14. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis;
 - (ii) third parties if that disclosure is required by law; and

2) Details of the Offer

(iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Investment Manager.

2.15. Tax implications of investing in the Company

The taxation consequences of any investment in the Company will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 10.8 and are based on current tax law and Australian Tax Office tax rulings. The information in Section 10.8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.16. Anti-Money Laundering/Counter-Terrorism Financing Act 2006

The Company, Investment Manager or any Joint Lead Manager may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.



3) About the Company

3.1. Overview of WAM Microcap Limited

The Company will provide investors access to:

- (a) an actively managed portfolio;
- (b) an Investment Strategy focused on investing in ASX listed entities with a market capitalisation of less than \$300 million at the time of acquisition; and
- (c) the investment management expertise of the Investment Manager and Wilson Asset Management Investment Team.

The Company's Portfolio will be constructed by the Investment Manager using Wilson Asset Management's absolute bias, bottom-up, benchmark unaware, fundamental investment methodology with the flexibility to hold cash if investment opportunities are not identified within the investment process. At times, the Investment Manager may short sell. However, in line with the Investment Manager's investment history, this is not expected to be a substantial percentage of the Portfolio's value. See Sections 3.3 to 3.10 for an overview of the investment methodology and Section 3.9 for the Investment Manager's policy on Short Selling.

3.2. Investment objectives

The Company's investment objectives are to:

- (a) deliver a stream of fully franked dividends;
- (b) provide capital growth over the medium-to-long term; and
- (c) preserve capital.

The Company aims to maximise total Shareholder returns with a combination of capital growth and income, allowing fully franked dividends to be paid to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practices to do so.

The above is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

3.3. Investment philosophy

The investment philosophy of the Company will follow these broad principles:

- (a) **Focus on Micro-cap companies:** The universe of potential investments for the Company is focused on ASX listed entities with a market capitalisation of less than \$300 million at the time of acquisition. While the Company will focus on ASX listed micro-cap investments, it may invest in any Australian or international securities (including securities issued by entities with a market capitalisation above \$300 million, unquoted securities or securities quoted on an exchange other than the ASX), hold cash and invest in the other permitted investments identified in Section 3.5.
- (b) **Preference for undervalued companies:** The Company's preference is to invest in entities where the securities are trading below Wilson Asset Management's valuation and are the subject of a catalyst that, in the Investment Manager's view, has not yet been factored into the value of the entity and is likely to change the market's valuation of that entity over time.
- (c) **Portfolio based and index unaware investing:** The Company's priority will be to undertake investments on a portfolio basis. The Investment Manager will be index and benchmark unaware when selecting investments. While all investments will be considered on a case-by-case basis, the Company will usually refrain from taking a majority position in investee entities. This will assist the Company to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. The Company will seek to manage investment risk by spreading investments over a range of companies and industry sectors.
- (d) **Capital preservation:** Capital preservation is a key investment objective. The Company will hold cash unless it can identify appropriate investment opportunities. This could lead to the Company holding high levels of cash in the Portfolio from time-to-time. To ensure capital preservation, the Company may also hold bills of exchange or negotiable instruments from time-to-time.

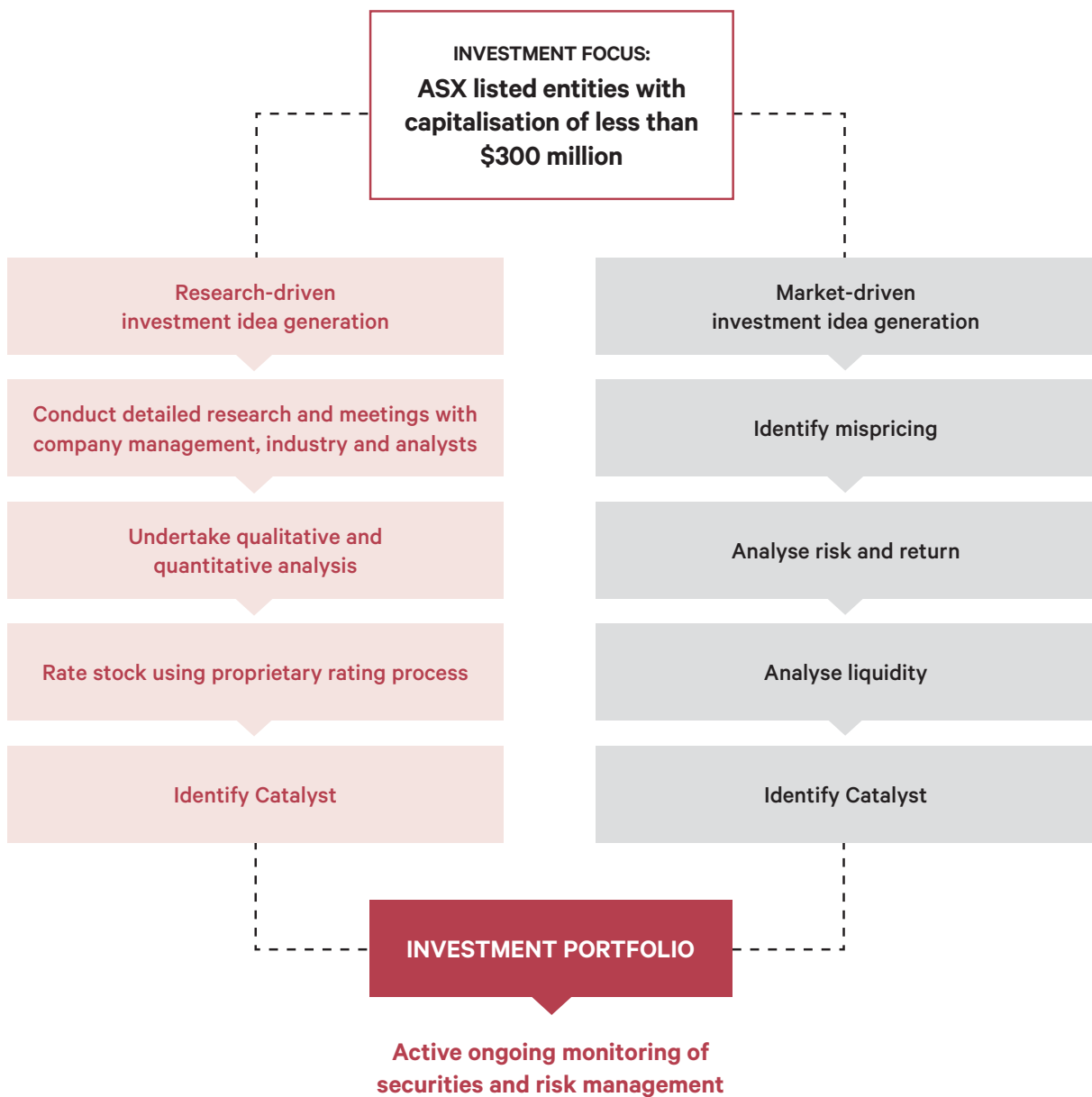
3) About the Company

3.4. Investment Strategy

To implement the Investment Strategy the Investment Manager will employ Wilson Asset Management's investment processes:

- Research-driven investing; and
- Market-driven investing.

These processes are detailed in the below chart.



(a) Research-driven investing

The research-driven investment process involves extensive research focusing on free cash flow, return on equity and the quality of the potential investee company. Each company is rated with respect to management, earnings growth potential, valuation and industry position.

The research-driven investment process potentially provides investors with exposure to undervalued growth companies. The research-driven investment process is also centred on extensive company research, including meeting with senior executives of the potential investee companies.

Wilson Asset Management will only invest in a security identified by its research-driven investment process if it can identify a catalyst that, in the Investment Manager's view, has not yet been factored into the value of that security and is likely to change the market's valuation of that security (**Catalyst**). A Catalyst can be information or news about the equity investment that the Investment Manager believes will have an impact on the valuation of the investment.

The Investment Manager will assess the potential effect and likelihood of a Catalyst impacting an entity, including whether the Catalyst could drive that entity's share price up or down. Potential Catalysts include:

- events, for example, earnings surprises, changes of management, acquisitions or strategy briefings; and
- liquidity events, for example, as a result of a share issue or sell down by an existing holder.

An example of a research-driven investment opportunity is an investment in a company experiencing increased demand for its goods or services in circumstances where the Investment Manager has identified shortages in supply across the market as a Catalyst that it considers has the potential to create a large growth opportunity for the company.

In this example, the research-driven investment process could generate returns if, after taking a stake in the company, the Catalyst identified by the Investment Manager (i.e. the shortages in supply across the market) does in fact result in the company experiencing continued growth, multiple profit upgrades (which in turn increases its capacity to meet increased demand), driving the company's share price up.

This investment process could result in a loss if the Catalyst does not drive the share price up as the Investment Manager had expected. For example the example company's share price could drop due to regulatory change that causes a material increase to its cost of production, resulting in a profit downgrade.

(b) Market-driven investing

The market-driven investment process takes advantage of short term relative arbitrages and mispricing opportunities in the Australian equity market, rather than investing in any individual companies or a portfolio of companies for a prolonged period of time.

Investment opportunities may be derived from:

- Taking part in placements, Initial Public Offerings (**IPOs**), block trades and rights issues.
- Trading securities based on market themes and trends. Themes or trends are used to screen and identify trading opportunities. Once an opportunity has been identified, the Investment Manager will undertake detailed research into the security before taking a position. Research may include meeting with the company, sell-side analysts and industry contacts as well as modelling of the relevant company's earnings drivers, sensitivities and operating leverage.
- Participating in financial transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructuring). Once a financial transaction opportunity is identified, detailed research is undertaken to assess the terms and conditions of the announced transaction and the liquidity of the underlying securities, to determine if the financial transactions presents a favourable risk/reward opportunity. By way of example, company B (**Bidder**) announces an intention to make a takeover offer (**Offer**) of company T (**Target**). The Investment Manager, following detailed research, forms the view that the proposed Offer is likely to cause the Target's share price to increase and the Bidder's share price to decrease. To take advantage of the transaction in this example, the Investment Manager could buy the Target's securities and short sell the Bidder's securities.
- Taking advantage of other corporate transactions to identify arbitrage opportunities. This may include participation in share buy-backs. For example, if a company announces an off-market share buy-back and the company's share price is trading below the price announced in the buy-back this could generate an arbitrage opportunity. The Investment Manager would make a return by buying shares below the buy-back price and then subsequently selling those shares into the buy-back at a higher price than they were purchased for.
- Taking advantage of arbitrage opportunities involving hybrid securities including preference shares and convertible notes. For example, the Investment Manager may purchase hybrid securities that are approaching

3) About the Company

their conversion or repayment date. This strategy is utilised if the Investment Manager believes there is a high probability that the securities will be repaid or converted in accordance with their terms and at a premium to the market price.

- Buying securities in LICs, where they trade at a significant discount to underlying net assets. This is known as LIC discount arbitrage. For example, the Investment Manager may purchase shares in other listed investment companies when they are trading at a significant discount to their net tangible assets (**NTA**) and the Investment Manager believes that in the future the share price or performance could improve or the discount to NTA could reduce over time.
- Participating in hybrid issues and convertible notes issues. For example, the Investment Manager may participate in new issues of hybrids or convertible notes if the Investment Manager believes the relevant securities are mispriced and could lead to a profit upon listing, or if the yield on the securities more than compensates for the risk involved in investing in the securities.
- Short Selling. For example, the Investment Manager may participate in Short Selling if the Investment Manager believes a security is mispriced and there is likely to be decline in the company's share price. This strategy would normally be applied with analysis undertaken around a market theme or trend as detailed above.

Once an investment opportunity has been identified, the Investment Manager will undertake a detailed assessment in order to identify any perceived mispricing in the relevant securities. The Investment Manager will then analyse risk and return potential and liquidity. Similar to its research-driven investment process, Wilson Asset Management will, in most cases, seek to identify a Catalyst before investing in a security identified by its market-driven investment process.

An example of a market-driven investment opportunity is an investment in a company through a share placement to sophisticated and professional investors undertaken at a discount to the prevailing share price. In this example the placement is not available to retail investors and would allow the Company to purchase shares at a discount to where they are currently trading in the market.

The Investment Manager may become aware of opportunities, like the example placement, through its relationship with stock brokers. It will then undertake a detailed analysis of the relevant company and the proposed placement terms, including assessing the amount of capital being raised compared to the free float, the size of the discount to the current share price, the use of funds and the liquidity of the underlying security.

In this example, the market-driven investment process could generate returns if after the placement shares are allotted, the Investment Manager sells them at a higher price than what they were purchased at under the placement. The example investment would result in a loss if, after the allotment of the placement shares, the company's share price falls, and stays below, the price at which the shares were purchased in the placement.

An example of themes or trends that could be used in the market-driven investment process are companies benefiting from increasing demand from overseas buyers for infant formula, vitamins and cosmetics, companies benefiting from a falling Australian dollar or companies that may benefit from media deregulation. In these examples if the theme or trend continued it would have the potential to lead to increases in company revenues or reduction in cost base leading to profit upgrades, increased sell-side coverage and interest in the stock or sector or increased demand from other investors leading to share price appreciation.

In this example, the market-driven investment process could generate returns if, after taking a stake in the company, the theme identified continued to play out leading to the share price increasing for the reasons specified above. The investment would result in a loss if the market theme or trend stopped occurring, i.e. demand from overseas buyers for infant formula, vitamins and cosmetics decreased, the Australia dollar stopped falling and started appreciating or media de-regulation was delayed or cancelled.

3.5. Permitted investments

The Investment Manager may invest in:

- (a) Australian and international securities;
- (b) bills of exchange, negotiable investments and debentures; and
- (c) cash.

3.6. Investment guidelines and parameters

The following investment guidelines and parameters apply to the Investment Manager's implementation of the Investment Strategy:

- (a) When fully invested, the Portfolio is expected to comprise an average of 20 to 60 securities and cash.
- (b) The Company's Portfolio is expected to predominantly comprise of ASX listed entities with a market capitalisation of less than \$300 million at the time of acquisition and cash. The Company will invest outside the Australian listed micro-cap focus based on the Investment Manager's level of conviction in a particular security.
- (c) An investment within the Portfolio will be reviewed if it obtains a position weighting of greater than 20% of the Value of the Portfolio.
- (d) An increase in an entity's market capitalisation to above \$300 million following acquisition will not automatically cause that investment to be reviewed.
- (e) The Investment Manager expects that the average position weighting within the Portfolio for any one security will be 1% to 5% of the Value of the Portfolio. Actual weightings may be higher or lower and will be based on the Investment Manager's level of conviction in each security as well as market movements from time-to-time.
- (f) There are no limits on the investments that may be made by the Investment Manager of the Portfolio based on industry sectors or geography.
- (g) The Investment Manager may from time-to-time seek to manage investment risk by taking Short Positions. Short Positions will not exceed 50% of the Value of the Portfolio without prior Board approval (see Section 3.9).

3.7. Dividend policy

The Board's intention is to pay fully franked dividends to Shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

This is not intended to be a forecast. It is merely an indication of what the Company aims to achieve over the medium-to-long term. The Company may not be successful in meeting its objective. Any financial market turmoil or an inability by the Investment Manager to find and make profitable investments will likely have an adverse impact on achieving this objective. Returns are not guaranteed.

The Company has established a dividend reinvestment plan, the terms of which are summarised in Section 10.4.

3.8. Capital management policy

The Company may undertake active capital management initiatives that may involve:

- (a) the issue of Shares or other securities (through bonus option issues, placements, pro rata issues etc); and/or
- (b) the buy-back of its Shares.

3.9. Short Selling policy

The Company may use Short Selling as a strategy to try to improve returns and to manage risk. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a Short Position can be much greater than the initial value of the security.

Additionally, there can be no guarantee that the securities necessary to cover a Short Position will be available for purchase.

Short Selling will also incur interest and other costs on the securities borrowed by the Company for sale. For a short sale to be profitable, the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

The following examples illustrate how Short Selling may result in a loss or a profit. Both examples assume the Investment Manager short sells 10,000 shares of ABC Limited (**ABC Shares**) at \$100 per ABC Share and later closes the position by entering into an equal and opposite trade. We have assumed that the costs associated the short sales in each example are also the same (i.e. borrowing costs and commissions totalling \$300 and \$250 in interest receivable).

In example 1, the Investment Manager closes the position when the ABC Share price has risen to \$120. This results in a loss of \$200,050. In example 2, the Investment Manager closes the position when the ABC Share price has fallen to \$80. This results in a profit of \$199,950.

With a view to managing the risks associated with Short Selling, the Portfolio's exposure to Short Positions will not exceed 50% of the Value of the Portfolio, without Board approval. However, in line with the Investment Manager's investment history, the exposure to Short Positions within the Portfolio at any given time is expected to be less than 5% of the Value of the Portfolio.

3) About the Company

3.10. Allocation policy

The Wilson Asset Management Investment Team currently manages four LICs and one wholesale managed unit trust (see Section 4 for details).

The Wilson Asset Management Investment Team will apply the similar investment principles and processes in managing the WAM Entities that it intends to apply to the Portfolio, the primary difference being that the Company's Investment Strategy will focus predominantly on investing in entities listed on the ASX with a market capitalisation of less than \$300 million at the time of acquisition (see Sections 3.3, 3.4, 4.3 and 4.4 for details).

The current expectation is that securities with a market capitalisation of less than \$300 million will be purchased by the Company. If the Company and other WAM Entities wish to purchase a particular security then the allocation will depend on the targeted weighting or level indicated by the Company and the relevant WAM Entities and may take into account a number of factors including the relevant entities gross asset values.

3.11. Changes to the Investment Strategy

The Investment Strategy outlined in the Prospectus will be implemented by the Investment Manager upon listing of the Company on the ASX.

No material changes to the Investment Strategy are presently contemplated. Any material changes would be made with the approval of the Board, after consultation with the Investment Manager. The Company will notify Shareholders of any material changes to the Company's Investment Strategy through the ASX and on the website.

3.12. Reports to Shareholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the NTA backing per Share as at the end of the month. The calculation of the NTA will be made in accordance with the Listing Rules.

The Company will provide to Shareholders on request, free of charge, a copy of statements released to the ASX of the net tangible asset backing of Shares.

The Company will also release reports to the ASX on the activities of the Company, the performance of the Company's Portfolio and the Investment Manager's investment outlook. These reports will also be available on the website.

3.13. Valuation, location and custody of assets

The Value of the Portfolio will be calculated daily (released to the ASX monthly) using a framework for the valuation of

financial instruments that is consistent with current industry practice and regulatory requirements. The assets of the Company will be valued using market accepted practices to accurately and independently price all securities and other assets within the Portfolio from time-to-time. The Company intends to delegate custody of its investments to an external custodian in accordance with the terms of a custodial services arrangement to be entered into.

The Company may also retain custody of some of its assets such as cash.

3.14. Risk management philosophy and approach

The Investment Manager will be primarily responsible for managing the risk of the Portfolio. The Investment Manager's risk policies and controls are designed to be robust and relevant to the Company's investment objectives and strategy.

The Investment Manager is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved.

They ensure amongst other things that the fair allocation of trades between the Company and other WAM Entities (in accordance with the Investment Manager's allocation policy summarised in Section 3.10).

The Investment Manager will continuously monitor the Portfolio to ensure that compliance with the Investment Strategy and investment guidelines.

3.15. Status as a Listed Investment Company

It is intended that the Company will qualify as a Listed Investment Company (LIC) under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90% of the Portfolio value must comprise certain permitted investments as defined in section 115-290(4) of the *Income Tax Assessment Act 1997* (Cth).

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment), financial instruments and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is unlikely the Company will make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

4) About the Investment Manager

4.1. The Investment Manager

The Investment Manager forms part of Wilson Asset Management, a boutique fund manager established in 1997. Wilson Asset Management is comprised of the Investment Manager and WAMI. The Investment Manager was established in 2002. The Investment Manager holds an Australian Financial Services Licence (AFSL) 223231. Entities associated with Geoff Wilson hold 100% of the ordinary shares in the Investment Manager.

Wilson Asset Management is led by the Company's Chairman, Geoff Wilson. Wilson Asset Management manages approximately \$2.0 billion (as at 31 March 2017) on behalf of retail and wholesale investors across four LICs and one wholesale unit trust.

The Investment Manager and Wilson Asset Management (International) Pty Limited employ the same investment team (**Wilson Asset Management Investment Team**) to manage their respective portfolios (see Section 4.6 for further details of the team's experience).

4.2. Role of the Investment Manager

The Investment Manager will manage the Portfolio of the Company in accordance with the Investment Management Agreement.

The Investment Manager will:

- (a) implement the Investment Strategy, including actively managing the Portfolio;
- (b) manage the Portfolio's exposure to markets;
- (c) calculate the Value of the Portfolio daily;
- (d) regularly update the Company regarding the Portfolio and provide all information necessary for the maintenance of the Company's financial accounts to be completed; and
- (e) provide administrative support to assist and ensure the maintenance of the Company's corporate and statutory records, compliance with the ASX Listing Rules and the Corporations Act.

See Section 9.1 for details of the Investment Management Agreement.

The Wilson Asset Management Investment Team will dedicate its time to the management of the Company and the WAM Entities. Geoff Wilson and Chris Stott will oversee the Portfolio dedicating between 10% to 30% of their time to the Company. Martin Hickson, Tobias Yao and Oscar Oberg will dedicate between 20% to 50% of their time to the Company's Portfolio. Other members of the Wilson Asset Management Investment Team will dedicate such time as required for the Investment

Manager to fulfil its duties and manage the Portfolio. See Section 4.6 for detailed information regarding the experience and expertise of each of the investment team members.

4.3. Other WAM Entities

Wilson Asset Management provides investment management services to the WAM Entities described below:

WAM Capital Limited (ASX: WAM)

WAM Capital was listed on the ASX in 1999 and is a LIC primarily investing in Australian equities. WAM Capital is managed by WAMI using the research-driven and market-driven investment processes that will be employed in the management of the Company's Portfolio. As at 31 March 2017, the total value of the WAM Capital portfolio of investments was \$1,201.5 million.

WAM Research Limited (ASX: WAX)

WAM Research is a LIC that listed on the ASX in 2003 as Wilson Investment Fund Limited. In July 2010 the company changed its name and investment strategy. WAM Research is managed by MAM, primarily investing in Australian equities using the research-driven investment process that will be employed by the Investment Manager to manage part of the Company's Portfolio. As at 31 March 2017, the total value of the WAM Research portfolio of investments was \$234.8 million.

WAM Active Limited (ASX: WAA)

WAM Active is a LIC that listed on the ASX in 2008 primarily investing in Australian equities. WAM Active is managed by MAM, using the market-driven investment process that will be employed by the Investment Manager to manage part of the Company's Portfolio. As at 31 March 2017, the total value of the WAM Active portfolio of investments was \$39.9 million.

WAM Leaders Limited (ASX: WLE)

WAM Leaders is a LIC that listed on the ASX in 2016 primarily investing in large-cap Australian equities. WAM Leaders is managed by MAM, using the research-driven and market-driven investment processes that will be employed by the Investment Manager to manage the Company's Portfolio. As at 31 March 2017, the total value of the WAM Leaders portfolio of investments was \$452.4 million.

Wilson Asset Management Equity Fund (WAMEF)

The Wilson Asset Management Equity Fund is a wholesale unit trust established in December 1997. WAMEF is managed by WAMI using the research-driven and market-driven investment processes that will be employed by the Investment Manager to manage the Company's Portfolio. WAMEF units are not listed on the ASX. As at 31 March 2017, the total value of the Fund's portfolio of investments was \$58.4 million.

4) About the Investment Manager

4.4. Historical performance of the WAM Entities

Wilson Asset Management has managed WAM Capital Limited since its inception in 1999. WAM Capital is a LIC with a broad Australian equities mandate and that employs the same investment processes as the Company (namely the research-driven and market-driven investment processes). WAM Capital's long-term performance demonstrates the Wilson Asset Management's general experience in managing investments in Australian equities as well as managing LICs.

The performance of WAM Research, WAM Active, WAM Leaders and the Wilson Asset Management Equity Fund are not directly relevant to the Company because of differences in investment strategies and processes compared with the Company's (i.e. WAM Research does not use the market-driven investment process and WAM Active does not use the research-driven investment process), the differences in investment focus and short performance history (WAM Leaders was only established in 2016 and has primarily invested in entities within the S&P/ASX 200 Index) and differences in legal structure (as a trust, Wilson Asset Management Equity Fund has a different tax and cost structure).

The investment returns of WAM Capital described in this Section 4.4 are historical and do not represent the expected or actual future performance of the Company or its Investment Strategy. Past performance is not indicative of future performance. There can be no certainty that the performance of the Company will be similar to WAM Capital's historical performance. The performance of the Company could be significantly different to WAM Capital's historical performance. Importantly:

- (a) WAM Capital's focus on investing in undervalued growth companies has historically led to exposure in a wide range of companies listed on the ASX. WAM Capital is not focused on micro-cap investments but has the ability to hold them. The Investment Strategy for the Company is predominately focused on micro-cap listed entities, being entities with a market capitalisation of less than \$300 million at the time of acquisition; and
- (b) although WAM Capital and the Company will both use Wilson Asset Management's research-driven and market-driven investment processes, the flexible nature of these processes allows for each entity to allocate investments as they see fit. As a result, the composition of each portfolio (including the percentage cash or the number of securities held from time to time) will vary.

As a result, the Company's Portfolio and the Company's performance will not be the same as WAM Capital.

Comparative performance of WAM Capital

The following table illustrates the historical performance of WAM Capital, compared against the S&P/ASX All Ordinaries Accumulation Index. The S&P/ASX All Ordinaries Accumulation Index has been used as a comparison because it is the benchmark that WAM Capital has historically used. WAM Capital uses this as a benchmark because its broad investment mandate allows investments across all Australian equities.

The below table shows that WAM Capital delivered a gross return of 17.8% per annum since its inception in August 1999 compared against S&P/ASX All Ordinaries Accumulation Index which delivered an 8.4% return per annum over the same period.

Performance at 31 March 2017	Funds under management	Inception	1 Year	3 Yrs %pa	5 Yrs %pa	7 Yrs %pa	Since inception %pa
WAM Capital (ASX: WAM)	\$1,201.5m	August 1999	17.2%	15.5%	17.2%	15.5%	17.8%
S&P/ASX All Ordinaries Accumulation Index			19.5%	7.6%	10.7%	7.2%	8.4%

Notes:

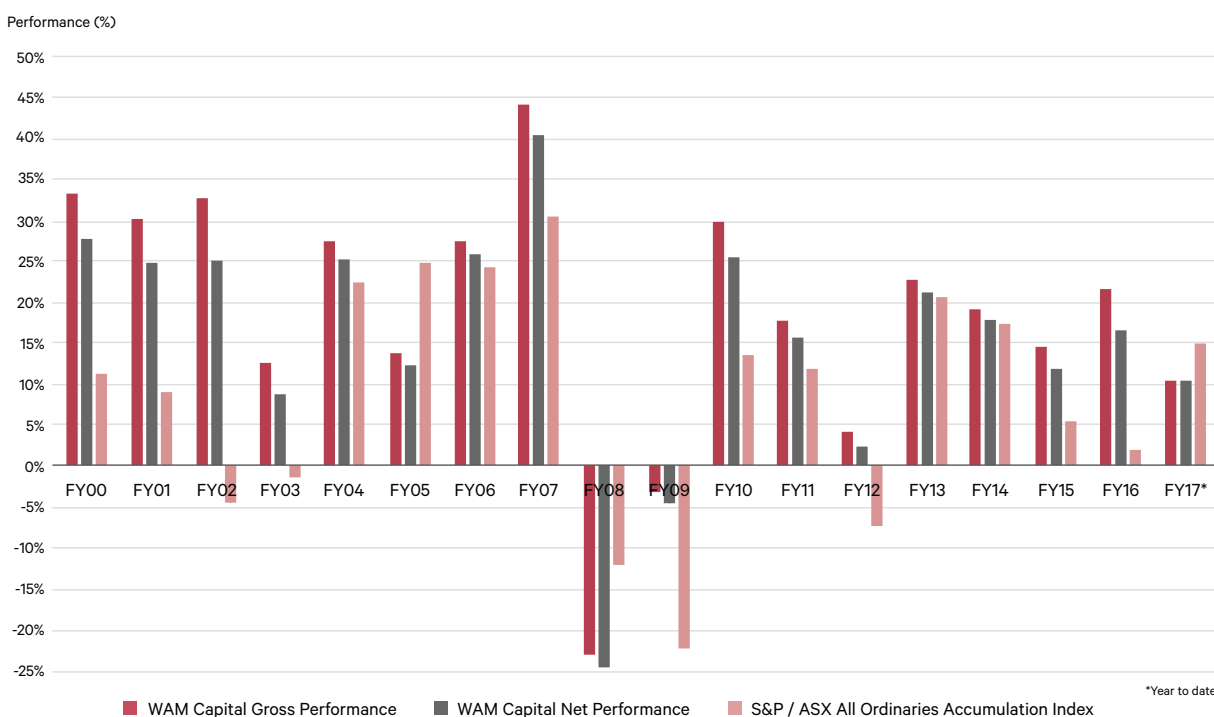
- The performance periods of 1 year, 3 years, 5 years and 7 years are calculated over the relevant period ending 31 March 2017.
- The performance of WAM Capital is based on the unaudited monthly returns and are calculated before expenses, fees and taxes.
- The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by IRESS. IRESS has not consented to the use of this data in this Prospectus. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The above table is not intended to be an indication of future performance of any asset class, index or the Company.



The graph below illustrates the annual historical performance of WAM Capital, compared against the S&P/ASX All Ordinaries Accumulation Index. The graph illustrates WAM Capital's annual net performance (calculated after fees but before taxes) since inception in August 1999.

For the purposes of comparing performance against the S&P/ASX All Ordinaries Accumulation Index, the graph also illustrates WAM Capital's annual gross performance.

Annual historical performance since inception



Notes:

1. The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by IRESS. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The above table is not intended to be an indication of future performance of any asset class, index or the Company.

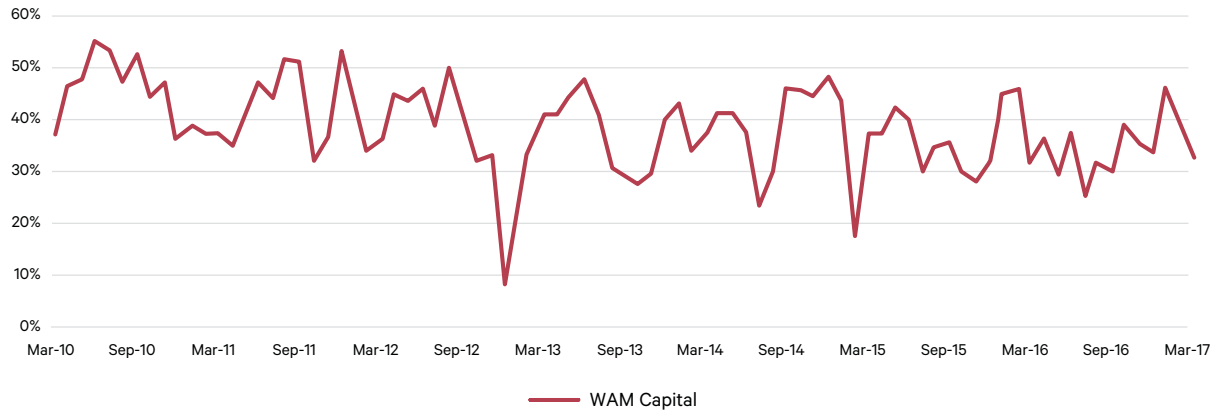
4) About the Investment Manager

4.5. Historical cash and equity weightings

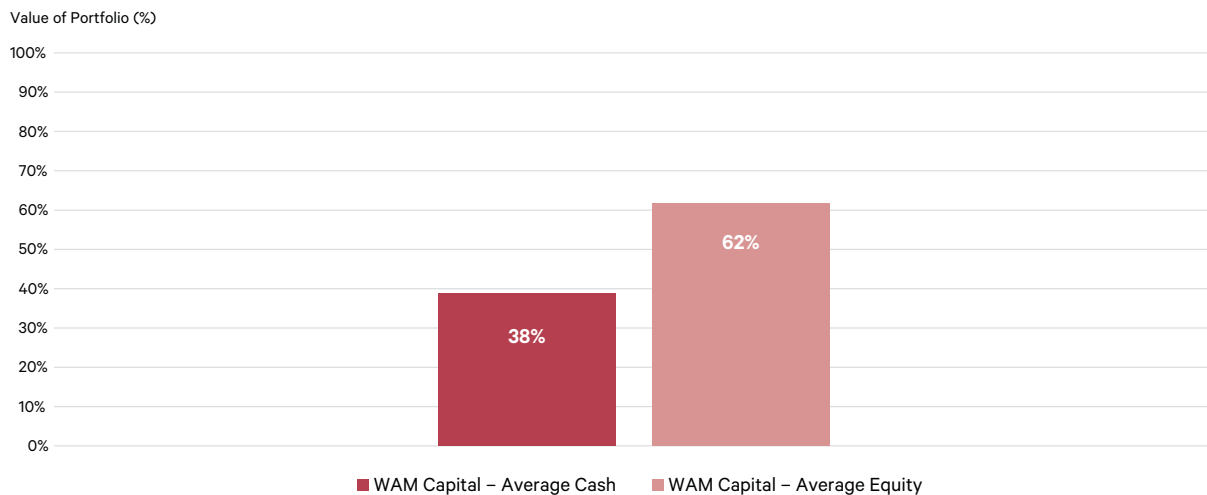
As capital preservation is a key investment objective for the Company, it may revert to holding cash once an investment has matured and if other opportunities cannot be identified. This could potentially lead to the Company holding up to 100% of the Portfolio in cash from time-to-time.

The graphs below present the historical cash and equity weightings of WAM Capital for the last seven years. The historical cash weightings have been included to provide some context to the investment environment that the historical investment performance returns have been generated in. The information is not intended to provide an indication of the cash holdings that the Company will hold from time-to-time in the future.

Historical cash exposure



Historical average cash & equity weightings



4.6. Investment Manager personnel

As Portfolio Managers, Geoff Wilson and Chris Stott will be primarily responsible for all investment decisions for the Portfolio, while utilising the skill, experience and knowledge of the Wilson Asset Management Investment Team as a whole. The Wilson Asset Management Investment Team's experience and expertise is summarised below.



Geoff Wilson

**Chairman and Portfolio Manager
BSc GMQ FAICD FFINSIA**

Geoff Wilson has over 36 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff is Chairman of WAM Capital, WAM Leaders, WAM Research and WAM Active. Geoff is also a Director of Century Australia Investments Limited. Geoff holds a number of additional directorships with investment companies and non-profit organisations.



Chris Stott

**Chief Investment Officer and
Portfolio Manager
B Bus Grad Dip App Fin MAICD MFINSIA**

Chris Stott has more than 14 years' experience in the funds management industry. Chris joined Wilson Asset Management in 2006 after being employed with Challenger Financial Services Group in various research roles specialising in Australian equities. Chris is a Director of WAM Capital, WAM Leaders, WAM Research, WAM Active and Century Australia Investments Limited. Chris is the Portfolio Manager responsible for WAM Capital, WAM Research and WAM Active.



Martin Hickson

**Head of Trading
B Bus B Comp MApp Fin**

Martin Hickson has more than nine years' experience in the funds management industry. Martin joined Wilson Asset Management in 2010 after working with Challenger Financial Services Group in various roles within the funds management division.



Tobias Yao

**Senior Equity Analyst
CFA B Com**

Tobias Yao has eight years' experience in the investment industry. Prior to joining Wilson Asset Management, Tobias spent five years as an investment analyst at Pengana Capital and he previously worked in Ernst & Young's transaction advisory services division.



Oscar Oberg

**Senior Equity Analyst
CFA LLB B Bus**

Oscar has more than 10 years' experience in financial markets. Before joining Wilson Asset Management, Oscar worked as a sell-side research analyst focusing on small and micro-cap companies at CLSA and three years' at Grant Thornton working in transaction advisory services.

4) About the Investment Manager



Matthew Haupt
Portfolio Manager
CFA B Com Grad Dip App Fin

Matthew Haupt has more than 11 years' experience in the investment industry working as both a portfolio manager and analyst. He gained extensive large-cap experience in his previous role within Australian Executor Trustees (now part of IOOF). Matt is the Portfolio Manager responsible for WAM Leaders.



John Ayoub
Senior Equity Analyst
LLB BA Grad Cert App Fin

John Ayoub has 10 years' industry experience. Prior to joining Wilson Asset Management, John worked at Credit Suisse as a director in equity sales and trading focusing on both large and small caps. Prior to this, John worked as a research analyst and in corporate finance at Ord Minnett and was previously a corporate lawyer.

4.7. Wilson Asset Management

Wilson Asset Management has:

- (a) a proprietary research rating process;
- (b) an intensive investee company meeting schedule (1,500+ meetings each year);
- (c) a total focus on managing money;
- (d) a broad coverage of various industry sectors;
- (e) an extensive network of contacts to provide insights, intelligence and opportunities to the investment team;
- (f) a flexible investment mandate, including the ability to hold cash and short sell; and
- (g) a flat management structure informed by the team's collective experience.

Wilson Asset Management also employs a number of accountants, communications and marketing, operations and administrative staff. The duties that Wilson Asset Management performs in addition to managing the investment portfolio can include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records, liaison with the ASX with respect to compliance with the ASX Listing Rules, liaison with ASIC with respect to compliance with the Corporations Act, liaison with the share registrar, shareholder engagement, marketing and the provision of information necessary for the maintenance of financial accounts.

4.8. Benefits of the LIC structure

Wilson Asset Management's preferred LIC structure can provide a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment principles. Importantly, the LIC structure can allow the opportunity to pay shareholders fully franked dividends over time. As a listed entity, an LIC must comply with rigorous corporate governance principles, providing investors with transparency and accountability.

4.9. Engagement with Shareholders

Wilson Asset Management takes an active approach to engaging and communicating with shareholders. Regular communications include weekly email updates, monthly investment updates and NTA announcements, yearly and half yearly profit announcements and educational and insightful articles. Wilson Asset Management also conducts well attended semi-annual shareholder briefings, with presentations held in Sydney, Melbourne, Adelaide, Brisbane, Perth and Canberra. The investment and management team greatly values the opportunity to meet with shareholders at these semi-annual events. Access to all relevant information about the Company, such as independent research reports, will be available on www.wilsonassetmanagement.com.au

5) Risk factors

5.1. Introduction

Intending investors should be aware that subscribing for Shares involves various risks. There are general risks associated with owning Securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of the Company.

These factors include Australian and worldwide economic and political stability, natural disasters, performance of the domestic and global share markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

Investors have choices that can reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommend by your professional adviser.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated on ASX listed securities and the Company therefore is considered to have a higher risk profile than cash assets.

It is not possible to identify every risk associated with investing in the Company. However, the following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

5.2. Key investment strategy risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some as being particularly relevant to its Investment Strategy, these include the risks in this Section.

Investment Strategy risk

The success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Securities.

In addition, there are risks inherent in the investment strategy that the Investment Manager will employ for the Company. These risks include the risks identified in this Section 5.

Investment Manager's performance risk

The past performance of portfolios managed by the Investment Manager, and persons associated with the Investment Manager, are not necessarily a guide to future performance of the Company. The success and profitability of the Company depends almost entirely on the ability of the

Investment Manager to construct a Portfolio of investments, exposed to well managed businesses that have the ability to increase in value over time. The Investment Management Agreement is expected to have an initial term of 10 years. Even if the Company does not perform well, it may be difficult to remove the Investment Manager.

5.3. Significant risks of investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company. The Investment Management Agreement is expected to an initial term of 10 years. Even if the Company does not perform well, it may be difficult to remove the Investment Manager.

Market risk

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

The Company's Portfolio will be constructed so as to minimise market risks. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Equity risk

There is a risk that Shares will fall in value over short or extended periods of time. Historically, shares have outperformed other traditional assets classes over the long term. Share markets tend to move in cycles and individual share prices may fluctuate and under perform other asset classes over extended periods of times. Shareholders in the Company are exposed to this risk both through their holding in Shares in the Company as well as through the Company's Portfolio.

Short Selling risk

Selling Securities short involves borrowing stock and selling these borrowed securities. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

5) Risk factors

Industry risk

There are a number of industry risk factors that may effect the future operation or performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.

Operational costs

Operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments if the Company only achieves the Minimum Subscription under the Offer than if it secures a greater level of acceptance.

Size of Portfolio

The size of the Portfolio may affect the risk profile of the Portfolio. The Company may not be able to diversify its investment and so manage its risks as efficiently if it achieves the Minimum Subscription under this Offer than if it secures a greater level of acceptance. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under the Offer exceeds the Minimum Subscription. Effective risk management depends on a range of factors including diversification of investments and other factors.

Leverage risk

While the Company and the Investment Manager do not currently intend to use debt to increase the scale of the Portfolio of the Company, the use of Short Selling does create leverage. Short Selling can enlarge the fluctuations in the Portfolio value of the Company in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

Interest rate risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a security and the cost of borrowing.

Default risk

Investment in securities and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of the Company.

The Company will outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards that are expected by the Company, causing loss to the Company.

Compensation fee structure risk

The Investment Manager may receive compensation based on the Company's performance. Performance Fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations, especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

Concentration risk

There may be more volatility in the Portfolio as compared to the S&P/ASX Small Ordinaries Index because the Portfolio will be comprised of a smaller number of securities than the broader market index.

Company risk

The Company is a new entity with no operating history and no proven track record.

5.4. Risks associated with investments in Shares

The prices at which Shares will trade on the ASX are subject to a number of risks, including:

Market risk

Share markets tend to move in cycles and individual securities prices may fluctuate and underperform other asset classes over extended periods of time. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares as well as through the Company's Portfolio.

Financial market volatility

A fall in global equity markets, global bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the securities trade.

Economic risk

Investment returns are influenced by numerous economic factors. These factors include changes in economic conditions (e.g. changes in interest rates or economic growth), changes in the legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

Liquidity risk

The Company will be a listed entity, therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible Shareholders in the Company at any one point in time.

Discount to NTA

The Company will be listed on the ASX. The Company Share price may trade at a discount or a premium to its NTA.

5.5. Other risk factors

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

5.6. Time frame for investment

Applicants are strongly advised to regard any investment in the Company as a medium-to-long term proposition for at least five years and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period.

6) Financial information

6.1. Proceeds of the Offer

The Board intends to use the funds raised from the Offer for investments consistent with the investment objectives and Investment Strategy set out in Section 3.

6.2. Unaudited pro-forma statement of financial position

The pro-forma statement of financial position set out below has been prepared to illustrate the effects of the pro-forma adjustments described below for the different subscription amounts as if they had occurred on 8 March 2017, being the incorporation date of the Company, including:

- completion of the Offer based on each of the amounts indicated being raised; and
- payment of expenses (which have been deducted from the cash amount) which consist of the Offer related expenses in accordance with Section 6.6.

It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Offer.

The unaudited pro-forma statements of financial position have been prepared on the basis of the assumptions set out in Section 6.5.

WAM Microcap Limited

Unaudited Pro-Forma Statement of Financial Position

Assumes completion of the Offer

The unaudited pro-forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the Risk factors set out in Section 5 and other information contained in this Prospectus.

	Minimum Subscription \$16.5 million (\$'000)	Subscription \$85.25 million (\$'000)	Maximum Subscription \$154 million (\$'000)
Assets			
Cash	16,124	83,518	152,221
Receivables	6	94	95
Deferred tax asset	111	491	505
Total Assets	16,241	84,103	152,821
Total Liabilities	–	–	–
Net Assets	16,241	84,103	152,821
Equity			
Contributed Equity	16,500	85,250	154,000
Less: Capitalised costs of the Offer	(258)	(1,146)	(1,178)
	16,242	84,104	152,822
Costs not eligible to be capitalised	(1)	(1)	(1)
Total Equity	16,241	84,103	152,821
NAV Backing Per Share (\$)	1.083	1.085	1.092



6.3. Capital structure

The anticipated capital structure of the Company on completion of the Offer is set out below:

	Minimum Subscription \$16.5 million	Subscription \$85.25 million	Maximum Subscription \$154 million
Shares on issue	15,000,001	77,500,001	140,000,001

As at the date of this Prospectus, Geoff Wilson (Chairman) holds the sole Share on issue in the Company.

6.4. Cash

A reconciliation of the pro-forma statements of financial position for cash is as below:

	Minimum Subscription \$16.5 million (\$)	Subscription \$85.25 million (\$)	Maximum Subscription \$154 million (\$)
Initial Subscriber Shares with the Application Amount of \$1.10 each	1	1	1
Proceeds of Prospectus offer – at the Application Amount of \$1.10 per Share	16,500,000	85,250,000	154,000,000
Expenses of Offer (net of tax)	(258,900)	(1,146,713)	(1,178,944)
Deferred tax asset	(110,957)	(491,448)	(505,262)
GST Receivable	(6,188)	(94,308)	(94,999)
Estimated Net Cash Position	16,123,956	83,517,532	152,220,796

6.5. Assumptions

These unaudited pro-forma statements of financial position and the information in Sections 6.2, 6.3 and 6.4 have been prepared on the basis of the following assumptions:

- (a) Application of the proposed accounting policies and notes to the accounts set out in Section 6.7;
- (b) In the unaudited pro-forma statement of financial position entitled “Minimum Subscription \$16,500,000”, the reference is to issuing 15,000,000 Shares to Applicants under this Prospectus;
- (c) In the unaudited pro-forma statement of financial position entitled “Subscription \$85,250,000”, the reference is to issuing 77,500,000 Shares to Applicants under this Prospectus;
- (d) In the unaudited pro-forma statement of financial position entitled “Maximum Subscription \$154,000,000”, the reference is to issuing 140,000,000 Shares to Applicants under this Prospectus;
- (e) The Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset for the costs incurred by the Company in respect of the Offer;
- (f) The costs incurred by the Company are in respect of the Offer referred to in this Section are net of deferred tax assets, in accordance with accounting standards and the accounting policy note in Section 6.7. This means that the tax benefit (a 30% tax deduction) is applied to these costs to reduce them by 30%. The cash outlay of an expense is gross of this tax benefit. For example, an outlay described in this Section as \$70 (net of tax) is a cash outlay of \$100 less the tax benefit of a \$30 income tax deduction.

6) Financial information

- (g) Expenses of the Offer have been paid and are recognised in equity net of tax (refer to Section 6.6).
- (h) The Company will pay a Broker Firm selling fee equal to 1.5% (plus GST) of the Application Amounts provided with valid Application Forms bearing a Licensee's stamp to the extent Shares are allotted under the Broker Firm Offer and the Applications or commitments to lodge Application Forms (with respect to the Broker Firm Offer) are received before the Closing Date. No fee will be payable on WAM Priority Allocations or General Offer Applications.
- (i) For the purpose of the unaudited pro-forma statement of financial position, it has been assumed that the Broker Firm selling fee of 1.5% (plus GST) will be paid on:
- (i) 0% of Applications in respect of the Minimum Subscription of \$16,500,000;
 - (ii) 65% of Applications in respect of the Subscription of \$85,250,000; and
 - (iii) 21.5% of Applications in respect of the Maximum Subscription of \$154,000,000.
- (j) The Company will pay a fee equivalent to 0.5% (plus GST) of the total gross proceeds of the Offer to the Joint Lead Managers.

6.6. Expenses of the Offer

The Company will pay from the proceeds of the Offer the expenses of the Offer including legal, accounting, taxation, printing and initial ASX listing fees. These expenses have been estimated at \$258,900 (net of tax) assuming the Minimum Subscription is achieved and \$1,178,944 (net of tax) assuming the Maximum Subscription is achieved. A breakdown of these expenses (including GST), assuming the Minimum Subscription of Applications for \$16,500,000, Subscription of Applications for \$85,250,000 and Maximum Subscription of Applications for \$154,000,000 is provided below:

	Minimum Subscription \$16.5 million (\$)	Subscription \$85.25 million (\$)	Maximum Subscription \$154 million (\$)
Joint Lead Manager fees	90,750	1,383,181	1,393,315
Legal fees	77,000	77,000	77,000
Investigating accountant and tax adviser fees	19,800	19,800	19,800
ASX fees	84,150	148,143	184,745
ASIC lodgement fees	2,350	2,350	2,350
Other expenses	101,995	101,995	101,995
Total estimated gross expenses of the Offer	376,045	1,732,469	1,779,205
Less: Deferred tax asset	(110,957)	(491,448)	(505,262)
Less: GST Receivable	(6,188)	(94,308)	(94,999)
Total estimated expenses of the Offer	258,900	1,146,713	1,178,944

6.7. Proposed significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of the unaudited pro-forma statements of financial position set out in Section 6.2 or that will be adopted and applied in preparation of the financial statements of the Company for the period ended 30 June 2018 and subsequent periods is set out as follows:

(a) Basis of preparation

The pro-forma statement of financial position has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (AASB), and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus).

Australian Accounting Standards and Interpretations, set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro-forma statements of financial position have been prepared on the basis of assumptions outlined in Section 6.5.

The pro-forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

(b) Investments

i) Classification

The category of financial assets and financial liabilities comprises:

Financial instruments held for trading

These include futures, forward contracts, options and interest rate swaps.

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold.

The fair value through profit or loss classification is available for the majority of the financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

ii) Recognition/derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale

Financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

iii) Measurement

Financial instruments designated at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the statement of profit or loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

Listed Equities

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

6) Financial information

Income and expenditure

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the statement of profit or loss as they accrue, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including withholding tax, if any.

Dividend income relating to exchange-traded equity instruments is recognised in the statement of profit or loss on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis and recognised in the statement of profit or loss on the day the distributions are announced.

All expenses, including Performance Fees and Investment Management Fees, are recognised in the statement of profit or loss on an accrual basis.

(c) Fair value measurement

When a financial asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the statement of profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the ATO. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

7) Investigating Accountant's Report



5 May 2017

Board of Directors
WAM Microcap Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000



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Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

Dear Directors

Part 1: Independent Limited Assurance Report on WAM Microcap Limited pro-forma historical financial information

7.1 Introduction

The Directors of WAM Microcap Limited (the "Company") have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd ("Pitcher Partners") to report on the pro-forma historical financial information of the Company as at 8 March 2017.

We have prepared this Independent Limited Assurance Report ("Report") to be included in a Prospectus dated on or about 5 May 2017 and relating to the Offer of up to 140,000,000 fully paid ordinary Shares at an offer price of \$1.10 per share to raise up to \$154,000,000 should the Maximum Subscription be raised.

The Minimum Subscription is 15,000,000 fully paid ordinary Shares to raise a minimum of \$16,500,000. The Offer is not underwritten.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("AFSL") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

7.2 Background

The Company was incorporated on 8 March 2017 and has not traded. As at the date of this Report, the Company has 1 Share on issue and has net assets of \$1.

7.3 Scope

This Report deals with the pro-forma financial information included in Section 6 of the Prospectus ("Financial Information"). The Financial Information consists of the pro-forma statements of financial positions as at 8 March 2017 and related notes as set out in sections 6.3 to 6.6 of the Prospectus.

The unaudited pro-forma statements of financial position in Section 6.2 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro-forma assumptions relate, as described in Section 6.5 of the Prospectus, as if those events had occurred as at 8 March 2017. Due to its nature, the pro-forma historical financial information does not represent the Company's actual or prospective financial position.

The pro-forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

7.4 Director's responsibilities

The Directors of the Company are responsible for the preparation and presentation of the pro-forma statements of financial position including the selection and determination of pro-forma assumptions, accounting policies and the notes included in the pro-forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro-forma historical financial information that are free from material misstatement, whether due to fraud or error.

7.5 Our responsibilities

Our responsibility is to express a limited assurance conclusion on the pro-forma historical financial information included in Section 6 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

7) Investigating Accountant's Report

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the pro-forma historical financial information of the Company.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

7.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro-forma historical financial information (being the pro-forma statements of financial position of the Company) are not presented fairly, in all material respects, in accordance with the assumptions described in Section 6.5 of the Prospectus and the stated basis of preparation as described in Section 6.2 of the Prospectus.

7.7 Restriction on use

Without modifying our conclusions, we draw attention to Section 6 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 6 of the Prospectus.

7.8 Legal proceedings

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

7.9 Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or

that would cause such information to be misleading or deceptive.

7.10 Sources of information

Pitcher Partners has made enquiries of the Directors, the Manager and other parties as considered necessary during the course of our analysis of the pro-forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

7.11 Independence or disclosure of interest

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

7.12 Liability

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

7.13 Financial Services Guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett
Director



Part 2: Financial Services Guide

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd (“**Pitcher Partners**”) is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd (“**Licence Holder**”) in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively “**Authorised Financial Products**”); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of **Authorised Financial Products**.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide (“**FSG**”) in connection with its provision of an Investigating Accountant’s Report (“**Report**”) which is included in the Prospectus provided by WAM Microcap Limited (the “**Entity**”).

3. General Financial Product Advice

The financial product advice provided in our Report is known as “**general advice**” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence (“**AFSL**”) to assist you in this assessment.

4. Remuneration

Pitcher Partners’ client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$18,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Pitcher Partners Sydney, a chartered accounting partnership associated with Pitcher Partners has been nominated to be the appointed auditor of the Company, for which it will receive fees.

6. Complaints resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 1615, Sydney NSW 2001

If you have a complaint about Pitcher Partners’ Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

8) Directors of WAM Microcap Limited

8.1. Introduction

The Company believes that the Investment Manager has the skill, depth of knowledge and history of achieving results through the Investment Strategy to manage this Portfolio.

The Investment Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

Director	Position	Committee
Geoff Wilson	Non-independent Chairman	N/A
Jacqueline Sullivan	Independent Director	Audit & Risk Committee Chair
Kate Thorley	Non-independent Director	Audit & Risk Committee Member
Chris Stott	Non-independent Director	N/A

8.2. Background of the Directors

Geoff Wilson (Non-independent Chairman)

See Section 4.6 for details of Geoff's experience.

Jacqueline Sullivan (Independent Director)

Jacqui has 30 years' funds management experience gained in a number of senior executive roles across the Australian and global AMP Capital businesses. In that time, Jacqui led global distribution of AMP Capital with a focus on expansion into Asia, North America and Europe. As Head of Product, Jacqui led the development of range of multi-manager products, listed funds, real assets and hedge funds. Jacqui holds a Bachelor of Science, MBA, Graduate Diploma of Applied Finance and Investment and is a Graduate of the Australian Institute of Company Directors (AICD).

Kate Thorley (Non-independent Director)

Kate has over 10 years' experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience.

Kate is the Chief Executive Officer of Wilson Asset Management. Previously, Kate held the positions of Chief Financial Officer and Financial Accountant. Kate holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma of Applied Corporate Governance and is a fully qualified CPA.

Kate is a Director of WAM Capital Limited, WAM Active Limited, WAM Research Limited, WAM Leaders Limited and Future Generation Investment Company Limited. Kate is the Company Secretary of Future Generation Global Investment Company Limited and WAM Capital Limited. Kate is a member of AICD and the Financial Services Institute of Australasia (FINSIA).

Chris Stott (Non-independent Director)

See Section 4.6 for details of Chris' experience.

8.3. Independent Directors

Jacqueline Sullivan, being the Independent Director, is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the person's judgement.

8.4. Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

8.5. The role of the Directors

The Directors will ensure the Company has Corporate Governance procedures and that those procedures are followed. In addition, the Board will be responsible for reviewing the Investment Manager's performance and ensuring compliance with the Investment Management Agreement terms. Together the members of the Board, may implement capital management strategies (in line with the policy set out in Section 3.8) from time-to-time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors' commitment of time to these activities will depend on a number of factors including the size of the Portfolio.

The Company has outsourced its investment management function to the Investment Manager in accordance with the Investment Management Agreement. The accounting, custody, valuation and share registry functions have been outsourced to various service providers. The Board will oversee the performance of the Investment Manager and other service providers.



Each Director has confirmed that, notwithstanding other commitments, they will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

8.6. Participation by the Directors

Geoff Wilson currently holds one Share in the Company, which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer. At completion of the Offer the Directors are expected to have a relevant interest in the following Shares:

Director	Shares
Geoff Wilson	1,000,001
Jacqueline Sullivan	Nil
Kate Thorley	200,000
Chris Stott	500,000

8.7. No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

8.8. Directors' remuneration

The Company's non-executive Directors are entitled to receive Directors fees of up to \$80,000 per annum.

Additional remuneration will be paid in accordance with the Company's Constitution. As at the date of the Prospectus, the Company has agreed to pay the Directors the following annual fees.

Director	Director's fees
Geoff Wilson	\$10,000
Jacqueline Sullivan	\$25,000
Kate Thorley	\$10,000
Chris Stott	\$10,000

For the year ending 30 June 2018 Directors will be paid a pro rata amount calculated by reference to the date the Company is admitted to the Official List.

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

8.9. Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 9.3 for details.

8.10. Corporate governance policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board has established an Audit and Risk Committee.

The Board endorses the Corporate Governance Principles and Recommendations (ASX Recommendations) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the Company's website at www.wilsonassetmanagement.com.au from the date of admission to the Official List.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

8) Directors of WAM Microcap Limited

8.11. Related party disclosures

Each Director has entered into a director protection deed with the Company (see Section 9.3).

Non-independent Director, Geoff Wilson, is the sole director and indirect owner of 100% of the issued share capital in both the Investment Manager and WAMI.

As the indirect owner of the ordinary shares in the Investment Manager, Geoff Wilson will benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement. Details of the financial benefit payable under the Investment Management Agreement are included in Section 9.1.

WAMI provides accounting and company secretarial services to the Company under a service agreement on commercial terms. The accounting services amount to \$42,000 per annum (plus GST) and the company secretarial services amount to \$15,000 per annum (plus GST). As the indirect owner of the sole ordinary share in WAMI, Geoff Wilson will benefit from the service fees paid to WAMI.

Other than as set out above or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

9) Material contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This Section contains a summary of the material contracts and their substantive terms.

9.1. Investment Management Agreement

The Company has entered into the Investment Management Agreement with the Investment Manager on 5 May 2017 with respect to the investment management of the Company's Portfolio. Set out below is a summary of the material terms of the Investment Management Agreement.

Services

The Investment Manager must manage and supervise the Portfolio and all investments within the Portfolio.

The Investment Manager will also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business.

Permitted investments

The Investment Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with the approved investment strategies, Board approval for the investment is required. The Board may approve changes to the approved investment strategies from time-to-time.

To the extent the Investment Manager's AFSL does not include the authorisations required for the Investment Manager to provide advice or deal in certain investments, the Investment Manager will engage external advisors with the appropriate AFSL authorisations.

Powers of the Investment Manager

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by the Company from time-to-time, the Investment Manager has the powers necessary to, on behalf of the Company, invest money constituted in or available to the Portfolio, make, hold, realise and dispose of investments within the Portfolio. Any investment outside the written guidelines of the Board requires Board approval.

Subject to an obligation to liquidate the Portfolio to meet the Company's operating costs, dividend payments, capital returns, buybacks or other distributions, the Investment Manager has absolute and unfettered discretion to manage

the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) investigation, negotiation, acquisition, or disposal of every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- (c) if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
 - (i) to convert that investment into some other investment;
 - (ii) to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment;
 - (iii) to re-invest any of those monies;
- (d) retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any entity; and
- (e) to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

Valuations

The Investment Manager must arrange for calculation of the Value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Investment Manager and the Company. All costs incurred by the Investment Manager in arranging this calculation are to be paid by the Company.

Delegation

The Investment Manager may, with the prior approval of the Company (not to be unreasonably withheld), appoint or employ any person, including any Related Body Corporate of the Investment Manager, to be a sub-contractor for the Investment Manager to perform any or all of the duties and obligations imposed on the Investment Manager by the Investment Management Agreement.

Non-exclusivity

The Investment Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Investment Management Agreement,

9) Material contracts

provided the Investment Manager does not prejudice or otherwise derogate its responsibilities specified in the Investment Management Agreement.

To manage potential conflicts of interest, the Investment Manager must comply with the allocation policy set out in Section 3.10 (as amended by the Company from time-to-time) and will ensure appropriate procedures are in place to protect the Company's confidential information.

Related party protocols

If the Investment Manager proposes that the Company acquire assets from or dispose of assets to a related party of the Investment Manager, the Company must approve the acquisition or disposal of the asset to the extent required by the Corporations Act or the Listing Rules.

Amendment

The Investment Management Agreement may only be altered by the agreement of the Company and the Investment Manager. The Company and the Investment Manager have agreed that they will only make material changes to the Investment Management Agreement if the Company has obtained shareholder approval for these material changes.

Change of control provisions

The Investment Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Company.

Similarly, the Company has no right to terminate the Investment Management Agreement in the event of a change of control of the Investment Manager.

The Investment Management Agreement does not contain any pre-emptive rights over the Portfolio which are exercisable by either the Company, the Investment Manager or a related entity of the Investment Manager in the event of a change of control of either the Company or the Investment Manager.

Company indemnity

The Company must indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses) incurred in connection with the Investment Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Investment Manager or

its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees. This obligation continues after the termination of the Investment Management Agreement.

Investment Manager's liability

Subject to the Corporations Act, the Listing Rules and the Investment Management Agreement, the Investment Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise.

In the absence of negligence, default, fraud or dishonesty, the Investment Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

Investment Manager indemnity

The Investment Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Investment Manager or its officers. This obligation continues after the termination of the Investment Management Agreement.

Management Fee

In return for the performance of its duties as Investment Manager of the Portfolio, the Investment Manager is entitled to be paid monthly a management fee equal to 0.0833334% per month or 1% per annum (plus GST) of the Value of the Portfolio (calculated on the last business day of each month and paid at the end of each month in arrears).

As a worked example, assuming an initial Value of the Portfolio of \$154,000,000 at 1 July 2017, and nil performance on the Portfolio each month, the Management Fee payable on the Portfolio for the 12-month period from 1 July 2017 to 30 June 2018 would be approximately \$1,540,000 (plus GST) or 1% of the Value of the Portfolio for the period.

Management Fees would increase if the Value of the Portfolio increases, and decrease if the Value of the Portfolio decreases, over the period.

Performance Fee

The Investment Manager is entitled to be paid by the Company a fee (**Performance Fee**) equal to 20% (plus GST) of the base amount (**BA**). Except as set out below, BA for a Performance Calculation Period is calculated in accordance with the following formula:

$$BA = (FV - IV) - \left[IV \times \frac{(FI - II)}{II} \right]$$

Where:

BA is the base amount to be used in calculating the Performance Fee outlined above;

FV is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the relevant Performance Calculation Period;

IV is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the preceding Performance Calculation Period;

FI is the level of the S&P/ASX Small Ordinaries Accumulation Index published by the ASX on the last Business Day of the relevant Performance Calculation Period; and

II is the level of the S&P/ASX Small Ordinaries Accumulation Index published by the ASX on the last Business Day of the preceding Performance Calculation Period.

If the level of the S&P/ASX Small Ordinaries Accumulation Index as calculated on the last Business Day of a Performance Period is less than the level as calculated on the last Business Day of the preceding Performance Calculation Period, BA is the amount calculated by the formula $FV - IV$.

If the amount calculated for BA above is a negative number, no Performance Fee is payable in respect of that Performance Calculation Period. If the Portfolio does not outperform itself, no Performance Fee is payable in respect of that Performance Calculation Period.

In calculating the Performance Fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of securities, capital reductions or share buybacks undertaken, payment of tax and dividend distributions made by the Company will be disregarded or adjusted for in a manner determined by the Company's auditor at the conclusion of that Performance Calculation Period.

For the purpose of this calculation, the Value of the Portfolio is defined in the Investment Management Agreement as the aggregate sum of the gross value of each investment

less any liability directly or indirectly attributable to the acquisition, maintenance or disposal of any investment or the management and administration of the Portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage, stamp duty, borrowings or other liabilities).

As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$154,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 15% higher than at the beginning of \$177,100,000:

- (a) If the S&P/ASX Small Ordinaries Accumulation Index return is 10% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$7,700,000; and
- (b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$1,540,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

As a worked example, assuming a Performance Calculation Period of 1 July 2018 to 30 June 2019, an initial Value of the Portfolio of \$177,100,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% higher than at the beginning of \$185,955,000:

- (a) If the S&P/ASX Small Ordinaries Accumulation Index return is 10% per annum for the Performance Calculation Period, there would be an aggregate underperformance of \$8,855,000; and
- (b) In this instance, there would be no performance fee payable for the Performance Calculation Period as the Portfolio has underperformed the Benchmark.

As a worked example, assuming a Performance Calculation Period of 1 July 2019 to 30 June 2020, an initial Value of the Portfolio of \$185,955,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 15% higher than at the beginning of \$213,848,250:

- (a) If the S&P/ASX Small Ordinaries Accumulation Index return is 5% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$18,595,500;
- (b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$3,719,100 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

9) Material contracts

As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$154,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that has not changed in value from the beginning being \$154,000,000:

- (a) If the S&P/ASX Small Ordinaries Accumulation Index return is negative 10% per annum for the Performance Calculation Period, there would be an aggregate outperformance of \$15,400,000; and
- (b) In this instance, although there has been outperformance against the benchmark, there would be no performance fee payable to the Investment Manager for the Performance Calculation Period as a performance fee is only payable on positive performance of the Portfolio.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Investment Manager for the fees, costs and expenses approved by the Board provided they were properly incurred in connection with the investment and management of the Portfolio of the Company or the acquisition, disposal or maintenance of any investment, including:

- (a) fees payable to any securities exchange, ASIC or other regulatory body; and
- (b) all costs, custody fees, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Investment Manager in connection with:
 - (i) the acquisition and negotiation of any investment or proposed investment;
 - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - (iii) the receipt of income or other entitlements from the investments within the Portfolio;
 - (iv) the engagement of a custodian to hold an investment on behalf of the Company;
 - (v) outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums;
 - (vi) marketing expenses including website and research reports; and
 - (vii) all accounting and audit costs of the Company whether or not in relation to the Portfolio.

Notwithstanding the above, the Investment Manager is solely responsible for payment of the fees of any investment manager engaged by the Investment Manager to assist it in undertaking its duties under the Investment Management Agreement.

Assignment

The Investment Manager may assign the Investment Management Agreement to a third party with the prior consent in writing of the Company, which must not be unreasonably withheld or delayed. The replacement manager may utilise the Investment Strategy or engage either Geoff Wilson or Chris Stott as a responsible manager or an Authorised Representative in a management capacity.

Term of Agreement

The term of the Investment Management Agreement is currently five years, with automatic five year extensions, unless terminated earlier in accordance with the Investment Management Agreement. However, the Company will apply to the ASX for a waiver to extend this initial term to 10 years with automatic extensions of five year periods unless terminated earlier in accordance with the Investment Management Agreement. If the waiver application is refused, the initial term of the Investment Management Agreement will remain five years.

The Investment Management Agreement gives the Company certain termination rights including the right to immediately terminate if the Investment Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such a breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach; or

The Company may also terminate the Investment Management Agreement following the initial term:

- (a) by giving the Investment Manager six months' prior written notice; or
- (b) on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Investment Manager's appointment.

If the Company terminates the Investment Management Agreement in accordance with any of these rights, it must pay to the Investment Manager a fee equal to the aggregate Management and Performance Fees paid to the Investment Manager in the 12-month period up to the date of termination.

The Investment Manager may terminate the Investment Management Agreement at any time after the Initial Term by giving the Company at least six months' written notice.

Removal of Investment Manager

The Company may remove the Investment Manager by not less than six months' notice on the occurrence of any one of the following events:

- (a) the Investment Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the Investment Strategy applicable at the time the investment is made;
- (b) the Investment Manager is in default or breach of its obligations under the Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after the Company has notified the Investment Manager in writing to rectify the default or breach; or
- (c) the Investment Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

If the Investment Manager is so removed the Investment Manager may appoint a replacement manager provided such appointment takes place within the six-month notice period referred to above. The Investment Manager must assign all its rights, title and interest in and to the Investment Management Agreement to the replacement manager provided the replacement manager:

- (a) holds a valid and current AFSL;
- (b) undertakes to the Company to comply with all the obligations imposed on the Investment Manager under the Investment Management Agreement; and
- (c) if appointed as a result of a breach by the Investment Manager, rectifies the breach or default within the 30 day notice period.

The effect of the assignment of this Agreement is the novation of the Investment Management Agreement for the benefit of the replacement manager and the Company is deemed to have consented to that assignment.

The Company may terminate the Investment Management Agreement if a replacement manager has not been appointed within the six month notice period referred to above.

If the replacement manager, having been so appointed is itself removed in the circumstances outlined above:

- (a) it has no right to in turn appoint a replacement manager; and
- (b) the Company may terminate the Investment Management Agreement at the expiry of the 6 month notice period referred to above.

9.2. Letter agreement with Joint Lead Managers

The Company has entered into a letter agreement dated 5 May 2017 (**JLM Agreement**) with the Joint Lead Managers pursuant to which the Joint Lead Managers will manage the Offer. Under the JLM Agreement, the Company appoints Taylor Collison as the Authorised Intermediary to make offers to arrange for the issue of the Shares under the Offer. Taylor Collison will not receive a fee for providing this service to the Company.

In return for providing the services under the JLM Agreement, the Company will pay the Joint Lead Managers a fee equal to 0.5% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and its brokers. The Joint Lead Managers will have sole responsibility to pay brokers any commissions and fees associated with the Offer.

The Company has agreed to pay or reimburse the Joint Lead Managers for all reasonable out-of-pocket expenses incurred by them in connection with the Offer.

9.3. Director protection deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company.

The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are Directors and for seven years after they cease to act as Directors.

10) Additional information

10.1. Incorporation

The Company was incorporated in New South Wales on 8 March 2017.

10.2. Balance date and tax status

The accounts for the Company will be prepared up to 30 June annually.

The Company will be taxed as a public company.

10.3. Rights attaching to the Shares

The following information is a summary of the Company Constitution. Investors have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (1 vote per Shareholder) and on a poll (1 vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by the ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (d) subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in a general meeting by special resolution.

10.4. Dividend reinvestment plan

Eligible members

Shareholders who may participate in the dividend reinvestment plan (**Plan**) comprise shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or

- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia, and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible members may elect to participate in the Plan in respect of all or part of their Shares, which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription price

Shares allotted to participants will be allotted at a price per Share determined in accordance with the Corporations Act and Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend, less any discount determined by the Directors (at their discretion).

Investment of dividends

In respect of each cash dividend from time-to-time due and payable to a Shareholder in respect of the member's Plan Shares, the Directors will on behalf of and in the name of the Shareholder subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the subscription price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

ASX listing

The Company will make application promptly after each allotment of Shares for quotation of such Shares on the official list of the ASX.

Variation or termination of participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

10.5. ASIC relief

The Company's first financial year will end on 30 June 2018. The Corporations Act requires that the half year be the first 6 months of each financial year and normally imposes certain reporting requirements with respect to that period.

The Company's first half year therefore commences on incorporation (i.e. 8 March 2017) and will end around 8 September 2017. Without relief, the Company would be required to prepare and lodge half yearly accounts for the first half year ending 8 September 2017. Once the Company is listed, ASX may also require the Company to provide half yearly accounts for the period from incorporation to 31 December 2017.

The Company will apply for ASIC relief to extend the reporting period with respect to the first half year imposed by the Corporations Act to 31 December 2017 so that it aligns with any ASX reporting requirements and market practice.

10.6. ASX waiver

Listing Rule 15.16 sets a maximum term of five years for an Investment Management Agreement. The Company will apply for a waiver of Listing Rule 15.16 to allow an initial term of 10 years under the Investment Management Agreement. The waiver is expected to be granted prior to the inclusion of the Company in the ASX's Official List.

10.7. Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the share market. The value of shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between individuals. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.8. Australian taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian Shareholders who hold their Shares on capital account. Different tax implications apply to non-resident Shareholders or Shareholders whose Shares are held on revenue account.

The comments in this Section 10.8 are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 10.8 are based on the *Income Tax Assessment Act 1936*, and the *Income Tax Assessment Act 1997*, *A New Tax System (Goods and Services Tax) Act 1999* and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 10.8 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 30% for businesses with an aggregate turnover of more than \$2,000,000).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank dividends at 100%, or to the maximum extent possible.

Income tax position of Australian resident Shareholders

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Securities on capital account are set out below.

10) Additional information

Issue of Shares

The Offer comprises the issue of Shares.

The issue of Shares involves the acquisition of a Capital Gains Tax (CGT) asset but should not give rise to a taxing event at the time of issue for Shareholders.

Fees incurred for broker service, and other incidental acquisition costs borne by investors, will be included in the tax cost base of the relevant Shares issued. Accordingly, these expenses will be included in the tax cost base of those Shares and will decrease (or increase) any subsequent gain (or loss) realised for capital gains tax purposes upon the event of any disposal of those Shares at a later date.

Disposal of Shares

The disposal of Shares will be a taxing event for Shareholders. Shareholders should derive a taxable capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Shares.

Likewise, Shareholders should generally incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Generally, the capital proceeds that are received as a result of the disposal of the Shares will be equal to the consideration received on disposal. The cost base of the Shares will generally be equal to the amount paid in respect of the acquisition of the Shares plus any incidental costs of acquisition or disposal.

Provided Shareholders (other than corporate Shareholders) have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal.

Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30% for companies with an annual turnover of \$2,000,000 or more and 28.5% for companies with an annual turnover of less than \$2,000,000).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability and any excess franking credits may be fully refunded.

A complying superannuation fund in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Status as a Listed Investment Company (LIC)

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90% of the Portfolio value must comprise certain permitted investments as defined in section 115-290(4) of the *Income Tax Assessment Act 1997 (Cth)*.

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment), financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

Goods and Services Tax (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Shares under the Offer.

Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

10.9. Legal proceedings

The Company is not and has not been, in the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

10.10. Consents and responsibility statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named. Each of the following parties has also consented to the inclusion, in the form and context in which it is included, of any information described below.

Name	Role / responsible
MAM Pty Limited	Investment Manager – all information about it including information in Sections 3 and 4 and elsewhere in this Prospectus.
Kardos Scanlan Corporate Lawyers	Solicitors to the Offer.
Pitcher Partners Sydney Corporate Finance Pty Limited	Investigating accountant for the Company – the Investigating Accountant's Report on Pro-Forma Financial Information in Section 7.
Boardroom Pty Limited	Share Registrar for the Company.
Each of Taylor Collison Limited & Morgans Financial Limited	Joint Lead Managers to the Offer.
Taylor Collison Limited	Authorised Intermediary to the Offer.
Wilson Asset Management (International) Pty Limited	Accounting and Company Secretarial services – all information about it including information in Section 4 and elsewhere in this Prospectus.
WAM Capital Limited	All information about it, including its performance history in Section 4 and elsewhere in this Prospectus.

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named. Except to the extent indicated above, none of the above parties has authorised or caused the issue of the Prospectus and takes no responsibility for its content.

10.11. Offer expenses

The Company will pay all of the costs associated with the Offer. These costs are fully described in Section 6.

10.12. Interest of experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Kardos Scanlan has acted as solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totalling approximately \$70,000 (plus GST and disbursements) to *Kardos Scanlan*.

Pitcher Partners Sydney Corporate Finance Pty Limited has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates that it will pay amounts totalling approximately \$18,000 (plus GST and disbursements) to *Pitcher Partners Sydney Corporate Finance Pty Limited*.

Authorised Intermediary will not be paid a fee.

Joint Lead Managers will be paid a fee of 0.5% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager.

Certain partners and employees of the above firms may subscribe for Shares in the context of the Offer.

11) Definitions and interpretation

11.1. Defined terms

In this Prospectus:

Absolute bias (investment strategy) aims to produce a positive return over time, regardless of the prevailing market conditions.

AFSL means Australian Financial Services License.

Applicant means an applicant for Shares under this Prospectus.

Application means an application for Shares under this Prospectus.

Application Form means the WAM Priority Application Form, General Offer Application Form or Broker Firm Application Form (as applicable) each in the form attached to this Prospectus.

Application Monies means the Application Price of \$1.10 multiplied by the number of Shares applied for.

Application Price means \$1.10 per Share.

ASIC means the Australian Securities and Investments Commission.

ASX or Australian Securities Exchange means the ASX Limited or the Securities exchange operated by ASX Limited.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).

Authorised Intermediary means Taylor Collison Limited (ABN 51 008 172 450 (AFSL 247083)).

Bottom-up describes an investment strategy that entails a thorough review of each potential investment and assumes that individual entities can do well even in an industry that is not performing very well.

Broker means any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.3.

Catalyst(s) are events, catalysts, information or news about an equity investment that the Investment Manager considers is likely to have an impact on the valuation of the investment.

Closing Date means the date by which valid Application Forms must be received under each Offer. The WAM Priority Allocation closes on 5 June 2017, the Broker Firm Offer closes on 9 June 2017 and the General Offer closes on 14 June 2017.

Company means WAM Microcap Limited (ACN 617 838 418).

Corporations Act means *Corporations Act 2001 (Cth)*.

Directors or Board means the Board of Directors of the Company.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at www.wilsonassetmanagement.com.au/lic/wam-microcap

Exposure Period means the period of seven days after the date of lodgement of the Prospectus with ASIC, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act.

General Offer means the offer referred to in Section 2.4.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the WAM Priority or Broker Firm Offer.

GST means Goods and Services Tax and has the same meaning as contained in *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

HIN or Holding Identification Number means the unique identifier of holders of shares on the CHESS subregister issued by ASX Settlement.

Index (benchmark) unaware describes an investment strategy based only on the manager's conviction without reference to a particular benchmark or index.

Investment Manager means the investment manager of the Portfolio appointed under the terms of the Investment Management Agreement, being MAM Pty Limited (AFSL No. 223231).

Investment Management Agreement means the investment management agreement between the Investment Manager and the Company, the terms of which are summarised in Section 9.1.

Investment Strategy means the strategy to be used by the Investment Manager in relation to the Portfolio, involving actively managing the Portfolio in accordance with the guidelines set out in Section 3 (as amended from time-to-time).

Joint Lead Managers means the joint lead managers to the Offer, being Taylor Collison Limited and Morgans Financial Limited.



Listing Rules means the listing rules of the ASX.

LIC means a listed investment company.

MAM means MAM Pty Limited (ACN 100 276 542).

Management Fee means the Management Fee payable to the Investment Manager in accordance with the Investment Management Agreement.

Maximum Subscription means the maximum subscription being sought by the Company under the Offer, being \$154,000,000.

Micro-cap means listed companies with a market capitalisation of less than \$300 million on acquisition.

Minimum Subscription means the minimum subscription being sought by the Company under the Offer, being \$16,500,000.

NAV or Net Asset Value means the value of the Company's total assets less the value of any liabilities.

NTA or Net Tangible Assets means the value of the Company's total assets less the value of the intangible assets and less the value of the liabilities.

Offer means the offer of up to 140,000,000 fully paid ordinary Shares (at an Application Price of \$1.10 per Share) to raise up to \$154,000,000 (which comprises of the WAM Priority Allocation, the Broker Firm Offer and the General Offer).

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 15 May 2017.

Performance Calculation Period means:

- (a) for the first Performance Calculation Period, the period commencing on the date of issue of shares ending on 30 June 2018;
- (b) in all other circumstances, the 12 month period ending on 30 June each year.

Performance Fee means the performance fee payable to the Investment Manager in accordance with the Investment Management Agreement.

Plan means the Company's dividend reinvestment plan summarised in Section 10.4.

Portfolio means the portfolio of investments of the Company.

Prospectus means this Prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time-to-time.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

S&P/ASX 200 Index means the index comprised of the S&P/ASX 100 plus an additional 100 stocks.

S&P/ASX Small Ordinaries Accumulation Index means the index comprised of the companies included in the S&P/ASX 300 index but not in the S&P/ASX 100 index. It assumes all dividends are reinvested.

S&P/ASX All Ordinaries Accumulation Index means the index comprised of the 500 largest ASX listed companies by market capitalisation.

Securities mean the Shares the subject of the Offer or, if the context requires, has the meaning given in Section 92 of the Corporations Act.

Share means a fully paid ordinary Share in the Company.

Shareholder means a registered holder of a Share.

Shareholder Reference Number or SRN is the unique identifier of holders of shares on the issuer sponsored sub-register.

Share Registrar or Registry means Boardroom Pty Limited (ACN 003 209 836).

Short Position means borrowing an asset (security) and then immediately selling it in the expectation that the value of the relevant security will depreciate. The Short Position is covered by buying back the asset, theoretically at a lower price thereby locking in a profit. The borrowed relevant security is then returned.

Short Selling means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date.

Value of the Portfolio means the gross assets of the Company.

WAM Entities means each of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited and Wilson Asset Management Equity Fund.

WAMI means Wilson Asset Management (International) Pty Limited (ACN 081 047 118).

Wilson Asset Management means WAMI and MAM.

11) Definitions and interpretation

Wilson Asset Management Investment Team means the investment personal detailed in Section 4.

WAM Eligible Participant means a person eligible to participate in the WAM Priority Allocation, being a shareholder of WAM Capital Limited, WAM Research Limited, WAM Active Limited and WAM Leaders Limited with a registered address in Australia.

WAM Priority Allocation means the allocation of up to 110,000,000 Shares to WAM Eligible Participants on the terms set out in Section 2.2.

WAM Priority Application Form means the Application Form to be used by a WAM Eligible Participant who is not participating in the Broker Firm Offer.

11.2. Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) The singular includes the plural and vice versa;
- (c) A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) A reference to any gender includes both genders;
- (e) A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) A reference to “dollars” or “\$” is to Australian currency;
- (g) In this document, headings are for ease of reference only and do not affect its interpretation; and
- (h) Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

11.3. Governing law

This Prospectus is governed by the laws of New South Wales.

11.4. Approval

This Prospectus has been approved by a resolution of the Directors of the Company.



Geoff Wilson
Chairman

Dated: 5 May 2017

WAM Priority Application Form

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

I	Contact telephone number (daytime/work/mobile)	Contact Name
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>
	Email address	<input type="text"/>

Declaration By submitting this WAM Priority Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this WAM Priority Application Form in accordance with the instructions on the form and in the Prospectus;
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** Tick to indicate if you are a shareholder in WAM Capital, WAM Research, WAM Active or WAM Leaders. If you are not an existing shareholder in any of these entities, you must complete the General Offer Application Form.
- B** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **B** (not less than 2,000 Shares representing a minimum investment of \$2,200.00). Multiply by \$1.10 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **C**.
- D** Write your **full name**. Initials are not acceptable for first names.
- E** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- H** Complete **cheque details** as requested. Make your cheque payable to "WAM Microcap Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.wilsonassetmanagement.com.au/lic/wam-microcap and pay by BPAY. See below.**
- I** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies. By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the Prospectus available at www.wilsonassetmanagement.com.au/lic/wam-microcap and follow the instructions on the online Application Form. You will be prompted at Q3E to nominate whether you are an existing investor in WAM, WAX, WAA or WLE. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm Sydney Time on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor WAM Microcap Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

WAM Microcap Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

WAM Microcap Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The WAM Priority Allocation is expected to close at 5:00 p.m. (Sydney Time) on 5 June 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

WAM Microcap Limited advises that Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

WAM Priority Application Form

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- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this WAM Priority Application Form in accordance with the instructions on the form and in the Prospectus;
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
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- H** Complete **cheque details** as requested. Make your cheque payable to "WAM Microcap Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.wilsonassetmanagement.com.au/lic/wam-microcap and pay by BPAY. See below.**
- I** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies. By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

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Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
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Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

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Mailing address:

WAM Microcap Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

WAM Microcap Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The WAM Priority Allocation is expected to close at 5:00 p.m. (Sydney Time) on 5 June 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

WAM Microcap Limited advises that Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

WAM Microcap Limited

ACN 617 838 418

General Offer Application Form

This is an Application Form for the General Offer for Shares in WAM Microcap Limited (**Company**) on the terms set out in the prospectus lodged with ASIC on 5 May 2017 (and as amended by any supplementary prospectus) (**Prospectus**). Defined terms in the Prospectus have the same meaning in this General Offer Application Form. You may apply for a minimum of 2,000 Shares and multiples of 100 Shares thereafter. This General Offer Application Form and your cheque, bank draft or BPAY must be received by **5.00pm (Sydney Time) on 14 June 2017**.

This General Offer Application Form is important. If you are in doubt as to how to deal with this General Offer Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this General Offer Application Form. The Privacy Policy can be found on the website <http://www.boardroomlimited.com.au/Privacy.html>

To meet the requirements of the *Corporations Act 2001* (Cth), this General Offer Application Form must not be distributed to another person unless included in, or accompanied by the Prospectus. A person who gives another person access to this General Offer Application Form must, at the same time and by the same means, give the other person access to the Prospectus. The Company will also send a paper copy of the Prospectus and Application Form free of charge if requested before the Closing Date.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Shares you are applying for <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; margin-top: 5px;"></div> <div style="display: inline-block; vertical-align: middle;">x \$1.10 per Share =</div> <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; margin-top: 5px;"></div>	B Total amount payable <div style="display: flex; align-items: center;"> <div style="margin-right: 5px;">\$</div> <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></div> </div>
--	--

Minimum of 2,000 Shares to be applied for and thereafter in multiples of 100 Shares

C Write the name(s) you wish to register the Shares in (see reverse for instructions) Applicant #1 <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div> Name of Applicant #2 or <Account Designation> <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div> Name of Applicant #3 or <Account Designation> <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>
--

D Write your postal address here Number/Street <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div> <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div> <div style="display: flex; justify-content: space-between;"> <div>Suburb/Town <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div></div> <div>State <div style="border: 1px solid black; display: inline-block; width: 30px; height: 20px;"></div></div> <div>Postcode <div style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></div></div> </div>			
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E CHESS participant – Holder Identification Number (HIN) <div style="display: flex; align-items: center;"> <div style="margin-right: 5px;">X</div> <div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></div> </div>	Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.
---	---

F Enter your Tax File Number(s), ABN, or exemption category	
Applicant #1 <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div> Applicant #3 <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>	Applicant #2 <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>

G Cheque payment details – PIN CHEQUE(S) HERE. Cheque to be made payable to "WAM Microcap Limited" and crossed Not Negotiable. Enter cheque details below.		Alternatively you can apply online at www.wilsonassetmanagement.com.au/lic/wam-microcap and pay by BPAY.	
Name of drawer of cheque	Cheque no.	BSB no.	Account no.
<div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>

H Contact telephone number (daytime/work/mobile) <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; display: inline-block; width: 40%; height: 20px;"></div> <div style="border: 1px solid black; display: inline-block; width: 40%; height: 20px;"></div> </div>	Contact Name <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>
E-mail Address <div style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></div>	

Declaration By submitting this General Offer Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this General Offer Application Form in accordance with the instructions on the form and in the Prospectus;
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

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Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 2,000 Shares representing a minimum investment of \$2,200.00). Multiply by A\$1.10 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
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- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- G** Complete **cheque details** as requested. Make your cheque payable to "WAM Microcap Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.wilsonassetmanagement.com.au/lic/wam-microcap and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**
- H** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies. By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the Prospectus available at www.wilsonassetmanagement.com.au/lic/wam-microcap and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney Time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor WAM Microcap Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

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Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

WAM Microcap Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

WAM Microcap Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The General Offer is expected to close at 5:00 p.m. (Sydney Time) on 14 June 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

WAM Microcap Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

WAM Microcap Limited
ACN 617 838 418
General Offer Application Form

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[illegible]

C	Write the name(s) you wish to register the Shares in (<i>see reverse for instructions</i>)																								
	Applicant #1																								
	Name of Applicant #2 or <Account Designation>																								
Name of Applicant #3 or <Account Designation>																									

D	Write your postal address here																			
	Number/Street																			
	<div></div>																			
	<div></div>																			
Suburb/Town										State					Postcode					
<div></div>										<div></div>					<div></div>					

E	CHESS participant – Holder Identification Number (HIN)										Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.
	<div style="display: flex; border: 1px solid black; height: 30px;"> X <div style="flex-grow: 1;"></div> </div>										

F	Enter your Tax File Number(s), ABN, or exemption category																			
	Applicant #1										Applicant #2									
	<input type="text"/>										<input type="text"/>									
	<input type="text"/>										<input type="text"/>									
	Applicant #3																			
	<input type="text"/>										<input type="text"/>									

G **Cheque payment details –** ✂ PIN CHEQUE(S) HERE. Cheque to be made payable to “WAM Microcap Limited” and crossed Not Negotiable. Enter cheque details below.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$

Alternatively you can apply online at
www.wilsonassetmanagement.com.au/lic/wam-microcap **and pay by BPAY.**

H	Contact telephone number (daytime/work/mobile)	Contact Name
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>
	E-mail Address	<input type="text"/>

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- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
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- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
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- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
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You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the Prospectus available at www.wilsonassetmanagement.com.au/lic/wam-microcap and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney Time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor WAM Microcap Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

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Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

WAM Microcap Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

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C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

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It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

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Broker Firm Application Form

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

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<ul style="list-style-type: none"> ✓ have read the Prospectus in full; ✓ have received a copy of the electronic Prospectus or a print out of it; ✓ have completed this Broker Firm Application Form in accordance with the instructions on the form and in the Prospectus; ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate; 	<ul style="list-style-type: none"> ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus; ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company; ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it; 	<ul style="list-style-type: none"> ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus); ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion; ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us; 	<ul style="list-style-type: none"> ✓ am/are over 18 years of age; ✓ agree to be bound by the constitution of the Company; ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital; ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and 	<ul style="list-style-type: none"> ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.
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C Write your **full name**. Initials are not acceptable for first names.

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G Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.

H Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

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Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

[illegible]

It is not necessary to sign or otherwise execute the Application Form.

WAM Microcap Limited advises that Chapter 20 of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Prospectus.

Broker Firm Application Form

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<ul style="list-style-type: none"> ✓ have read the Prospectus in full; ✓ have received a copy of the electronic Prospectus or a print out of it; ✓ have completed this Broker Firm Application Form in accordance with the instructions on the form and in the Prospectus; ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate; 	<ul style="list-style-type: none"> ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus; ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company; ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it; 	<ul style="list-style-type: none"> ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus); ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion; ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us; 	<ul style="list-style-type: none"> ✓ am/are over 18 years of age; ✓ agree to be bound by the constitution of the Company; ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital; ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and 	<ul style="list-style-type: none"> ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.
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C Write your **full name**. Initials are not acceptable for first names.

D Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

G Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.

H Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

[illegible]

It is not necessary to sign or otherwise execute the Application Form.

WAM Microcap Limited advises that Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Prospectus.

W | A | M *Microcap*

Wilson Asset Management

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