



30 August 2018

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Off-Market Takeover Bid for Wealth Defender Equities Limited

In accordance with section 633(1) item 5 of the Corporations Act, please find attached a copy of WAM Capital Limited's (ASX: WAM) bidder's statement ("**Bidder's Statement**") in relation to the Takeover.

The Bidder's Statement was lodged with the Australian Securities and Investments Commission and sent to Wealth Defender Equities Limited (ASX: WDE) earlier today.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Geoff Wilson', with a long horizontal flourish extending to the right.

Geoff Wilson AO
Chairman



This is an important document and requires your immediate attention.
If you are in any doubt as to how to deal with it, you should consult
your financial or other professional advisor.

W | A | M *Capital*

Bidder's Statement

Offer to acquire all the ordinary shares in
Wealth Defender Equities Limited (ASX: WDE)
(ACN 602 517 528)

By

WAM Capital Limited (ASX: WAM)
(ACN 086 587 395)

Offer of

1 WAM Share for every 2.5 of your WDE Shares

To accept the Offer please complete the enclosed Acceptance Form and use the enclosed reply-paid envelope to return the completed Acceptance Form to us. The Offer is dated [*] 2018 and will expire at 7.00pm (Sydney time) on [*] 2018 (unless withdrawn or extended). ASIC takes no responsibility for this Bidder's Statement.

Important Information

Key dates

| Event | Date |
|--|----------------|
| Date of Bidder's Statement | 30 August 2018 |
| Dispatch of Bidder's Statement and Offer opens (date of Offer) | [*] |
| Date of Offer Conditions notice | [*] |
| Close of Offer* | [*] |

*This date is indicative only and may be changed as permitted by the Corporations Act.

Bidder's Statement and Offer

This is a Bidder's Statement dated 30 August 2018 given by WAM to WDE and each holder of WDE Shares under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by a unanimous resolution of the Board of WAM. It includes an Offer for WDE Shares dated [*]. The Offer extends to WDE Shares on issue on [*] and any WDE Shares issued during the Offer Period.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and the ASX on 30 August 2018. The ASX, ASIC and their officers take no responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each WDE Shareholder or any other person. WDE Shareholders should seek independent financial and taxation advice before deciding whether or not to accept the Offer.

Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe WAM's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. WDE Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which WAM and WDE operate as well as general economic conditions and

prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to WAM, or persons acting on behalf of WAM, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required by the Corporations Act, WAM makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of WAM's Directors, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Distribution outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Important notice to US shareholders

This Bidder's Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States (US). The securities described herein have not been, and will not be, registered under the US Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. This Bidder's Statement may not be forwarded, distributed or reproduced in whole or in part in any jurisdiction where it would be unlawful, including the United States.

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are materially different from those in the US. US shareholders should be aware that, subject to the Corporations Act, WAM may purchase WDE Shares otherwise than under the Offer, such as in open market or privately negotiated purchases after the end of the Offer Period.

Notice to all other Foreign Shareholders outside the US

The Offer and this Bidder's Statement are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and the Offer do not constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Defined terms

Defined terms are capitalised throughout this Bidder's Statement. Definitions of these terms are set out in Section 12. Unless the contrary intention appears, the context requires otherwise, or words are defined in Section 12, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of information

Information included in this Bidder's Statement relating to WDE and its business has been derived solely from publicly available sources published by WDE, including its annual reports and WDE's announcements to the ASX and on its website.

Subject to the foregoing and to the maximum extent permitted by law, WAM and its Board of Directors disclaim all liability for any information concerning WDE included in this Bidder's Statement. WDE Shareholders should form their own views concerning WDE from publicly available information.

Privacy statement

WAM has collected information from the register of WDE Shareholders. The Corporations Act permits information to be made available to certain persons, including WAM. Your information may also be disclosed on a confidential basis to WAM's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

Directory

Bidder

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WAM Board of Directors

Geoff Wilson AO (Chairman)

Kate Thorley

Dr Philippa Ryan

James Chirnside

Lindsay Mann

Chris Stott

Investment Manager of WAM

Wilson Asset Management
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Level 11, 139 Macquarie Street
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Chairman's letter



Dear WDE Shareholders,

Offer by WAM to acquire your WDE Shares

WAM Capital Limited (ASX: WAM) intends to acquire up to 100% of Wealth Defender Equities Limited's (ASX: WDE) shares through the Offer outlined in this Bidder's Statement. The Offer Consideration is 1 WAM Share for every 2.5 WDE Shares you own. This represents a premium of 15.1% to WDE's share price on 29 August 2018, 15.0% based on WDE's one-month volume-weighted average price (**VWAP**) and a premium to the reported pre-tax net tangible assets (**NTA**).

Your entitlement to the WDE fully franked 2.0 cents per WDE Share declared on 28 August 2018 (**WDE Dividend**) will not be impacted by your acceptance of the Offer. Please refer to Section 1.11 for further information.

Benefits of the Offer to WDE Shareholders

WDE's investment manager has underperformed its benchmark since inception and WDE shares have traded at a perennial discount to their reported pre-tax NTA. Following a decision by the WDE Board that was announced to the ASX on 21 May 2018, WDE has adopted a discretionary approach to the use of portfolio protection, which represents a substantive change to the approach disclosed to investors in its Prospectus dated 25 March 2015 and employed since it commenced trading on the ASX.

Despite these issues, the WDE Board of Directors has not employed any effective capital management initiatives to provide shareholders with the opportunity to exit their positions at or above the announced pre-tax NTA.

In making this Offer, WAM is providing all WDE Shareholders with the opportunity to exit their positions in WDE at a 15.0% premium to WDE's one-month VWAP of \$0.866 and a premium to WDE's reported pre-tax NTA of \$0.9612 as at 24 August 2018.

If this Offer is successful, WAM will provide WDE Shareholders with a choice: either (a) remain a WAM Shareholder; or (b) utilise WAM's on-market liquidity to exit their position, for further information see page 9 of this Bidder's Statement.

If you are paid the WDE Dividend the number of WAM Shares issued to you under the Offer will be reduced. This is because the Offer includes all the Rights attaching to your WDE Shares (which includes dividends). If you hold WAM Shares issued under the Offer on 19 November 2018 you will also receive the WAM dividend for 2018 of 7.75 cents per WAM Share announced on 17 August 2018 and payable on 26 November 2018 (**WAM Dividend**).

Conditions to the Offer

The Offer is subject only to the following Defeating Conditions:

- a) 50.1% minimum acceptance before the end of the Offer Period;
- b) no proposal to change or re-assign the Investment Management Agreement;
- c) no Prescribed Occurrences;
- d) the reported pre-tax NTA of WDE not declining by 5% or more below the pre-tax NTA of WDE of \$0.9722 as at 31 July 2018 announced to the ASX in the Monthly Investment Portfolio Update & NTA Report on 14 August 2018;
- e) the S&P/ASX 300 Index not closing at a level that is 5% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of this Bidder's Statement and remaining at or below that level for at least two consecutive trading days;
- f) no material adverse change to the assets, liabilities, financial position, performance, profitability or prospects of WDE and/or its Subsidiaries;
- g) WDE and/or its Subsidiaries not undertaking certain actions such as making or proposing to make any variations to its constitution, giving or agreeing to give any encumbrance over any of its assets, or appointing any additional Director to its Board of Directors; and
- h) no regulatory action which materially affects the making of the Offer.

Please see Schedule 1 of this Bidder's Statement for further details of the Conditions to the Offer.

The Offer is scheduled to close at 7:00pm (AEST) on [*] 2018.

I encourage you to read this Bidder's Statement for more details about the Offer and about WAM. If you have any questions, please call me on 0412 242 712 or our Chief Executive Officer Kate Thorley on (02) 9247 6755. For inquiries related to your personal financial situation please contact your legal, financial or other professional adviser.

Yours faithfully,



Geoff Wilson AO
Chairman

Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

| | |
|--------------------------------|---|
| The Offer | WAM is offering to acquire all of your WDE Shares. |
| Offer Consideration | You are being offered 1 WAM Share for every 2.5 WDE Shares you own. |
| Closing date | The Offer is scheduled to close at 7:00pm (Sydney time) on [*] 2018 (but it may be extended). |
| Offer Conditions | The Offer is subject to Defeating Conditions. Please see clause 8.1 of Schedule 1 of this Bidder's Statement for further details. |
| Settlement terms | <p>If you accept this Offer, WAM will, in the usual course, issue the WAM Shares to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none">a) the day one month after you accept this Offer or, if the Offer is subject to Conditions when accepted, one month after the contract resulting from your acceptance becomes unconditional; andb) the day 21 days after the end of the Offer Period. <p>Full details of when you will be issued the consideration are set out in Schedule 1. It is WAM's intention however to issue the Offer Consideration within seven days of the end of the Offer Period (provided that the Offer has become unconditional).</p> |
| How to accept the Offer | <p>CHES Holdings</p> <p>If your WDE Shares are held in a CHES Holding, to accept the Offer you must either:</p> <ul style="list-style-type: none">a) instruct your controlling participant (usually your Broker) to accept the Offer on your behalf; orb) complete, sign and return the enclosed Acceptance Form in accordance with the instructions contained within it. <p>Issuer Sponsored Holdings</p> <p>If your WDE Shares are held through an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return Acceptance Form in accordance with the instructions contained within it.</p> <p>Signed Acceptance Forms must be received before the end of the Offer Period at:</p> <p>By mail: Wealth Defender Equities Limited Takeover C/- Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001</p> <p>Hand delivered: Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000</p> <p>A reply-paid envelope is enclosed. If you wish to sell your WDE Shares on-market, please contact your Broker.</p> |

| | |
|---------------------------------------|--|
| No stamp duty | You will not pay any stamp duty on accepting the Offer. |
| No brokerage | If you have an Issuer Sponsored Holding on acceptance of the Offer you will exchange your WDE Shares for WAM Shares without incurring brokerage fees. |
| What to do next? | You should read this Bidder's Statement in its entirety before deciding whether or not you will accept the Offer for your WDE Shares. If you wish to accept the Offer, please see Schedule 1 of this Bidder's Statement. |
| Further information | For questions about your WDE Shares, the Offer, or how to accept the Offer please refer to the remainder of this Bidder's Statement. If you have any questions please call Chairman Geoff Wilson AO on 0412 242 712 or Chief Executive Officer Kate Thorley on (02) 9247 6755. |
| Offers to Foreign Shareholders | <p>If you are a Foreign Shareholder, unless WAM otherwise determines that:</p> <ol style="list-style-type: none"> it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with WAM Shares on acceptance of the Offer; and it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories, <p>you will not be entitled to receive WAM Shares as consideration for your WDE Shares.</p> <p>If you are a Foreign Shareholder and you accept the Offer, or your WDE Shares are compulsorily acquired, you will not receive WAM Shares. Instead you will receive the cash amount calculated under clause 7.3 of Schedule 1 as part of the nominee process explained in Section 11.12.</p> <p>Further information about the entitlement of a Foreign Shareholder is set out in Section 11.12.</p> |

The above information is a summary only of key elements of this Bidder's Statement. WDE Shareholders should read this Bidder's Statement in its entirety before making any decision in relation to the Offer.

The Offer provides two significant benefits to all WDE Shareholders

1. A highly attractive premium

The Offer Consideration of 1 WAM Share for every 2.5 WDE Shares you own. This represents a highly attractive premium over the historical market price of WDE Shares.

The Offer is equivalent to \$0.996 per WDE Share compared to the closing price of WDE Shares the trading day before the date of this Bidder's Statement of \$0.865 and represents:

- a 15.0% premium to the VWAP of WDE Shares for one month before the date of this Bidder's Statement;
- a 16.9% premium to the VWAP of WDE Shares for three months before the date of this Bidder's Statement; and
- a 16.9% premium to the VWAP of WDE Shares for six months before the date of this Bidder's Statement.

WDE Shares are currently trading at a 10.0% discount to WDE's reported pre-tax NTA of \$0.9612 as at 24 August 2018 and were at:

- a 11.0% WDE Share price discount to the reported pre-tax NTA as at 31 July 2018;
- a 9.7% WDE Share price discount to the reported pre-tax NTA as at 31 May 2018; and
- a 8.1% WDE Share price discount to the reported pre-tax NTA as at 28 February 2018.

While there are many factors that may influence the market price of WDE Shares, there is a risk that WDE Shares may fall after the close of the Offer.

In contrast with WDE Shares, WAM Shares are trading at a premium to WAM's pre-tax NTA.

2. A choice about their future as a shareholder

Subject to the Offer being successful WAM is providing WDE Shareholders who accept the Offer with a choice, either: (a) remain a WAM Shareholder; (b) utilise WAM's superior on-market liquidity to exit their position.

a) Remain a WAM shareholder

The benefits of taking up the Offer and remaining a WAM Shareholder include gaining access to:

- Wilson Asset Management's investment expertise and experience;
- Wilson Asset Management's commitment to shareholder engagement;
- WAM's history of paying fully franked dividends;
- WAM's track record of outperformance; and
- WAM's greater market capitalisation and on-market liquidity.

Wilson Asset Management's investment expertise and experience

Established in 1997 by Geoff Wilson AO, Wilson Asset Management is an independently owned investment manager and listed investment company specialist based in Sydney, Australia. Today, Wilson Asset Management employs 30 staff. The investment team comprises 11 highly experienced professionals with more than 140 years' combined investment experience and a total focus on managing money. Wilson Asset Management takes great pride in managing seven listed investment companies (**LICs**) and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. Wilson Asset Management created and is the lead supporter of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited.

For further information about WAM see Section 2.

Wilson Asset Management's commitment to shareholder engagement

Shareholders are the owners of a LIC. Wilson Asset Management believes shareholder engagement is crucial to the success of a LIC and provides:

- Weekly investor updates from its Chief Investment Officer;
- Regular investment insights and market updates;
- Regular roundtables with shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and semi-annual profits announcements.

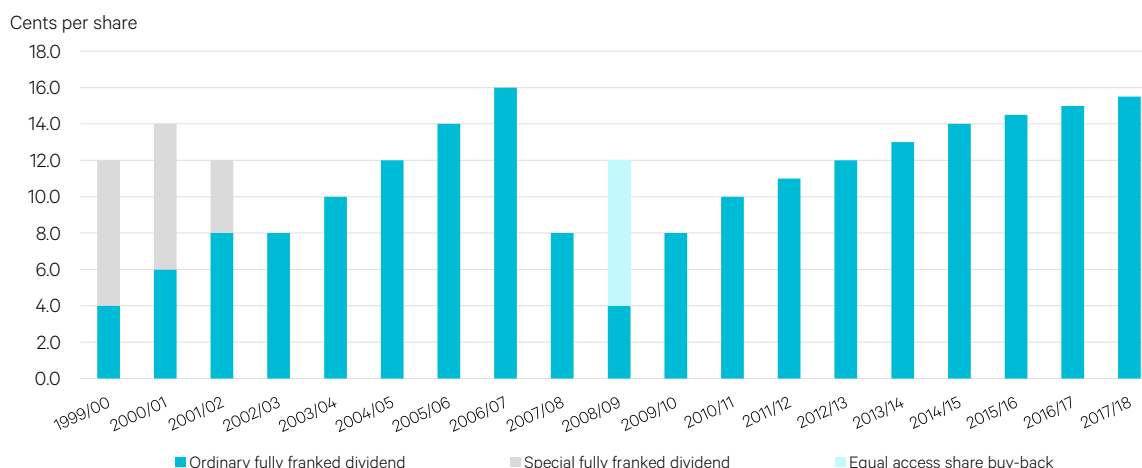
WAM's history of paying fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to WAM Shareholders, provided WAM has sufficient profit reserves and franking credits and it is within prudent business practices. WAM's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends have historically been paid on a six-monthly basis and the dividend reinvestment plan is currently available to WAM Shareholders for both the interim and final dividend.

WAM Shareholders have received a dividend in each year since its inception in 1999, representing an average annualised dividend yield on the initial public offering price of 11.7%, fully franked, per year over the last 19 years. The fully franked full year dividend for the 2018 year was 15.5 cents per WAM Share, representing a 6.5% yield on the 30 June 2018 WAM Share price.

If you are paid the WDE Dividend (either in cash or in WDE Shares) the number of WAM Shares issued to you under the Offer will be reduced. This is because the Offer includes all the Rights attaching to your WDE Shares (which includes dividends). If you hold WAM Shares issued under the Offer on 19 November 2018 you will also receive the WAM Dividend.

WAM fully franked dividends since inception



WAM's track record of outperformance

WAM's investment portfolio has returned 17.5% per annum over 19 years, outperforming the S&P/ASX All Ordinaries Accumulation Index by 9.0%*.

| Performance at 31 July 2018 | 1 yr | 3 yrs %pa | 5 yrs %pa | 10 yrs %pa | Since inception % pa (Aug-99) |
|---|--------------|--------------|--------------|---------------|----------------------------------|
| WAM Capital Investment Portfolio* | 14.8% | 14.8% | 15.8% | 15.3% | 17.5% |
| S&P/ASX All Ordinaries Accumulation Index | 14.9% | 8.4% | 9.4% | 6.9% | 8.5% |
| Outperformance | -0.1% | +6.4% | +6.4% | +8.4% | +9.0% |

*Investment performance and Index returns are before expenses, fees and taxes.

WAM's greater market capitalisation and on-market liquidity

WAM believes that shares in larger LICs are more likely to trade at a premium to their pre-tax NTA than the shares of smaller LICs. WAM has a market capitalisation of \$1,664.2 million as at 29 August 2018. Assuming the Offer is successful and WAM acquires 90% of WDE Shares and proceeds to compulsory acquisition, the combination of WDE and WAM will be significantly larger than WDE on a standalone basis. Based on the reported pre-tax NTA of WAM and WDE as at 31 July 2018, the Enlarged Group would have a combined pre-tax NTA of approximately \$1,451.7 million, which would make it one of the largest ASX listed investment company in terms of pre-tax NTA. For further information about the Enlarged Group see Section 6.

b) Utilise WAM's greater on-market liquidity to exit their position

WAM has greater on-market liquidity than WDE. The Enlarged Group will also have a substantially greater market capitalisation than WDE. This may provide further increased levels of liquidity in contrast to the liquidity of WDE Shares.

As a result, WDE Shareholders who do not wish to become long-term WAM Shareholders can accept the Offer and utilise WAM's liquidity to exit their position at a premium to both the WDE Share price and WDE pre-tax NTA.

I. Key Questions

This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1.1. What is the Bidder's Statement?

This Bidder's Statement sets out the terms of WAM's Offer and information relating to the Offer and the consideration you will receive.

1.2. What is the Offer?

WAM is offering to acquire all of the WDE Shares in which WAM does not already have Relevant Interest, by way of an off-market takeover offer.

The Offer extends to WDE Shares on issue at 7.00pm (Sydney time) on [*] (**Register Date**) and any WDE Shares issued during the Offer Period.

The Offer consideration is 1 WAM Share for every 2.5 WDE Shares you hold.

1.3. How do I accept the Offer?

CHESSE Holdings

If your WDE Shares are in a CHESSE Holding, to accept the Offer you must either:

- a) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or
- b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions contained within it.

Issuer Sponsored Holdings

If your WDE Shares are held in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions contained within it.

Participants

If you are a Participant (as defined in the ASX Settlement Rules – typically a Broker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

1.4. Can I accept the Offer for part of my holding?

No, you can only accept for your entire holding. Your acceptance will be treated as being for all your WDE Shares plus any additional WDE Shares registered as held by you at the date your acceptance is processed.

1.5. If I accept the Offer will I receive the WDE Dividend?

Yes, if you remain a WDE Shareholder at 28 September 2018 and you accept the Offer you will still be paid the WDE Dividend. For further information see section 1.11.

1.6. If I accept the Offer will I receive the WAM Dividend?

Yes, if you are issued WAM Shares under the Offer and you hold continue WAM Shares at 19 November 2018 you will also receive the WAM Dividend. For further information see section 1.11.

1.7. Are there any conditions to the Offer?

Yes, the Offer is subject to the following Defeating Conditions:

- a) 50.1% minimum acceptance before the end of the Offer Period;
- b) no proposal to change or re-assign the Investment Management Agreement;
- c) no Prescribed Occurrences;
- d) the reported pre-tax NTA of WDE not declining by 5% or more below the pre-tax NTA of WDE of \$0.9722 announced to the ASX in the Monthly Investment Portfolio Update & NTA Report on 14 August 2018;
- e) the S&P/ASX 300 Index not closing at a level that is 5% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of this Bidder's Statement and remaining at or below that level for at least two consecutive trading days;
- f) no material adverse change to the assets, liabilities, financial position, performance, profitability or prospects of WDE and/or its Subsidiaries;
- g) WDE and/or its Subsidiaries not undertake certain actions such as make or propose to make any variations to its constitution, gives or agrees to give any encumbrance over any of its assets, and appoints any additional Director to its Board of Directors; and
- h) no regulatory action which materially affects the making of the Offer.

Please see Schedule 1 for further details of the Conditions to the Offer.

1.8. What happens if I accept the Offer?

Once you accept the Offer in respect of all of your WDE Shares, you will not be able to sell those WDE Shares or otherwise deal with the Rights attaching to those WDE Shares subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

1.9. What happens if I do not accept the Offer?

Subject to what is stated below, you will remain the holder of your WDE Shares if you do not accept the Offer.

If WAM obtains a Relevant Interest in at least 90% of the WDE Shares (by number) on issue at any time during the Offer Period and the Conditions are satisfied or waived, WAM presently intends to proceed to compulsorily acquire your WDE Shares if you have not accepted the Offer (see Section 7.3). At the conclusion of the compulsory acquisition process, you will receive 1 WAM Share for every 2.5 fully paid WDE Shares which are

compulsorily acquired. You will receive consideration for your WDE Shares sooner if you accept the Offer.

If WAM obtains an interest in less than 90% of WDE Shares, WAM will not be able to proceed to compulsorily acquire your WDE Shares. WAM's intentions if it has an interest in less than 90% of WDE Shares are described in Section 7.

1.10. If I accept the Offer, when will I receive my WAM Shares?

If you accept this Offer, WAM will, in the usual course, issue the WAM Shares to which you are entitled on or before the earlier of:

- the day one month after you accept this Offer or, if this Offer is subject to Conditions when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- the day 21 days after the end of the Offer Period.

Full details of when you will be issued the consideration are set out in Schedule 1. It is WAM's intention however to issue the Offer Consideration within seven days of the end of the Offer Period (provided that the Offer has become unconditional).

1.11. Am I entitled to receive my WDE dividend?

On 28 August 2018 WDE announced the WDE Dividend. According to the announcement the "record date" for the WDE Dividend is 28 September 2018 and the "payment date" is 19 October 2018. WDE has established a dividend reinvestment plan (**WDE DRP**), the "election date" with respect to the WDE DRP is 2 October 2018.

If you accept the Offer you will still be paid the WDE Dividend.

Please note however that WAM is offering to acquire all of your WDE Shares along with all Rights attaching to them (including dividends) for Offer Consideration of 1 WAM Share for every 2.5 WDE Shares you hold. If you are paid the WDE Dividend (either in cash or WDE Shares) the number of WAM Shares issued to you under the Offer will be reduced. Your Offer Consideration will be adjusted by WAM (under clause 5.7 of Schedule 1) to reflect you receiving the WDE Dividend with respect to your WDE Shares to 1 WAM Share for every 2.5512 WDE Shares you hold.

The Offer consideration is 1 WAM Share for every 2.5 WDE Shares you own. The Offer is equivalent to \$0.996 per WDE Share, based on the closing price of WAM Shares the trading day before the date of this Bidder's Statement. Assuming you receive the WDE Dividend in cash, your Offer Consideration will be adjusted to the equivalent value of \$0.976 per WDE Share, representing 1 WAM Share for every 2.5512 WDE Shares you hold in addition to the 2.0 cents per share fully franked final dividend to be paid on 19 October 2018¹.

¹ The equivalent value has been calculated based on the closing price of WAM Shares the trading day before the date of this Bidder's Statement of \$2.49 applying a ratio of 1 WAM Share for every 2.5512 WDE Shares.

If you participate in the WDE DRP and accept the Offer, your Offer Consideration will otherwise be adjusted on the same basis. Should you accept the Offer, you will also be deemed to have accepted the Offer with respect to any WDE Shares you receive under the WDE DRP.

1.12. Can I withdraw my acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you accept the Offer, WAM varies the Offer in a way that postpones for more than one month from the time when WAM has to meet its obligations under the Offer.

1.13. When does the Offer close?

The Offer is currently scheduled to close at 7:00 pm (Sydney time) on [*], unless extended or withdrawn.

1.14. Can WAM extend the Offer Period?

Yes, the Offer can be extended by WAM or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

1.15. What rights will my WAM Shares have?

The WAM Shares issued under the Offer will be fully paid and will rank equally for dividends with existing WAM Shares and have the same rights (including voting rights) as existing WAM Shares.

A detailed explanation of the rights and liabilities attaching to WAM shares is set out in Section 11.3.

1.16. Will my WAM Shares be listed on the ASX?

An application will be made within seven days after the start of the Offer Period. to the ASX for Official Quotation of the WAM Shares issued pursuant to the Offer. Quotation of the WAM Shares to be issued under the Offer will not be automatic but will depend on the ASX exercising its discretion to admit them to the Official List.

WAM is already admitted to the Official List of ASX and shares in WAM in the same class or on the same terms as those to be issued under the Offer are already quoted.

1.17. What happens if I accept the Offer?

If you accept the Offer and it becomes or is declared unconditional, you will be issued WAM Shares within the specified timeframe.

Once you accept the Offer (even while it remains subject to Defeating Conditions) you will not be able to sell your WDE Shares on market or otherwise deal with the Rights attaching to your WDE Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

1.18. What happens if I do not accept the Offer?

If you do not accept the Offer, you will remain a WDE Shareholder and will not be issued WAM Shares.

However, if WAM becomes entitled to compulsorily acquire your WDE Shares, it intends to do so. If this occurs, you will still receive the Offer Consideration for your WDE Shares but at a later date than you would have received it if you had accepted the Offer.

1.19. What are the tax implications of accepting the Offer?

A general description of the taxation treatment for certain Australian resident WDE Shareholders accepting the Offer is set out in Section 10.

You should consult your taxation adviser for detailed taxation advice before deciding whether or not to accept the Offer for your WDE Shares.

WDE Shareholders should be aware that if WAM does not acquire ownership of at least 80% of WDE Shares, then rollover relief will not be available to WDE Shareholders in respect of any capital gain that is made on the receipt of WAM Shares as consideration.

1.20. What are the significant risks of the Offer?

You should carefully consider the risk factors that could affect the performance of WAM and the Enlarged Group before deciding whether to accept the Offer. Many of these risks are outside the control of WAM and its Board of Directors, and cannot be mitigated. A summary of the key risks is set out in Section 8.

1.21. Will I need to pay brokerage?

On acceptance of this Offer, if you have an Issuer Sponsored Holding you will exchange your WDE Shares for WAM Shares without incurring brokerage fees.

If your WDE Shares are held in a CHESS Holding or you hold your WDE Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

If you are a Foreign Shareholder, the cash proceeds that you will be sent (following the sale of WAM Shares that you would otherwise have been entitled to receive under the Offer) will be net of transaction costs and will be paid by cheque in Australian dollars.

If you choose not to accept the Offer, should you wish to exchange your WDE Shares for WAM Shares, you may be required to sell your shares on market, and use the proceeds to purchase WAM Shares. You may ordinarily be required to pay brokerage fees on both the sale and the purchase of shares.

1.22. Will I need to pay stamp duty?

There should be no stamp duty payable by WDE Shareholders upon the issue to them of WAM Shares. Should any stamp duty be payable on the transfer of WDE Shares to WAM pursuant to the Offer due to a change in the relevant legislation during the Offer period, these costs will be paid by WAM.

2. About WAM Capital Limited

2.1. Corporate

WAM Capital Limited (ASX: WAM), one of Australia's leading LICs, is managed by Wilson Asset Management. Listed in August 1999, WAM provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies, listed on the ASX. WAM also provides exposure to relative value arbitrages and market mispricing opportunities. WAM's investment objectives are to deliver investors a rising stream of fully franked dividends, provide capital growth and preserve capital.

2.2. Directors of WAM

The WAM Board of Directors are:

- a) Geoff Wilson AO (Chairman);
- b) Kate Thorley;
- c) Dr Philippa Ryan;
- d) James Chirnside;
- e) Lindsay Mann; and
- f) Chris Stott.

2.3. Overview of WAM's historical financial performance

A summary of WAM's historical financial performance, financial position and cash flows for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 is set out below:

| Statement of Financial Performance | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|---|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Net realised and unrealised gains on financial assets | 144,556,373 | 65,529,244 | 142,946,690 |
| Other revenue from operating activities | 43,640,946 | 42,878,285 | 34,316,102 |
| Management fees | (13,507,291) | (12,198,844) | (9,253,555) |
| Performance fees | (339,457) | - | (30,130,705) |
| Directors fees | (150,109) | (175,589) | (180,000) |
| Brokerage expense on share purchases | (5,174,373) | (4,906,503) | (4,122,592) |
| Expenses paid on borrowed stock | (930,945) | (981,213) | (384,248) |
| Custody fees | (98,734) | (79,359) | (95,782) |
| ASX listing and chess fees | (213,988) | (197,343) | (187,095) |
| Share registry fees | (216,965) | (315,945) | (204,978) |
| Disbursements, mailing and printing | (211,018) | (172,161) | (168,869) |
| Legal and professional fees | (112,069) | (163,177) | (53,732) |
| Other expenses from ordinary activities | (375,581) | (271,676) | (221,892) |
| Profit before income tax | 166,866,789 | 88,945,719 | 132,259,344 |
| Income tax expense | (41,469,154) | (20,033,128) | (34,265,304) |
| Profit after income tax attributable to members of the Company | 125,397,635 | 68,912,591 | 97,994,040 |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | 125,397,635 | 68,912,591 | 97,994,040 |
| Basic and diluted earnings per share | 19.30 cents | 11.78 cents | 21.17 cents |

| Statement of Financial Position | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--------------------------------------|----------------------|----------------------|--------------------|
| | \$ | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | 389,675,066 | 420,024,801 | 290,991,754 |
| Trade and other receivables | 33,758,932 | 40,035,802 | 82,302,938 |
| Financial assets | 973,929,383 | 840,804,123 | 598,828,104 |
| Total current assets | 1,397,363,381 | 1,300,864,726 | 972,122,796 |
| Non-current assets | | | |
| Deferred tax assets | 2,598,344 | 2,498,108 | 1,833,204 |
| Total non-current assets | 2,598,344 | 2,498,108 | 1,833,204 |
| Total assets | 1,399,961,725 | 1,303,362,834 | 973,956,000 |
| Current liabilities | | | |
| Trade and other payables | 31,383,915 | 19,340,411 | 55,065,844 |
| Financial liabilities | 9,851,683 | 43,544,689 | 11,504,217 |
| Current tax liabilities | 20,094,479 | 13,692,611 | 18,251,214 |
| Total current liabilities | 61,330,077 | 76,577,711 | 84,821,275 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 14,798,434 | 11,886,665 | 10,385,479 |
| Total non-current liabilities | 14,798,434 | 11,886,665 | 10,385,479 |
| Total liabilities | 76,128,511 | 88,464,376 | 95,206,754 |
| Net assets | 1,323,833,214 | 1,214,898,458 | 878,749,246 |
| Equity | | | |
| Issued capital | 1,221,306,473 | 1,139,486,184 | 784,687,748 |
| Profits reserve | 130,146,739 | 103,032,272 | 121,681,496 |
| Accumulated losses | (27,619,998) | (27,619,998) | (27,619,998) |
| Total equity | 1,323,833,214 | 1,214,898,458 | 878,749,246 |

| Statement of Cash Flows | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--|---------------------|----------------------|---------------------|
| | \$ | \$ | \$ |
| Cash flows from operating activities | | | |
| Proceeds from sale of investments | 3,206,321,323 | 2,860,625,970 | 1,992,238,283 |
| Payments for purchase of investments | (3,209,713,092) | (2,941,992,716) | (1,979,661,302) |
| Dividends received | 27,955,581 | 26,806,200 | 18,511,030 |
| Interest received | 7,468,206 | 8,475,660 | 7,785,747 |
| Other investment income received | 7,391,017 | 11,987,927 | 4,112,520 |
| Management fee (GST inclusive) | (14,386,876) | (12,813,979) | (11,377,724) |
| Performance fee (GST inclusive) | - | (32,335,391) | (11,028,731) |
| Brokerage expense on share purchases (GST inclusive) | (5,552,654) | (5,261,415) | (4,421,405) |
| Payments for administration expenses (GST inclusive) | (2,538,859) | (2,345,130) | (1,366,479) |
| Income tax paid | (32,021,890) | (23,441,483) | (21,072,380) |
| GST on brokerage expense on share sales | (369,914) | (309,337) | (271,880) |
| Net GST received from ATO | 1,794,165 | 4,106,673 | 1,694,388 |
| Net cash provided by/(used in) operating activities | (13,652,993) | (106,497,021) | (4,857,933) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 66,155,750 | 307,354,753 | 25,135,899 |
| Dividends paid – net of reinvestment | (82,072,950) | (70,778,130) | (50,694,371) |
| Share issue costs | (779,542) | (1,046,555) | (265,653) |
| Net cash provided by/(used in) financing activities | (16,696,742) | 235,530,068 | (25,824,125) |
| Net increase/(decrease) in cash and cash equivalents held | (30,349,735) | 129,033,047 | (30,682,058) |
| Cash and cash equivalents at beginning of financial year | 420,024,801 | 290,991,754 | 321,673,812 |
| Cash and cash equivalents at end of financial year | 389,675,066 | 420,024,801 | 290,991,754 |
| Non-cash transactions: | | | |
| Shares issued via dividend reinvestment plan | 16,210,218 | 16,783,686 | 14,809,705 |
| Shares issued via scrip consideration for acquisition | - | 31,392,586 | - |

Source: The above information has been drawn from the audited financial statements for WAM and associated disclosures included in WAM's Annual Financial Reports for the years ended 30 June 2018, 30 June 2017 and 30 June 2016.

2.4. Public announcements by WAM

WAM is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require WAM to:

- a) prepare and lodge with the ASIC both annual and half-yearly financial statements accompanied by a Directors' statement and report and an audit or review report; and
- b) immediately notify the ASX of any information concerning WAM of which it is, or becomes, aware and which a reasonable person would expect to have a material effect

on the price or value of securities in WAM, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to WAM may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to WAM may be obtained from the ASX's website (www.asx.com.au). In addition you may request a copy of any such document by contacting WAM and we will provide a copy of that document free of charge.

2.5. Investment Manager

About Wilson Asset Management

Established in 1997 by Geoff Wilson AO, the investment manager of WAM (**Wilson Asset Management**) is an independently owned investment manager and LIC specialist based in Sydney, Australia.

Wilson Asset Management takes great pride in managing seven LICs and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. Wilson Asset Management created and is the lead supporter of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited.

WAM has an investment management agreement with Wilson Asset Management. Investing with Wilson Asset Management provides the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Its flexible mandate allows for above average cash holdings.

Deep diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experienced experts. Wilson Asset Management's investment team has a total focus on protecting and growing shareholder capital and is informed by more than 140 years' combined equity market experience.

Full market access. Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that, coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact to the community. Wilson Asset Management is passionate about making a difference to the broader community.

Objectives and investment process

The investment objectives of WAM are to:

- deliver investors a rising stream of fully franked dividends;
- provide capital growth; and
- preserve capital of WAM.

WAM provides investors with access to Wilson Asset Management’s two distinctive investment processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of market mispricing opportunities.

Research-driven investing

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market’s valuation of the company.



Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends.

3. Information about WAM Shares

3.1. Issued Securities

As at the date of this Bidder's Statement, there are 668,363,006 WAM Shares on issue and no other securities.

3.2. Substantial holders

As at the date of this Bidder's Statement there are no holders in WAM who have filed substantial holder notices on the ASX.

3.3. WAM Share Price

The VWAP of WAM Shares on the ASX for the one month before the date of this Bidder's Statement was \$2.48.

The VWAP of WAM Shares on the ASX for the five trading days before the date of this Bidder's Statement was \$2.49.

The closing price of WAM Shares on the ASX on 29 August 2018 (being the last trading day that WAM Shares traded prior to the date of this Bidder's Statement) was \$2.49.

The highest recorded sale price of WAM Shares on the ASX in the four months before the date this Bidder's Statement lodged with ASIC was \$2.52 on 28 August 2018.

The lowest recorded sale price of WAM Shares on the ASX in the four months before this Bidder's Statement lodged with ASIC was \$2.36 on 5 June 2018.

3.4. Rights and liabilities attached to WAM Shares offered

The WAM Shares issued as consideration under the Offer will be fully paid and rank equally with existing WAM Shares from the date of their issue.

WAM Shares are quoted on the ASX under the code 'WAM'.

An application will be made within seven days after the start of the Offer Period to the ASX for Official Quotation of the WAM Shares issued pursuant to the Offer. Quotation is not guaranteed or automatic on such an application to the ASX. Nothing in this Bidder's Statement will be taken to state or imply that the WAM Shares issued under this Offer will be quoted on the ASX, but quotation is expected in the ordinary course as WAM is already admitted to the Official List of the ASX.

The rights and restrictions attaching to the WAM Shares that will be issued as the consideration, or part of the consideration, under the Offer are primarily set out in the WAM Constitution and in the Corporations Act and are subject to statutory, common law and ASX Listing Rule requirements.

4. About Wealth Defender Equities Limited

4.1. Disclaimer

The following description of WDE and the financial information concerning WDE contained in this Section has been prepared by WAM using publicly available information. To the extent permitted by law, WAM does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about WDE used by WAM are as follows:

- a) annual and interim financial reports issued to WDE Shareholders;
- b) announcements issued by WDE through the ASX; and
- c) WDE's website.

4.2. Overview of WDE and its principal business activities

WDE is a LIC managed by Perennial Value Management Limited ACN 090 879 904 (**WDE Manager**), established to provide investors with the opportunity to invest through a listed investment company in an actively managed predominantly Australian equities portfolio with dynamic protection strategies that aim to provide the long-term benefits of share market investment while cushioning the impact of significant equity market falls on shareholders capital.

WDE's investment manager has underperformed its benchmark since inception and WDE Shares have traded at a perennial discount to their reported pre-tax NTA. Following a decision by the WDE Board that was announced to the ASX on 21 May 2018, WDE has adopted a discretionary approach to the use of portfolio protection, which represents a substantive change to the approach disclosed to investors in its Prospectus dated 25 March 2015 and employed since it commenced trading on the ASX.

4.3. Directors

As at the date of this Bidder's Statement, there are four Directors of WDE, being:

- a) Alan Schoenheimer (Chairman);
- b) Paul Clitheroe AM;
- c) Richard Morath; and
- d) John Murray.

4.4. WDE substantial holders

Based on the substantial shareholder announcements by WDE released to the ASX, WDE currently has the following substantial holders:

| Rank | Name | Shares | % of Shares |
|------|--|------------|-------------|
| 1 | Wilson Asset Management Group & related entities | 22,812,746 | 18.05% |
| 2 | IOOF Holdings Limited | 9,897,901 | 7.823 |

4.5. WDE's performance track record

| Performance at 31 July 2018 | 1 yr % | Since inception % pa (May-15) |
|--------------------------------|---------------|----------------------------------|
| Wealth Defender Equities* | 10.21% | 4.07% |
| S&P/ASX 300 Accumulation Index | 14.70% | 8.12% |
| Outperformance | -4.49% | -4.05% |

*Gross Investment Portfolio performance before fees and tax. Inception date 21 May 2015. Performance is annualised.

Source: WDE's Monthly Investment Portfolio Update & NTA Report for 31 July 2018, as announced to the ASX.

4.6. Overview of WDE's historical financial performance

A summary of WDE's historical financial performance, financial position and cash flows for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 is set out below:

| Statement of Financial Performance | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--|--------------------|---------------------|--------------------|
| | \$ | \$ | \$ |
| Income | | | |
| Interest received | 113,802 | 76,629 | 117,481 |
| Dividend received | 5,534,096 | 4,822,905 | 5,165,678 |
| Realised (losses) on investments held for trading | (2,599,050) | (4,651,340) | (1,718,686) |
| Unrealised gains / (losses) on investments held for trading | 263,362 | 485,093 | (1,235,782) |
| Sundry income | - | 171 | 71,784 |
| | 3,312,210 | 733,458 | 2,400,475 |
| Expenses | | | |
| Portfolio administration fees | (50,967) | (49,924) | (43,955) |
| Management fees | (1,202,776) | (1,138,922) | (1,133,198) |
| Custodian fees | (22,971) | (39,149) | (43,078) |
| Operation service fees | (113,263) | (113,263) | (56,631) |
| Brokerage expenses | (11,337) | (1,215) | (2,655) |
| Share registry fees | (54,342) | (53,288) | (56,985) |
| Taxation service fees | (10,450) | (11,350) | (33,968) |
| Directors' fees | (142,000) | (149,450) | (151,700) |
| Legal fees | (44,050) | - | (7,305) |
| ASX fees | (62,343) | (64,718) | (148,880) |
| Accounting fees | (48,180) | (54,439) | (65,142) |
| Audit fees | (41,755) | (41,852) | (40,843) |
| Secretarial fees | (52,213) | (41,996) | (48,584) |
| Printing fees | (28,642) | (16,360) | (25,905) |
| Other expenses | (50,588) | (118,628) | (77,109) |
| | (1,935,877) | (1,894,554) | (1,935,938) |
| Profit / (loss) before income tax | 1,376,333 | (1,161,096) | 464,537 |
| Income tax benefit | 1,360,886 | 982,153 | 1,191,221 |
| Profit / (loss) after income tax attributable to members of the Company | 2,737,219 | (178,943) | 1,655,758 |
| Other comprehensive income | | | |
| Other comprehensive income for the period, net of tax | 5,484,899 | 7,788,218 | (7,080,248) |
| Total comprehensive income / (loss) for the period | 8,222,118 | 7,609,275 | (5,424,490) |
| Basic and diluted earnings / (loss) per share | 2.16 cents | (0.14) cents | 1.32 cents |

| Statement of Financial Position | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--------------------------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | 7,202,679 | 5,313,858 | 9,497,650 |
| Trade and other receivables | 3,062,998 | 744,413 | 1,076,728 |
| Financial assets | 4,081,521 | 3,023,776 | 25,210 |
| Other assets | 39,888 | 30,868 | 34,517 |
| Total current assets | 14,387,086 | 9,112,915 | 10,634,105 |
| Non-current assets | | | |
| Financial assets | 108,379,257 | 110,686,931 | 97,938,097 |
| Deferred tax assets | 3,225,046 | 3,830,818 | 6,265,782 |
| Total non-current assets | 111,604,303 | 114,517,749 | 104,203,879 |
| Total assets | 125,991,389 | 123,630,664 | 114,837,984 |
| Current liabilities | | | |
| Financial liabilities | 689,420 | 1,706,516 | - |
| Trade and other payables | 772,512 | 1,939,505 | 336,857 |
| Total current liabilities | 1,461,932 | 3,646,021 | 336,857 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 9,077 | 37,450 | 39,496 |
| Total non-current liabilities | 9,077 | 37,450 | 39,496 |
| Total liabilities | 1,471,009 | 3,683,471 | 376,353 |
| Net assets | 124,520,380 | 119,947,193 | 114,461,631 |
| Equity | | | |
| Issued capital | 123,262,919 | 123,118,558 | 122,726,729 |
| Profits reserve | 6,098,035 | 537,967 | 2,831,613 |
| Reserves | (2,731,853) | (1,600,611) | (9,388,829) |
| Accumulated losses | (2,108,721) | (2,108,721) | (1,707,882) |
| Total equity | 124,520,380 | 119,947,193 | 114,461,631 |

| Statement of Cash Flows | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Cash flows from operating activities | | | |
| Interest received | 109,890 | 86,101 | 107,951 |
| Dividends received | 5,309,439 | 5,019,266 | 4,379,340 |
| Payments for other expenses | (655,877) | (660,974) | (342,140) |
| Management fees paid | (1,287,147) | (1,219,662) | (1,248,905) |
| Performance fees paid | - | - | (143,083) |
| Proceeds from sale of investments held for trading | 24,250,501 | 4,219,590 | 20,592,179 |
| Payments for purchase of investments held for trading | (28,661,030) | (9,696,850) | (22,774,550) |
| Net cash used in operating activities | (934,224) | (2,252,529) | 570,792 |
| Cash flows from investing activities | | | |
| Proceeds from sale of long-term equity investments | 133,643,023 | 80,540,358 | 78,642,819 |
| Payments for purchase of long-term equity investments | (127,171,048) | (80,347,908) | (74,265,196) |
| Net cash provided by/(used in) investing activities | 6,471,975 | 192,450 | 4,377,623 |
| Cash flows from financing activities | | | |
| Shares issued on options exercised | - | 14,000 | 2,500 |
| Shares bought back | (222,593) | - | - |
| Dividends paid | (3,426,337) | (2,137,713) | (1,199,138) |
| Net cash provided by/(used in) financing activities | (3,648,930) | (2,123,713) | (1,196,638) |
| Net increase/(decrease) in cash and cash equivalents held | 1,888,821 | (4,183,792) | 3,751,777 |
| Cash and cash equivalents at beginning of financial year | 5,313,858 | 9,497,650 | 5,745,873 |
| Cash and cash equivalents at end of financial year | 7,202,679 | 5,313,858 | 9,497,650 |
| Non-cash transactions: | | | |
| Shares issued via dividend reinvestment plan | 366,954 | 377,829 | 57,883 |

Source: The above information has been drawn from the audited financial statements for WDE and associated disclosures included in WDE's Annual Financial Reports for the years ended 30 June 2018, 30 June 2017 and 30 June 2016.

4.7. ASX announcements

WDE is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require WDE to:

- a) prepare and lodge with ASIC both annual and half-year financial statements accompanied by a Directors' statement and report and an audit or review report; and
- b) immediately notify the ASX of any information concerning WDE of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in WDE, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to WDE may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to WDE may be obtained from the ASX's website (www.asx.com.au) or inspected at the offices of the ASX.

A list of announcements made by WDE on the ASX between 28 August 2018 and the date of this Bidder's Statement as it appears are set out below:

| Date | Announcement |
|----------------|--|
| 28 August 2018 | Appendix 4E and Full Year Statutory Accounts |
| 28 August 2018 | Dividend/Distribution - WDE |
| 28 August 2018 | Appendix 4G and Corporate Governance Statement |
| 28 August 2018 | Weekly Net Tangible Asset Backing |

5. Information about WDE Shares

5.1. WDE capital structure

As at the date of this Bidder's Statement and according to the last ASIC 484 Form of WDE, there are 126,354,065 WDE Shares on issue.

5.2. Substantial holders

As at the date of this Bidder's Statement, according to the most recent substantial holder notices filed on the ASX, the substantial holders in WDE are:

| Rank | Name | Shares | % of Shares |
|------|--|------------|-------------|
| 1 | Wilson Asset Management Group & related entities | 22,812,746 | 18.05 |
| 2 | IOOF Holdings Limited | 9,897,901 | 7.823 |

5.3. WDE Share Price

The VWAP of WDE Shares on the ASX for the one month before the date of this Bidder's Statement was \$0.866.

The VWAP of WDE Shares on the ASX for the five trading days before the date of this Bidder's Statement was \$0.864.

The closing price of WDE Shares on the ASX on 29 August 2018 (being the last trading day that WDE Shares traded prior to the date of this Bidder's Statement) was \$0.865.

The highest recorded sale price of WDE Shares on the ASX in the four months before the date this Bidder's Statement was lodged with ASIC was \$0.875 on 29 August 2018.

The lowest recorded sale price of WDE Shares on the ASX in the four months before this Bidder's Statement was lodged with ASIC was \$0.825 on 18 May 2018.

5.4. WAM and its Associates' interests in WDE

As at the date of this Bidder's Statement, WAM had a Relevant Interest in 16.27% WDE Shares and its Associates held 1.88%, therefore WAM and its Associates had Voting Power of 18.15% in WDE.

6. Profile of the Enlarged Group

6.1. Introduction

The profile of the Enlarged Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description of the Enlarged Group in this Section assumes that WDE is a wholly-owned Subsidiary of WAM. If WAM does not acquire the 90% or more of WDE shares required to entitle it to compulsorily acquire WDE Shares during the Offer Period, some of the benefits that would otherwise accrue to WAM if WDE were to become a wholly-owned Subsidiary of WAM may not be fully realised.

6.2. Overview of the Enlarged Group

The Enlarged Group would be publicly listed on the ASX. The Enlarged Group's investments will be managed by Wilson Asset Management, however WDE's investments will continue to be managed by Perennial under the Investment Management Agreement. Assuming that WAM acquires 100% of WDE as part of the Offer, the Enlarged Group would have a combined pre-tax NTA of approximately \$1,451.7m as at 31 July 2018.

| As at 31 July 2018 | Pre-tax NTA \$'m | Adjustments \$'m | Total \$'m |
|----------------------------------|---------------------|---------------------|----------------|
| WAM Capital Limited | 1,346.3 | (17.6) | 1,328.7 |
| Wealth Defender Equities Limited | 123.0 | - | 123.0 |
| Total Enlarged Group | 1,469.3 | (17.6) | 1,451.7 |

Source:

1. WAM's pre-tax NTA is based on the announced July 2018 Investment Update.
2. WDE's pre-tax NTA is based on the Monthly Investment Portfolio Update & NTA Report for 31 July 2018, as announced to the ASX.
3. Adjustments to WAM's pre-tax NTA have been made to account for the existing ownership interest of WAM in WDE as at 31 July 2018. The existing interest in Wealth Defender Equities, measured at its ASX last sale price as at 31 July 2018, has been eliminated and the Wealth Defender Equities pre-tax NTA has been recognised in the Enlarged Group, assuming WAM acquires 100% of WDE.

6.3. Unaudited pro forma statements of financial position assuming WAM acquires 100% of WDE

Set out below is the unaudited pro forma statement of financial position of WAM, assuming that WAM acquires 100% of WDE as part of the Offer. The pro forma financial information is to be read in conjunction with the accompanying notes to and forming part of the pro forma statement of financial position as set out in this section. All amounts disclosed are presented in Australian dollars and are rounded to the nearest thousand dollars.

The pro forma financial information and adjustments of the Enlarged Group have been prepared on the basis that all WDE Shareholders accept the Offer and as if the proposed transaction had taken place on 30 June 2018:

| Unaudited Pro Forma Statement of Financial Position As at 30 June 2018 | Note | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|---|------|----------------------|--------------------------------|----------------------|
| Current assets | | | | |
| Cash and cash equivalents | | 389,675,066 | - | 389,675,066 |
| Trade and other receivables | | 33,758,932 | - | 33,758,932 |
| Financial assets | 1 | 973,929,383 | (16,916,950) | 957,012,433 |
| Financial assets - investment in controlled entity at FVTPL | 2 | - | 121,304,411 | 121,304,411 |
| Total current assets | | 1,397,363,381 | 104,387,461 | 1,501,750,842 |
| Non-current assets | | | | |
| Deferred tax assets | | 2,598,344 | - | 2,598,344 |
| Total non-current assets | | 2,598,344 | - | 2,598,344 |
| Total assets | | 1,399,961,725 | 104,387,461 | 1,504,349,186 |
| Current liabilities | | | | |
| Trade and other payables | | 31,383,915 | - | 31,383,915 |
| Financial liabilities | | 9,851,683 | - | 9,851,683 |
| Current tax liabilities | | 20,094,479 | - | 20,094,479 |
| Total current liabilities | | 61,330,077 | - | 61,330,077 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 3 | 14,798,434 | 876,913 | 15,675,347 |
| Total non-current liabilities | | 14,798,434 | 876,913 | 15,675,347 |
| Total liabilities | | 76,128,511 | 876,913 | 77,005,424 |
| Net assets | | 1,323,833,214 | 103,510,548 | 1,427,343,762 |
| Equity | | | | |
| Issued capital | 4 | 1,221,306,473 | 101,464,417 | 1,322,770,890 |
| Profits reserve | 5 | 130,146,739 | 2,046,131 | 132,192,870 |
| Accumulated losses | | (27,619,998) | - | (27,619,998) |
| Total equity | | 1,323,833,214 | 103,510,548 | 1,427,343,762 |

Note 1: Financial assets

| As at 30 June 2018 | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|--------------------|-------------------|--------------------------------|----------------------|
| Financial assets | 973,929,383 | (16,916,950) | 957,012,433 |

Forming part of the pro forma adjustments to the 30 June 2018 statement of financial position for WAM is the elimination of the existing interest in WDE held at balance date in the financial assets of WAM. The existing interest in WDE as at 30 June 2018 is set out below:

WAM Capital's existing interest in WDE

As at 30 June 2018

| | |
|--|---------------------|
| No. of shares held in WDE - as at 30 June 2018 | 19,902,294 |
| ASX last sale price – as at 30 June 2018 | \$0.85 / share |
| Total value of existing interest in WDE | \$16,916,950 |

Note 2: Financial assets – investment in controlled entity at FVTPL

| As at 30 June 2018 | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|---|-------------------|--------------------------------|----------------------|
| Financial assets – investment in controlled entity at FVTPL | - | 121,304,411 | 121,304,411 |

Forming part of the pro forma adjustments to the 30 June 2018 statement of financial position for WAM is the recognition of the investment in WDE, assuming WAM acquires 100% of WDE as part of the Offer. The value of WDE has been recognised utilising the audited pre-tax NTA of WDE as at 30 June 2018 (from the Annual Financial Report) for the purposes of the pro forma financial information, set out below:

Value of investment in controlled entity at FVTPL

| | |
|--------------------------------|----------------------|
| WDE 30 June 2018 Net Assets | \$124,520,380 |
| Add: Deferred tax assets | (\$3,225,046) |
| Less: Deferred tax liabilities | \$9,077 |
| WDE pre-tax NTA | \$124,520,380 |

Source: WDE's audited 2018 Annual Financial Report.

Note 3: Deferred tax liabilities

| As at 30 June 2018 | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|--------------------------|-------------------|--------------------------------|----------------------|
| Deferred tax liabilities | 14,798,434 | 876,913 | 15,675,347 |

In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments (see Note 5 for further information), the tax effect of the transaction is recognised for the Enlarged Group as part of the recognition of the investment in WDE, assuming that WAM acquires 100% of WDE as part of the Offer.

Adjustments in relation to the tax effect of WDE joining WAM's tax consolidated group upon completion the Offer, assuming WAM acquires 100% of WDE, are not able to be determined at this time and have not been considered as part of the pro forma adjustments.

Note 4: Issued capital

| As at 30 June 2018 | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|--------------------|-------------------|--------------------------------|----------------------|
| Issued capital | 1,221,306,473 | 101,464,417 | 1,322,770,890 |

Forming part of the pro forma adjustments to the 30 June 2018 statement of financial position for WAM is the issue of WAM scrip to WDE shareholders in accordance with the terms of the Offer, as set out below:

Transaction details

As at 30 June 2018

| | |
|---|----------------------|
| <i>Offer: 1 WAM Share for every 2.5 WDE Shares</i> | <i>1 for 2.5</i> |
| No. of WDE Shares on issue – as at 30 June 2018 | 126,482,565 |
| No. of WDE Shares held by WAM – as at 30 June 2018 | (19,902,294) |
| Remaining WDE Shares | 106,580,271 |
| No. of WAM Shares to be issued as Offer consideration | 42,632,108 |
| Scrip value (WAM Shares) - as at 30 June 2018 | \$2.38 / share |
| Total Offer consideration value | \$101,464,417 |

Note 5: Profits reserve

| As at 30 June 2018 | WAM Capital \$ | Pro Forma Adjustments \$ | Enlarged Group \$ |
|--------------------|-------------------|--------------------------------|----------------------|
| Profits reserve | 130,146,739 | 2,046,131 | 132,192,870 |

In recognising the acquisition of 100% of WDE in the Enlarged Group, the existing interest in WDE (measured at the ASX last sale price) is eliminated and the identifiable pre-tax NTA of WDE is recognised in consideration for the issue of WAM Shares as part of the Offer to WDE Shareholders. The difference between the value of the WAM Shares issued and the existing interest in WDE, when compared to the identifiable pre-tax NTA of WDE is recognised through the statement of financial performance and resulting equity reserves. Assuming the completion of the Offer as at 30 June 2018, the breakdown of the accounting recognition is set out below:

Transaction details

As at 30 June 2018

| | |
|---|----------------------|
| Value of WAM Shares (see Note 4) – as at 30 June 2018 | \$101,464,417 |
| Existing Relevant Interest in WDE, measured at the last sale price (see Note 1) | \$16,916,950 |
| Total consideration | \$118,381,367 |
| Identifiable pre-tax NTA of WDE (see Note 2) - as at 30 June 2018 | \$121,304,411 |
| Total fair value gain on acquisition of a controlled entity | \$2,923,044 |
| Less: taxation expense, at 30% | (\$876,913) |
| Total fair value gain, after tax | \$2,046,131 |

6.4. Summary of information

The information included in this Section 6 is unaudited pro forma financial information for the Enlarged Group comprising of WAM and WDE as at 30 June 2018 on the basis that WAM acquires 100% of WDE, assuming completion of the Offer as at 30 June 2018.

The unaudited pro forma combined statements of financial position of the Enlarged Group as at 30 June 2018 (Pro Forma Statement of Financial Position) presented above has been produced with reference to the audited financial report for WAM as at 30 June 2018 and the audited financial report for WDE as at that date. The financial information reflects the latest publicly available information for WDE that is capable of being compared.

The WAM Board of Directors have assessed the requirements of AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities and have applied the criteria set out in that standard to the operations of WAM. WAM is therefore considered to be an investment entity and as a result, the investment in WDE (being a wholly owned entity of the WAM) would not be consolidated into the financial statements, but rather is accounted for as a financial asset at FVTPL. After acquisition, subsequent movements in the fair value of the identifiable net assets of the controlled entity are recoded as fair value gains or losses through the statement of financial performance.

The pro forma financial information does not represent what the Enlarged Group would look like on a combined basis, since it is not possible to produce this information from publicly available information and due to the accounting policies of WAM. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Statement of Financial Position does reflect the issue of new WAM Shares to WDE Shareholders, and other adjustments required as a result of this Offer.

The Pro Forma Statement of Financial Position is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Enlarged Group after completion of the Offer. In addition, the Pro Forma Statement of Financial Position is presented in a summary format and therefore does not contain all the disclosures required under the Corporations Act.

Financial information relating to WDE has been sourced from its publicly available information. WAM has relied on the information in the monthly investment portfolio update and NTA reports of WDE as well as audited financial reports issued by WDE to prepare the financial information contained in this document.

WAM does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. WAM has not been able to independently verify any of the financial information relating to WDE used in this document, for providing pro forma financial information.

The pro forma financial information presented in this section should also be read in conjunction with the risks set out in Section 8, other information contained in this Bidder's Statement, and the accounting policies of WAM and WDE as disclosed in their most recent audited financial reports.

The accounting policies of WAM and WDE are not considered materially different. The significant accounting policies adopted in the preparation of the historical financial information are disclosed in WAM's audited Annual Report for the year ended 30 June 2018.

6.5. No forward looking financial statements

This document does not provide revenue or profit projections for the Enlarged Group. WAM does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. WAM believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for WDE Shareholders.

6.6. Prospective financial information of the Enlarged Group

WAM has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Enlarged Group. The WAM Board of Directors have concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance.

The Enlarged Group will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve its stated objectives.

The future performance of the Enlarged Group is dependent on the performance of its investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments. As such, the WAM Board of Directors do not believe it is possible or appropriate to accurately predict the future performance of the Enlarged Group's investments and, therefore, its performance.

7. WAM's intentions

7.1. General

This Section 7 sets out WAM's intentions in relation to:

- a) the continuation of WDE's business;
- b) any significant changes to be made to WDE's business, including any redeployment of WDE's fixed assets; and
- c) the future employment of WDE's employees (where applicable).

WAM's intentions are based on the information known, and the circumstances that exist, at the date of this Bidder's Statement.

WAM has reviewed information in the public domain concerning WDE, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of WDE's operations, WAM's intentions in relation to WDE are summarised below. Statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

7.2. Strategic Review

As WAM does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon successful completion of the Offer, and in the event that WAM controls more than 50% of WDE's Shares, WAM proposes to conduct a review of the strategy, operations, activities, assets and employees (based on publicly available information WDE has no fixed assets or employees) of WDE in light of the information which then becomes available to it (**Strategic Review**).

This Strategic Review will:

- a) confirm whether WAM should proceed with a realisation of WDE's investments and conduct a return of capital;
- b) explore other investment strategies for WDE's remaining cash; and
- c) seek to make appropriate provisions for any of WDE's ongoing liabilities.

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section 7 are statements of current intention only which may change as new information becomes available or circumstances change.

7.3. WAM's intentions upon controlling 90% or more of WDE Shares

This Section sets out WAM's intentions if it controls 90% or more of WDE Shares and becomes entitled to proceed to compulsory acquisition of WDE Shares under the Corporations Act.

- a) WAM intends to undertake the Strategic Review;
- b) WAM currently intends to proceed to compulsory acquisition of the remaining WDE Shares if it becomes entitled to do so under the Corporations Act;
- c) WAM will seek to remove WDE from the Official List of the ASX;
- d) WAM intends to replace all WDE Directors with its nominees;
- e) WAM intends to work constructively with the WDE Manager;
- f) Subject to the outcome of the Strategic Review, to the extent WDE employs any person. It may be necessary to redeploy or make some of WDE's employees redundant. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements. Based on publicly available information WDE has no employees.

7.4. WAM's intentions upon controlling more than 50.1% but less than 90% of WDE Shares

If WAM, by virtue of acceptance of the Offer or pre-Offer acquisitions, acquires a Relevant Interest in WDE of more than 50.1% but less than 90%, its current intentions are as set out below.

- a) WDE will become a controlled entity of WAM;
- b) WAM intends to undertake the Strategic Review;
- c) Subject to the Corporations Act and the Strategic Review, WAM proposes to seek the appointment of a majority of WAM nominees to WDE's Board although it has not made any decision as to who would be nominated for appointment. WAM may also seek to add to, replace or reorganise the roles of a proportion of the members of the WDE Board of Directors to reflect the proportionate ownership interest of WAM and other WDE Shareholders;
- d) WAM intends to work constructively with the WDE Manager;
- e) WAM may seek to remove WDE from the Official List of the ASX;
- f) WAM may, at some later time, acquire further WDE Shares in a manner consistent with the Corporations Act;
- g) If WAM becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights; and
- h) WAM may consider acquiring additional WDE Shares under the "creep" provisions of Item 9 in section 611 of the Corporations Act (which allows for WAM and its Associates to acquire up to 3% of WDE Shares every 6 months);
- i) WAM intends to undertake the activities referred to in this Section 7.4 to the extent permitted by its control of WDE.

7.5. WAM's intentions upon controlling less than 50.1% of WDE Shares

WAM reserves its right to declare the Offer free from the 50.1% minimum acceptance Condition (or any other Condition) to the Offer. However, WAM has not decided whether it will free the Offer of the Conditions.

In that circumstance:

- a) WAM has a Relevant Interest in less than 50.1%, to the extent possible through its non-controlling holding of WDE Shares, WAM will endeavour to give effect to the intentions set out in Section 7.4. However, WAM considers that its ability to affect the intentions set out in Section 7.4 will be significantly limited if WAM is unable to achieve the level of shareholding.
- b) WAM may consider acquiring additional WDE Shares under the “creep” provisions of Item 9 in section 611 of the Corporations Act (which allows for WAM and its Associates to acquire up to 3% of WDE Shares every 6 months) until it achieves a majority Voting Power. WAM has not yet decided whether it will acquire further WDE Shares in the event it receives less than 50.1%.

7.6. Limitations on intentions

The intentions and statements of future conduct set out in this Section 7 must be read as being subject to:

- a) the outcome of the Strategic Review;
- b) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and “related party” transactions given that, if WAM gains control of WDE but does not acquire all of the WDE Shares, it will be treated as a related party of WDE for these purposes; and
- c) the legal obligation of the WDE Directors at the time, including any nominees of WAM, to act in good faith and in the best interests of WDE and for proper purposes and to have regard to the interest of all WDE Shareholders (in which regard the role of independent Directors of WDE will also be important).

8. Risk factors

8.1. Introduction

The future investment performance of WAM and the future performance of the WAM Shares may be influenced by a range of factors, many of which are outside the control of WAM. WAM is subject to risks that are both of a general nature and risks which are specific to its business activities.

This Section describes what WAM considers to be some of the key risks associated with WAM's business, the industry in which it operates, and the risks associated with an investment in WAM.

The risks listed in this Section should not be considered to be an exhaustive list of every possible risk associated with accepting the Offer, the industry in which WAM operates, or the risks associated with an investment in WAM now or in the future. The types of risks to which WAM is exposed can change over time and vary with changes in economic, technological, environmental and regulatory conditions. The occurrence or consequences of some of these risks are partially or completely outside of the control of WAM.

The selection of risks below are based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. They are not listed in order of likelihood of occurrence or impact. The assessment is based on the knowledge of the Directors and management as at the date of this Bidder's Statement, but there is no guarantee or assurance that the importance of these or other risks will not change or that no other new risks will emerge. Any of these risks, and any other risks that may emerge, may have a material adverse effect on the operations, performance and position of WAM. There can be no guarantee that WAM will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate.

Before accepting the Offer, you should read the entire Bidder's Statement carefully and satisfy yourself that you have a sufficient understanding of the risks described in this Section 8, together with the other information set out in this Bidder's Statement. You should also consider whether accepting the Offer is suitable for you in light of your investment objectives, financial situation, taxation position and particular needs. If you do not understand any part of this Bidder's Statement or have any questions about whether to accept the Offer, you should consult your accountant, financial adviser, stockbroker, solicitor or other independent and qualified professional adviser before deciding whether to accept the Offer.

8.2. Risks specific to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of WDE Shares by WAM.

Conditions to the Offer

As described in Schedule 1 of this Bidder's Statement, the Offer is subject to a number of conditions.

Subject to any statutory withdrawal rights that may be available, WDE Shareholders who accept the Offer while it still remains conditional will no longer be able to trade their WDE Shares on the ASX or withdraw their acceptance of the Offer. WDE Shareholders should be aware that the market price of WDE Shares may exceed the implied price under the Offer during the Offer Period.

For those WDE Shareholders who accept the Offer and the conditions remain unsatisfied at the end of the Offer Period, and are not otherwise waived by WAM, there is no obligation on WAM to issue WAM Shares to you as consideration for your WDE Shares. In those circumstances, any acceptances of the Offer will be void and you would then be free to deal with your WDE Shares.

Limited withdrawal rights

WDE Shareholders may only withdraw their acceptance of the Offer, in limited circumstances. Otherwise, WDE Shareholders will be unable to withdraw their acceptances, even if the value of the WAM Shares to be issued to WDE Shareholders as consideration varies from the date of their acceptance.

Issue of WAM Shares as the Offer Consideration

WDE Shareholders are being offered consideration under the Offer that comprises a specified number of WAM Shares, rather than a number of WAM Shares with a specified market value. As a result, the value of the consideration will fluctuate depending on the value of WAM Shares. Furthermore, if current WAM Shareholders or current WDE Shareholders who accept the Offer do not wish to hold shares in the Enlarged Group and seek to sell their shares, this may have material adverse effect on the Enlarged Group and the market price of WAM Shares.

Accordingly, the market value of WAM Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer. This may result in the value of the consideration to WDE Shareholders increasing as well as decreasing.

Less than 100% ownership

It is possible that WAM may not acquire all WDE Shares under the Offer. The impact upon WAM of acquiring less than 100% will depend upon the final level of ownership acquired. However, the existence of minority shareholders in WDE could have an impact on WAM's intentions regarding WDE (refer to Section 7).

WDE information

In preparing the information on WDE included in this Bidder's Statement, WAM has relied only on publicly available information of WDE. WAM has not had direct access to WDE Directors or its auditors. In addition, it is possible that additional risks may exist in relation to WDE's operations that are unknown to WAM.

There is also a risk that the publicly available financial information of WDE and utilised by WAM in formulating the Offer and preparing this Bidder's Statement is not materially correct.

Reporting risks

WAM has assumed that WDE has met all of its reporting obligations and that disclosures made by it are true and are not misleading in any material respects.

Dilution risks

As the consideration payable for the Offer consists partly of WAM Shares, the interests of existing WAM Shareholders (which may include WDE Shareholders following completion of the Offer) will be diluted to some degree, with respect to the percentage ownership of the Company.

Taxation risks

Tax liabilities are the responsibility of each individual investor, and WAM is not responsible either for taxation or penalties incurred by WDE Shareholders. WDE Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

Taxation considerations

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 10. However, this summary is general in nature and, as the circumstances for each WDE Shareholder may vary, WDE Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and WDE Shareholders should read this Bidder's Statement in full. If WDE Shareholders require further information on these risks, they should seek professional advice.

Potential impact on subsequent bids

WAM's shareholding may become of such a size that a third party would not be able to successfully make a takeover bid for WDE without the support of WAM.

8.3. Risks specific to WAM**Manager risk**

WAM's investment objectives may not be achieved and/or it may underperform the S&P/ASX All Ordinaries Accumulation Index (WAM's benchmark) or may underperform other listed investment companies in the same asset class. The achievement of WAM's objectives (including the ability to pay dividends) depends on a range of factors, including its portfolio selection, the skills of WAM's investment team and the actual performance of investments.

Risks on WAM's investments

WAM may invest in entities with a limited trading history or small capital base. These investments may pose greater risk than investments in larger capitalised entities or entities in other market sectors. While the development of sound risk management procedures and sound due diligence can minimise the risks of investment in such companies, the risks are material and significant.

Listed Investment Company risk

A listed investment company's share price may trade at a premium or discount to net tangible asset backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including, but not limited to:

- domestic and international economic growth;
- performance of domestic and international financial markets;
- domestic and international political events; and
- relevant regulation in Australia and overseas.

Business risk

The profitability and success of WAM is highly dependent on the ability of its Directors and the investment manager to assess business risks and make appropriate investment decisions. No guarantee can be given in respect to future earnings of WAM or the earnings and capital appreciation of its investments.

8.4. Risks specific to WDE

Manager risk

There is a risk that WDE's investment objective will not be achieved and/or it may underperform WDE's benchmark or may underperform other listed investment companies in the same asset class. The achievement of WDE's objective (including the ability to pay dividends) depends on a range of factors, including its portfolio selection, the skills of WDE's investment manager's employees, the timing of implementation of protection strategies, and actual performance of investments.

Risks on WDE's investments

WDE may invest in entities with a limited trading history or small capital base. These investments may pose greater risk than investments in larger capitalised entities or entities in other market sectors. While the development of sound risk management procedures and sound due diligence can minimise the risks of investment in such companies, the risks are material and significant.

Listed Investment Company risk

A listed investment company's share price may trade at a premium or discount to net tangible asset backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including, but not limited to:

- domestic and international economic growth;
- performance of domestic and international financial markets;
- domestic and international political events; and
- relevant regulation in Australia and overseas.

Business risk

The profitability and success of WDE is highly dependent on the ability of its Directors and the investment manager to assess business risks and make appropriate investment

decisions. No guarantee can be given in respect to future earnings of WDE or the earnings and capital appreciation of its investments.

Currency risk

WDE may invest in international securities. Investing in international markets may expose WDE to changes in exchange rates. The possibility that foreign currencies may fall in value relative to the Australian dollar can have an adverse impact on investment returns.

Derivatives risk

WDE's investment manager may use derivatives strategies in implementing its 'Wealth Defender' strategy, such as exchange traded derivatives and over-the-counter derivatives including futures and options contracts, to cushion the impact of falls in the market. The derivative instruments are linked to the underlying value of physical assets and are used by WDE's investment manager as an alternative to investing in physical assets because of their cost and liquidity efficiency or to protect the value of the underlying physical assets from adverse price movements over time. Gains or losses can result from investments in derivatives. Investments in derivatives may increase the losses that would otherwise have been experienced had the derivatives not been used.

There is a risk that the use of derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. The use of derivatives potentially exposes WDE to counterparty, legal and documentation risks. In addition to any risk associated with the underlying asset for which a derivative is valued, derivative prices are affected by other factors including market liquidity, interest rates, and counterparty risk.

8.5. General risks

Regulation and publicity

Changes to the regulatory environment for listed investment companies, the Corporations Act, ASIC policy, Listing Rules and their commercial application and/or publicity may have an impact on WDE and WAM's investments and may affect the value of WDE Shares and WAM Shares.

Changes in accounting policy

WAM and WDE must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on WAM and WDE (as applicable) reported financial performance and financial position.

Economic conditions

The price at which WAM Shares and WDE Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks.

Sharemarket conditions

The market for WAM Shares and WDE Shares may also be affected by a wide variety of events and factors including variations in WAM and WDE's respective operating results,

recommendations by securities analysts, and the operating and trading price performance of other listed entities that investors consider to be comparable to WAM or WDE (as applicable). Some of these factors could affect WAM or WDE's share price regardless of underlying operating performance.

Currency risk

Shareholders who reside outside of Australia, or who rely on funding denominated in a currency other than the Australian dollar, should be aware of the impact that fluctuations in exchange rates may have on the value of their investments in and returns.

Forward looking statements

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure and achievement of milestones and other outcomes of the enlarged group to be different from the expectations expressed or implied in this Bidder's Statement.

8.6. Risks relating to the Enlarged Group

Implementation risks

Irrespective of the outcome of the Offer, the Investment Management Agreement between WDE and Perennial is for a fixed term. While WAM intends to work constructively with Perennial there is no guarantee that Perennial will carry out WAM's intentions or instructions in relation to the management of WDE's portfolio of investments.

Diversification

As holders of WAM Shares, following implementation of the Offer, WDE Shareholders will be exposed to a more diversified portfolio of investments than WDE's portfolio. That diversification may continue in the future. A more diverse portfolio of investments may mean WDE Shareholders are exposed to a more diverse range of risks.

WAM Shares

Under the Offer, WDE Shareholders are issued with WAM Shares in consideration for the transfer of WDE Shares. The share price performance of a listed company, such as WAM, is subject to general fluctuations in the share market. These fluctuations can result from a wide variety of factors, some of which are beyond the control of WAM, such as:

- general economic conditions, including changes in inflation rates, interest rates and exchange rates;
- variations in the domestic and international markets for listed stocks;
- changes in government policy, legislation or regulation; and
- inclusion or removal from market indices.

In particular, the share prices in any company may reflect a diverse range of issues which are not specific to the company concerned, such as acts of terrorism and the general state of the economy. These market fluctuations may adversely affect the price of WAM Shares. An investment in WAM Shares therefore carries risks that the share price may fall and no guarantee can be made about the declaration of dividends or returns of capital.

9. Sources of Consideration

9.1. Offer Consideration

The consideration for the acquisition of WDE Shares under the Offer is to be satisfied by the issue of WAM Shares. The Offer Consideration is 1 WAM Share for every 2.5 WDE Shares.

The relative amount of WAM Shares to be issued will depend on the number of WDE Shares that WAM acquires under the Offer.

The calculations in this section on the maximum consideration to be paid by WAM assume that, as a result of the Offer, WAM acquires all WDE Shares on issue at the date of this Bidder's Statement.

9.2. Maximum number of WAM Shares

The maximum number of WAM Shares which are required to be issued under the Offer if acceptances are received for all the WDE Shares on issue at the date of this Bidder's Statement is approximately 42,361,908 (excluding rounding adjustments).

WAM Shares issued under the Offer are exempt from ASX Listing Rule 7.1 (which prohibits issues exceeding 15% of a company's share capital in any 12-month period). Accordingly, WAM has the capacity to issue the maximum number of WAM Shares that may be required under the Offer.

10. Tax considerations

10.1. Introduction

The following is a summary of the potential Australian income tax and capital gains tax (**CGT**) consequences generally applicable to WDE Shareholders who dispose of WDE Shares under the Offer. All WDE Shareholders are advised to seek independent professional advice about their particular circumstances, and non-resident WDE Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their WDE Shares. The information in this section is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a WDE Shareholder.

In particular this summary is only applicable to WDE Shareholders that are Australian residents for income tax purposes and hold their WDE Shares on capital account for investment purposes and only considers the Australian tax position.

This summary does not apply to WDE Shareholders:

- who hold their WDE Shares for the purpose of speculation or a business of dealing in securities (e.g. as trading stock or as revenue assets);
- who acquired their WDE Shares pursuant to an employee share scheme operated by WDE;
- who are subject to taxation of financial arrangement rules in Division 230 of the Income Tax Assessment Act 1997 in relation to gains or losses on their WDE Shares;
- that may be subject to special tax rules, such as financial institutions, insurance companies, partnerships (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are non-residents of Australia who hold their WDE Shares in carrying on a business through a permanent establishment in Australia.

WDE Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law.

10.2. CGT consequences on the disposal of WDE Shares

A WDE Shareholder that accepts the Offer and whose WDE Shares are subsequently transferred to WAM, is taken to have disposed of their WDE Shares for Australian CGT purposes. Shareholders make a capital gain on the disposal of their WDE Shares to the extent that the market value of the Offer consideration exceeds the tax cost base of the WDE Shareholders' WDE Shares (prior to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain).

The capital proceeds received for the disposal of the WDE Shares should be calculated by reference to the market value of WAM Shares that each WDE Shareholder will receive.

The sum of all capital gains derived by a WDE Shareholder in the year in which the transaction occurs, reduced by any capital loss incurred during that year, or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the WDE Shareholder.

Alternatively, a WDE Shareholder will make a capital loss on the transfer of their shares to WAM, equal to the amount by which the reduced cost base of their WDE Shares is more than the capital proceeds (i.e. value of shares in WAM) they receive under the Offer. A capital loss may be used to offset against a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the WDE Shareholder is a company or trust).

10.3. Cost base of WDE Shares generally

If a WDE Shareholder does not dispose of their WDE Shares under the Offer and their WDE Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those WDE Shareholders will also be treated as having disposed of their WDE Shares for CGT purposes.

In this case, the date of the CGT event will be the date when the WDE Shareholder ceases to be the owner of the WDE Shares.

10.4. CGT rollover

Where WAM acquires 80% or more of the Shares in WDE, a WDE Shareholder may be eligible to choose scrip for scrip CGT rollover relief under Subdivision 124-M of the Income Tax Assessment Act 1997 (Cth) in respect of the disposal of WDE Shares, so that any CGT payable on the disposal of their WDE Shares is deferred.

If a WDE Shareholder elects for CGT rollover relief to apply, any capital gain that they would otherwise make on the disposal of their WDE Shares will be disregarded, as the only consideration that WDE Shareholders will receive in respect of their WDE Shares are replacement shares in WAM.

The benefit of choosing scrip for scrip rollover relief will depend on the individual circumstances of each WDE Shareholder and therefore WDE Shareholders should discuss this with their tax advisers.

Where rollover relief is chosen, the tax cost base of the WAM Shares received by the WDE Shareholders should equal the tax cost base of the WDE Shares disposed of. This tax cost base will be allocated on a proportionate basis across the WAM Shares received. This cost base will be relevant in determining any future CGT liability on the subsequent disposal of the WAM Shares.

For the purposes of determining whether the CGT discount applies on any subsequent disposal of the WAM Shares, the date on which the WDE Shareholders will be deemed to have acquired the WAM Shares will be the day they acquired their original WDE Shares.

Generally, where WDE Shareholders prepare their income tax return on the basis that scrip for scrip rollover has been applied, this will be sufficient evidence of making the choice to obtain rollover relief.

In certain circumstances, it may be necessary for WAM to make a joint election with WDE Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the WDE Shareholder and provided the WDE Shareholder has informed WAM in writing of the cost base of their WDE Shares, WAM may make the joint election. WAM confirms that it will not make any choice or election under the CGT rollover provisions that would prevent WDE Shareholders from obtaining CGT rollover relief where available.

However, if the WAM Offer becomes unconditional and WAM does not increase its holding to at least 80% of the WDE Shares on issue as a result of the Offer, CGT rollover relief will not be available for any WDE Shareholders.

10.5. CGT discount

Any WDE Shareholder who is an individual, the trustee of a trust or a complying superannuation entity that does not choose CGT rollover relief may be entitled to a 'CGT discount' in calculating the net capital gain to be included in their assessable income.

- WDE Shareholders will be eligible for CGT discount provided that:
- the WDE Shares were acquired at least 12 months before disposal to WAM;
- the WDE Shareholder did not choose to index the cost base of their WDE Shares; and
- the CGT discount is applied to the capital gain after any available capital losses are first applied to reduce the capital gain.

The CGT discount allows a WDE Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50%, and including only the remaining 50% of the capital gain in the taxable income of that individual or trust.

A WDE Shareholder that is a complying superannuation entity may discount the capital gain by 33.3% and include 66.6% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a WDE Shareholder that is a company.

10.6. Stamp duty and GST

Neither the sale of WDE Shares, nor the issue of WAM Shares should give rise to any stamp duty liability for existing WDE Shareholders.

10.7. Goods and Services Tax (GST)

The sale of WDE Shares by existing shareholders as contemplated will not attract GST. Similarly, no GST will be payable on the acquisition of WAM Shares.

Where shareholders are registered or are required to be registered for GST, any GST incurred on expenses that relate to the sale of existing shares or acquisition of new shares may not be recoverable if the individual shareholder exceeds the financial acquisitions threshold as set out in the relevant GST legislation. However, a reduced input tax credit equal to 75% of the GST incurred may still be available if the acquisition constitutes a reduced credit acquisition.

Where WDE Shareholders are not registered, or required to be registered for GST, no GST implications should arise in relation to the Offer.

10.8. Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, WAM does not accept any responsibility for tax implications for individual WDE Shareholders.

WAM is not a registered tax agent under the Tax Agent Services Act 2009 (Cth) and cannot provide tax advice to specific WDE Shareholders. WDE Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

II. Additional information

11.1. WAM is a disclosing entity

As WAM is offering WAM Shares as consideration for the acquisition of WDE Shares, the Corporations Act requires that this Bidder's Statement includes all information that would be required for a prospectus for an offer of WAM Shares under sections 710 to 713 Corporations Act. WAM does not need to issue a separate prospectus for the Offer of the WAM Shares as the offer occurs under a takeover bid.

WAM is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 Corporations Act that is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, WAM is required to continuously disclose to the market any information it has, which a reasonable person would expect to have a material effect on the price or the value of WAM's Shares.

WAM Shares have been quoted on the ASX during the 12 months before the date of this Bidder's Statement. For this reason, WAM is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where WAM's shares are continuously quoted securities, the prospectus is only required to contain information on the effect of the Offer on WAM and the rights and liabilities attaching to the WAM Shares. It is not necessary to include general information on all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company unless that information has been excluded from a continuous disclosure notice in accordance with the Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of those matters and the rights and liabilities attaching to the WAM Shares.

- a) Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. WAM, as a disclosing entity under the Corporations Act, states that:
- b) it is subject to regular reporting and disclosure obligations;
- c) copies of documents lodged with ASIC by WAM (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- d) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - i) the financial statements of WAM for the 12 months ended 30 June 2018 (being the annual report most recently lodged by WAM with ASIC);
 - ii) the half-year financial report lodged for the six months ended 31 December 2017 lodged with ASIC by WAM; and

- iii) all continuous disclosure notices given by WAM after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

If you would like to receive a copy of any of these documents or publications, please call Chairman Geoff Wilson on 0412 242 712 or our Chief Executive Officer Kate Thorley on (02) 9247 6755.

Copies of all documents lodged with ASIC in relation to WAM can be inspected at the registered office of WAM during normal office hours. A list of announcements made by WAM on the ASX between 17 August 2018 and the date of this Bidder's Statement as it appears in Schedule 2.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a WDE Shareholder or a professional adviser to a WDE Shareholder would reasonably require for the purposes of making an informed assessment of:

- a) the assets and liabilities, financial position and performance, profits and prospects of WAM; or
- b) the rights and liabilities attaching to WAM Shares.

None of the information referred to in this Section 11.1 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

11.2. Capital Structure of WAM

The total number of WAM Shares on issue is 668,363,006 listed shares. There are no other securities on issue.

11.3. Rights and liabilities attaching to WAM Shares

The rights and liabilities attaching to ownership of the WAM Shares arise from a combination of WAM's constitution, statute, the Listing Rules and general law.

A summary of the significant rights and liabilities attaching to WAM's Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of WAM Shareholders.

Voting at a general meeting

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of WAM or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid WAM Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

Meeting of members

Each WAM Shareholder is entitled to receive notice of, attend and vote at meetings of WAM and to receive all notices, accounts and other documents required to be sent to WAM Shareholders under WAM's constitution, the Corporations Act and the Listing Rules.

Dividends

The Directors may authorise the payment of dividends to members as and when permitted by the Corporations Act. Dividends are payable on all WAM Shares in proportion to the amount of the total issue price paid or credited as paid for the WAM Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the WAM Shares. If a fully paid share is on issue for only part of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion that the part of that period for which the share is on issue and is fully paid is of the total period for which the dividend is payable.

Transfer of WAM Shares

WAM Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the Directors.

The Directors may only decline to register a transfer of WAM Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules. If the Directors refuse to register a transfer, WAM must, within five Business Days after the transfer is lodged with WAM, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of WAM Shares when required by the Corporations Act or the Listing Rules.

Issue of further WAM Shares

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further shares in WAM on terms as they see fit. However, the Directors must act in accordance with the restrictions imposed by WAM's constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

Winding-up

If WAM is wound up, the liquidator may, with the sanction of a special resolution, divide among the WAM Shareholders the whole or any part of the property of WAM and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the divisions is to be carried out as between the WAM Shareholders or different classes of WAM Shareholders.

Share buy-back

Subject to the provisions of the Corporations Act and the Listing Rules, WAM may buy back WAM Shares on terms and at times determined by the Directors.

Variation of class rights

Unless otherwise provided by WAM's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- b) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or abrogated, may apply to a court of competent jurisdiction to exercise its discretion to set aside that variation or abrogation.

Dividend reinvestment plan

WAM's constitution authorises the Directors to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by WAM be reinvested by way of subscription for shares in WAM).

Indemnities

To the extent permitted by law, WAM indemnifies every officer and former officer of WAM against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of WAM against any liability incurred in defending any civil or criminal proceedings in which judgment is given in favour of the officer, or in which the officer is acquitted.

Alteration of WAM's constitution

WAM's constitution can only be amended by special resolution passed by at least 75% of WAM Shareholders present and voting at a general meeting of WAM. WAM must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

11.4. Capital structure of WDE

- a) WAM's Offer is to acquire all of the issued WDE Shares that it does not already own.
- b) At the date of this Bidder's Statement, there are 126,354,065 WDE Shares on issue.

11.5. Details of WAM's Relevant Interests in WDE Shares

At the date of this Bidder's Statement, the number of WDE Shares in which WAM had a Relevant Interest is set out below:

| Class of securities | Total number in class | % of Shares on issue |
|----------------------------|------------------------------|-----------------------------|
| WDE Ordinary Shares | 20,561,796 | 16.27 |

As at the date of this Bidder's Statement WAM has Voting Power of 18.15% in WDE.

WAM reserves the right to purchase WDE Shares outside the Offer at any time during the Offer Period, subject to the Corporations Act.

11.6. Details of WAM's Directors Relevant Interests in WDE Shares

At the date of this Bidder's Statement, no WAM Director has any Relevant Interests in WDE Shares.

11.7. Valuation of WDE Shares for the purpose of the minimum bid price rule

WAM may rely on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068. That Instrument provides relief from the requirement in section 621(4) of the Corporations Act and allows a bidder up to five Business Days before the date of the takeover bid to value quoted Securities that it is offering as part of its bid consideration, for the purpose of determining whether the value of WAM's bid consideration at least equals the maximum value of consideration paid by WAM for WDE Shares in the four months prior to the date of the Offer (described in Section 5.3).

Relying on that relief, WAM may value WAM Shares to be provided under the Offer at any date nominated by WAM (Valuation Date) up to five Business Days before the date of the Offer. The valuation is determined by calculating the VWAP of WAM Shares in the ordinary course of trading on the ASX during two full trading days before the Valuation Date.

Under section 621(4A) (as inserted in the Corporations Act by ASIC Corporations (Minimum Bid Price) Instrument 2015/1068) the following information is provided:

- a) valuation of WAM Shares under section 621(4A): \$[*] per WAM Share
- b) Valuation Date: [*] 2018
- c) trading days on which valuation is based: [*] 2018 and [*] 2018

The value of the Offer Consideration per WDE Share for the purposes of section 621 of the Corporations Act using this valuation is therefore A\$[*].

The value exceeds the maximum value of consideration paid by WAM for WDE Shares in the four months prior to the date of Offer (described in Section 5.3).

WAM Shares can fall as well as rise and may be subject to varied and unpredictable influences. Accordingly there is no guarantee that 1 WAM Share will continue to be worth equal to or above \$[*]. The highest and lowest closing prices of WAM Shares on the ASX in the four months before the Valuation Date were \$[*] and \$[*] respectively.

11.8. No collateral benefits

Neither WAM nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- a) accept the Offer; or
- b) dispose of WDE Shares,

which benefit was not offered to all WDE Shareholders under the Offer.

11.9. No escalation agreements

Neither WAM nor any Associate of WAM has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

11.10. Regulatory approvals

There are no regulatory approvals that WAM needs to obtain before acquiring WDE Shares before or under the Offer.

11.11. ASIC modifications and exemptions

ASIC has published various class orders and instruments providing for modifications and exemptions that apply generally to all persons, including WAM, about the operation of Chapter 6 of the Corporations Act. WAM may rely on this relief.

WAM has relied on the modification to section 636(3) of the Corporations Act in paragraph 5(d) of ASIC Class Order 13/521 'Takeover Bids' to include references to certain statements in documents lodged with ASIC and ASX without obtaining the consent of the persons to whom those statements are attributed.

WAM will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to WDE Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) WDE Shareholders should contact WAM by calling Chairman Geoff Wilson AO on 0412 242 712 or Chief Executive Officer Kate Thorley on (02) 9247 6755.

11.12. Foreign Shareholders

If you are a Foreign Shareholder, unless WAM otherwise determines that:

- a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with WAM Shares on acceptance of the Offer; and
- b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its or external territories,

you will not be entitled to receive WAM Shares as consideration for your WDE Shares.

Instead, WAM will:

- a) arrange for the issue to the Nominee of the number of WAM Shares to which you and all other Foreign Shareholders would have been entitled but for clause 3.1 of Schedule 1; and
- b) cause the Nominee to offer for sale those WAM Shares within five Business Days after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- c) pay to you the amount ascertained under the formula in clause 7.3 of Schedule 1.

Notwithstanding anything else contained in this Bidder's Statement, WAM is not under any obligation to spend any money or undertake any action to satisfy itself of the eligibility of Foreign Shareholders to receive WAM Shares.

11.13. Consents

KardosScanlan Pty Limited (ACN 145 466 600) (Kardos Scanlan) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal adviser to the Offer in the form and context in which it is named.

Boardroom Pty Limited (ACN 003 209 836) (Boardroom) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as registry for the Offer in the form and context in which it is named.

Each of Kardos Scanlan and Boardroom:

- a) has not authorised or caused the issue of this Bidder's Statement;
- b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
- c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

11.14. Date for determining holders of WDE Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is [*] 2018.

11.15. Fees and benefits payable to Directors and advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- a) Director or proposed Director of WAM;
- b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- c) promoter of WAM,

has, or had within two years before the date of this Bidder's Statement, any interest in:

- a) the formation or promotion of WAM;
- b) any property acquired or proposed to be acquired by WAM in connection with its formation or promotion or in connection with the issue of WAM Shares under the Offer; or
- c) the offer of WAM Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or a proposed Director of WAM as an inducement to become, or to qualify as, a Director of WAM or to any of those persons otherwise for

services rendered by them in connection with the formation or promotion of WAM or the offer of WAM Shares under this Bidder's Statement.

The Directors of WAM have the following Relevant Interests in WAM Shares (either held directly, held by entities controlled by them or held by entities of which they are Directors or held by family members) at the date of this Bidder's Statement:

| Director | Balance at 30 June 2018 | Balance as at date of this Bidder's Statement |
|------------------|----------------------------|--|
| Geoff Wilson AO | 259,303 | 259,303 |
| James Chirnside | 30,793 | 30,793 |
| Lindsay Mann | 63,880 | 63,880 |
| Chris Stott | 65,652 | 65,652 |
| Kate Thorley | 53,991 | 53,991 |
| Dr Philippa Ryan | - | - |
| TOTAL | 473,619 | 473,619 |

Insurance and indemnity arrangements are in place for Directors and officers of WAM. To the extent permitted by law, WAM indemnifies every person who is or has been an officer against:

- a) any liability to any person (other than WAM, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- b) costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or secretary of WAM or any Subsidiary of WAM. Under the terms of the indemnity, WAM must maintain indemnity insurance coverage for a period of seven years after the officer held their position in WAM and allow the officer access to certain records after ceasing to hold office in WAM for a period of seven years.

Kardos Scanlan has acted as Australian legal advisers to WAM in relation to the Offer. Kardos Scanlan is entitled to receive professional fees on a normal commercial basis.

11.16. Expiry date

No WAM Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

11.17. Other material information

There is no other information material to the making of a decision about whether or not to accept the Offer (being information that is known to WAM and has not previously been disclosed to the holders of WDE Shares) other than as disclosed in this Bidder's Statement.

11.18. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer will be paid by the Bidder.

12. Definitions and interpretation

12.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires:

| | |
|---------------------------------------|--|
| \$ or c | Australian dollars or cents. |
| Acceptance Form | The acceptance form for the Offer accompanying this Bidder's Statement. |
| Announcement Date | The date on which this Bidder's Statement was lodged with ASIC. |
| ASIC | Australian Securities and Investments Commission. |
| Associate | Has the same meaning given to that term in section 9 of the Corporations Act |
| ASX | ASX Limited (ACN 008 624 691) on the market it administers being Australian Securities Exchange (as the context requires). |
| ASX Settlement | ASX Settlement Pty Limited (ACN 008 504 532). |
| ASX Settlement Operating Rules | The operating rules of the settlement facility provided by ASX Settlement. |
| Bidder's Statement | This document, being the statement made by WAM under Part 6.5 Division 2 of the Corporations Act. |
| Broker | A person who is a stockbroker and participant in CHES. |
| Business Day | Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day. |
| CGT | Capital gains tax. |
| CHES | The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia. |
| CHES Holding | A holding of WDE Shares on the CHES subregister of WDE. |
| Condition | Each condition set out in Schedule 1. |
| Controlling Participant | has the meaning given in the ASX Settlement Operating Rules. |
| Controlled Entity | has the meaning given to that word in the Corporations Act. |
| Corporations Act | The Corporations Act 2001 (Cth). |
| Defeating Condition | Each condition set out in clause 8.1 of Schedule 1. |
| Enlarged Group | WAM with WDE as a wholly owned Subsidiary. |
| Foreign Shareholder | Any WDE Shareholder whose address in WDE's register of members is a place outside Australia and its external territories, to whom it is unlawful for WAM to make the Offer or for whom it is unlawful to accept the Offer. |
| FVTPL | Fair value through profit and loss. |
| Governmental Agency | Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity. |

| | |
|--|--|
| GST | Goods and services tax. |
| Investment Management Agreement | Investment Management Agreement between WDE and Perennial dated on or around 11 March 2015. |
| Issuer Sponsored Holding | A holding of WDE Shares on WDE's issuer sponsored sub-register. |
| Listing Rules | The listing rules of the ASX. |
| NTA | Net tangible assets. |
| Offer | The offer as set out in Schedule 1 of this Bidder's Statement itself and includes a reference to that offer as varied in accordance with the Corporations Act. |
| Offer Consideration | Consideration offered by WAM for WDE Shares as set out in Section 9. |
| Offer Period | The period for which the Offer remains open as set out in Schedule 1. |
| Offers | The Offer and each of the other offers made in the same terms for WDE Shares and includes a reference to those offers as varied in accordance with the Corporations Act. |
| Official List | The official list of entities that the ASX has admitted and not removed. |
| Official Quotation | Official quotation of a Security on a market operated by the ASX. |
| Perennial or WDE Manager | Perennial Value Management Limited (ACN 090 879 904). |
| Prescribed Occurrence | The events referred to in Section 652C(1) and (2) of the Corporations Act, which are set out in clause 8.1(c) of Schedule 1 of this Bidder's Statement. |
| Register Date | [*] 2018. |
| Relevant Interest | has the meaning given in sections 608 and 609 of the Corporations Act. |
| Rights | All accretions, rights or benefits of whatever kind attaching to or arising from WDE Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by WDE or any of its Subsidiaries. |
| Security | has the meaning as given in section 92 of the Corporations Act. |
| Security Interest | Any: <ul style="list-style-type: none"> a) "security interest" as defined in the Personal Properties Securities Act Law; b) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements); c) a thing or preferential interest or arrangement of any kind giving a person priority or preference over claims of other persons or creditors with respect to any property or asset, and includes any agreement to create any of them or allow them to exist. |
| Strategic Review | means the detailed strategic review proposed by WAM detailed in Section 7.2 of this Bidder's Statement. |
| Subsidiary | has the meaning given in the Corporations Act. |

| | |
|--------------------------------|---|
| Takeovers Panel | the Australian Government Takeovers Panel. |
| Voting Power | has the same meaning given to that term in section 610 of the Corporations Act. |
| VWAP | Volume-weighted average price. |
| WAM | WAM Capital Limited (ACN 086 587 395). |
| WAM Dividend | A 7.75 cents per WAM Share fully franked dividend announced by WAM on 17 August 2018. |
| WAM Share | A fully paid ordinary share in the capital of WAM. |
| Wilson Asset Management | Wilson Asset Management (International) Pty Limited (ACN 081 047 118). |
| WDE | Wealth Defender Equities Limited (ACN 602 517 528) |
| WDE Dividend | A 2.0 cents per WDE Share fully franked dividend announced by WDE on 28 August 2018. |
| WDE DRP | means the WDE dividend reinvestment plan. |
| WDE Share | A fully paid ordinary share in the capital of WDE. |
| WDE Shareholder | A registered holder of WDE Shares. |

12.2. Interpretation

- a) In this Bidder's Statement, unless the context requires otherwise:
- b) a reference to a word includes the singular and the plural of the word and vice versa;
- c) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- d) a reference to a gender includes any gender;
- e) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- f) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- g) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- h) headings are included for convenience only and do not affect interpretation;
- i) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- j) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- k) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- l) a reference to a statute or statutory provision includes but is not limited to:

- i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- m) reference to \$, A\$, Australian Dollars or dollars, c or cents is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- n) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

12. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the Directors of WAM.

Dated 30 August 2018

Signed for and on behalf of WAM Capital Limited

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Geoff Wilson AO
Chairman

Schedule 1 – Terms of the Offer

1. Offer

- 1.1 WAM offers, to each holder of WDE Shares at 7.00pm (AEST) on the Register Date, to acquire all of your WDE Shares together with all the Rights attaching to them on the terms set out in this Schedule 1. This Offer extends to any person who is able during the Offer Period to give good title to WDE Shares and has not already accepted an Offer for those WDE Shares.
- 1.2 This Offer extends to all WDE Shares with respect to which WAM does not have a Relevant Interest that:
- (a) exist at the Register Date; and
 - (b) are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, any securities which confer on the holder the right to have WDE Shares issued to them.
- 1.3 By accepting this Offer, you undertake to transfer to WAM not only the WDE Shares to which the Offer relates but also all the Rights attached to the WDE Shares.
- 1.4 WAM Shares issued under this Offer will rank equally in all respects with WAM Shares on issue at the Register Date.
- 1.5 This Offer is dated [*] 2018.

2. Offer Consideration

- 2.1 Subject to clause 3.1 of this Schedule 1, the price under the Offer Consideration is 1 WAM Shares for every 2.5 WDE Shares you own.

3. Foreign Shareholders

- 3.1 If at the time this Offer is made to you, you are a Foreign Shareholder and WAM does not make a determination under Section 11.12, you will not be entitled to receive WAM Shares as consideration for your WDE Shares. Instead, you will receive a cash amount calculated under clause 7.3 of this Schedule 1.

4. Fractional entitlements

- 4.1 If you accept the Offer and are entitled to receive a fraction of a WAM Share, the number of WAM Shares you are entitled to under this Offer is rounded up to the next whole number of WAM Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5. If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis. If WAM reasonably believes that you have manipulated your holding of WDE Shares to take advantage of

rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of WAM Shares.

5. Offer Period

- 5.1 The Offer will remain open for acceptance during the period commencing on [*] 2018, and ending at 7.00pm Sydney time on [*] 2018, unless it is withdrawn or extended under the Corporations Act.

6. How to accept this Offer

All of your holding

- 6.1 This Offer is for all of your WDE Shares.

Acceptance procedure for WDE Shareholders

- 6.2 The acceptance procedure will depend on whether your WDE Shares are in a CHESS Holding or an Issuer Sponsored Holding.

If you hold your WDE Shares in a CHESS Holding

- 6.3 You must comply with the ASX Settlement Operating Rules.
- 6.4 If you are a sponsored CHESS holder of WDE Shares, to accept the Offer you must:
- (a) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
 - (b) complete, sign and send the accompanying Acceptance Form directly to your stockbroker or Controlling Participant; or
 - (c) complete and sign the Acceptance Form and mail or deliver it to the address below and authorise WAM to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf,

before the end of the Offer Period.

If you hold your WDE Shares in an Issuer Sponsored Holding

- 6.5 If your WDE Shares are in an Issuer Sponsored Holding, then to accept this Offer you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions contained within it and deliver it or send it by post so that it is received by WAM's share registry of the Offer before the end of the Offer Period.

If you are a Broker or a non-Broker participant

- 6.6 If you are a Broker or non-Broker participant, initiate acceptance under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing and delivery addresses

- 6.7 The mailing and delivery address for completed Acceptance Forms and any associated documents are as follows:

By mail:

Wealth Defender Equities Limited Takeover
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand delivered:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

- 6.8 A reply-paid envelope (not able to be used by WDE Shareholders outside Australia) is enclosed for your convenience.

Acceptance Form

- 6.9 The Acceptance Form which accompanies this Offer forms part of this Offer. The requirements on the Acceptance Form must be observed in accepting this Offer for your WDE Shares.

Power of attorney, deceased estate

- 6.10 When accepting this Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
 - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased WDE Shareholder, the relevant grant of probate or letters of administration.

When acceptance is complete

- 6.11 Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at the address set out in clause 6.7 of Schedule 1 and the requirements of this clause have been met, provided that:
- (a) WAM may in its sole discretion waive any or all of those requirements at any time; and
 - (b) where those requirements have been complied with for some but not all of your WDE Shares, WAM may, in its sole discretion, deem your acceptance of this Offer complete in respect of those WDE Shares for which the requirements have been complied with but not in respect of the remainder.

6.12 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

7. Provision of consideration

When consideration is provided

7.1 Subject to clauses 7.3 and 7.4 of this Schedule 1, you will receive the consideration you are entitled to within one month of the later of:

- (a) the date you accept the Offer; and
- (b) the date the Offer becomes unconditional.

7.2 In any event, you will receive the consideration you are entitled to within 21 days after the end of the Offer Period (assuming all Defeating Conditions are satisfied or waived).

Payments to Foreign Shareholders

7.3 If you accept the Offer and you are a Foreign Shareholder and WAM does not make a determination under Section 11.12 of this Bidder's Statement:

- (a) WAM will arrange for the issue to the Nominee of the number of WAM Shares to which you and all other Foreign Shareholders would have been entitled under the Offer but for clause 3.1 of this Schedule 1;
- (b) WAM will cause the Nominee to offer for sale the WAM Shares as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee;
- (c) WAM will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your WAM Shares}}{\text{Total Nominee WAM Shares}}$$

where:

- (i) Net Proceeds of Sale means the amount which is received by the Nominee upon the sale of all WAM Shares under this clause 7.3 less brokerage and other sale expenses;
 - (ii) Your WAM Shares means the number of WAM Shares which would, but for clause 3.1 of this Schedule 1, have been allotted to you under the Offer;
 - (iii) Total Nominee WAM Shares means the total number of WAM Shares allotted to the Nominee under this clause 7.3;
- (d) you will receive your share of the proceeds of this sale in Australian currency;

- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Where additional documents are required

7.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

- (a) with your acceptance, WAM will provide the consideration in accordance with clause 7.1 of this Schedule 1;
- (b) after acceptance and before the end of the Offer Period and the Offer is subject to a Defeating Condition at the time that WAM is given the documents, WAM will provide the consideration by the end of whichever period ends earlier:
 - (i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that WAM is given the documents, WAM will provide the consideration by the end of whichever period ends earlier:
 - (i) one month after WAM is given the document; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) after the end of the Offer Period, WAM will provide the consideration within 21 days after the documents are given, but if at the time WAM is given the documents, the contract resulting from your acceptance of the Offer is still subject to one or more of the Defeating Conditions, WAM will provide the consideration within 21 days after that contract becomes unconditional.

7.5 If you do not give WAM the required additional documents within one month after the end of the Offer Period, WAM may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

Where WAM is entitled to any Rights

7.6 If WAM becomes entitled to any Rights as a result of your acceptance of the Offer, it may require you to give WAM all documents necessary to vest those Rights in WAM or otherwise give the benefit or value of those Rights. If you do not give those documents to WAM, or if you have received the benefit of those Rights, then WAM may reduce the number of WAM Shares to which you are otherwise entitled under

this Offer by the amount equal to the value, (as reasonably assessed by WAM), of those Rights in accordance with clause 7.7 of this Offer.

7.7 If:

- (a) you have (or any previous holder of your WDE Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your WDE Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your WDE Shares is) the registered holder of the WDE Share at the specified time for determining those entitled to the dividend; or
- (c) your WDE Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to WDE Shareholders,

then WAM may reduce the number of WAM Shares to be issued to you under this Offer by the value (as reasonably assessed by WAM) of such Rights. If WAM does not or cannot, make such a reduction, you must pay such value or amount to WAM.

Payment to be mailed by cheque

7.8 Payment of any cash amount to which you are entitled (by virtue of you being a Foreign Shareholder) will be mailed by cheque (or otherwise as agreed by WAM) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

7.9 If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations 1959 (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

8. Conditions of the Offer

Conditions

8.1 This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the following Defeating Conditions:

- (a) (Minimum acceptance) Before the end of the Offer Period, WAM has a Relevant Interest in at least 50.1% (by number) of WDE Shares;
- (b) (No proposal to change or re-assign the Investment Management Agreement) Between the date of this Bidder's Statement and the end of the Offer Period, no proposal is made to amend or assign, or no amendment is made to the terms of, the Investment Management Agreement;

- (c) (No Prescribed Occurrences) Between the date of this Bidder's Statement and the end of the Offer Period, none of the following occur:
- (i) the shares of WDE or any of the Controlled Entities of WDE are converted into a larger or smaller number of shares;
 - (ii) WDE or a Subsidiary of WDE resolves to reduce its share capital in any way;
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
 - (iii) WDE or a Subsidiary of WDE makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option;
 - (iv) WDE or a Subsidiary of WDE issues or agrees to issue convertible notes;
 - (v) WDE or a Subsidiary of WDE disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - (vi) WDE or a Subsidiary of WDE grants or agrees to grant an encumbrance over the whole or a substantial part of its business or property;
 - (vii) WDE or a Subsidiary of WDE resolves to be wound up;
 - (viii) a liquidator or provisional liquidator of WDE or a Subsidiary of WDE is appointed;
 - (ix) a court makes an order for the winding up of WDE or a Subsidiary of WDE;
 - (x) an administrator of WDE or a Subsidiary of WDE is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xi) WDE or a Subsidiary of WDE executes a deed of company arrangement; or
 - (xii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part of the property of WDE or a Subsidiary of WDE.
- (d) (no fall in NTA) the reported pre-tax NTA of WDE not declining by 5% or more below the pre-tax net NTA of WDE of \$0.9722 announced to the ASX in the Investment Portfolio and NTA Report on 14 August 2018;

- (e) (No market fall) the S&P/ASX 300 Index not closing at a level that is 5% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of this Bidder's Statement and remaining at or below that level for at least two consecutive trading days;
- (f) (No material adverse change) Between the date of this Bidder's Statement and the end of the Offer Period, there is no occurrence of any change which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of WDE and/or its Subsidiaries;
- (g) (No material change to the business of WDE and/or its Subsidiaries) Between the date of this Bidder's Statement and the end of the Offer Period, none of the following occur, without the written consent of WAM:
 - (i) WDE or a Subsidiary of WDE, adopts a new constitution or makes any change to its constitution or passes any special resolution or proposes to do so;
 - (ii) WDE or a Subsidiary of WDE, gives or agrees to give any encumbrance (including a Security Interest or mortgage) over any of its assets otherwise than in the ordinary course of business; or
 - (iii) WDE or a Subsidiary of WDE, appoints any additional Director to its Board of Directors whether to fill a casual vacancy or otherwise.
- (h) (No regulatory action) Between the date of this Bidder's Statement and the end of the Offer Period:
 - (i) no preliminary or final decision, order or decree is made or issued;
 - (ii) no action, proceeding or investigation is announced, commenced or threatened; and
 - (iii) no application is made (other than by WAM or its Associates),
by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the WDE Shares by WAM, the rights of WAM in respect of WDE and the WDE Shares or the continued operation of the businesses of WDE or its Subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

Nature of conditions

8.2 Each of the Defeating Conditions:

- (a) constitutes and will be construed as a separate, several and distinct condition;

- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period will be for the benefit of WAM alone and may be relied upon only by WAM.

Conditions apply to multiple events

8.3 Where an event occurs that would mean at the time the event occurs a Defeating Condition would not be satisfied, each Defeating Condition affected by that event becomes two separate conditions on identical terms except that:

- (a) one of them relates solely to that event; and
- (b) the other specifically excludes that event.

8.4 WAM may declare the Offer free, under clause 8.5, from either of those conditions without declaring it free from the other and may do so at different times. This clause may apply any number of times to a Defeating Condition (including a condition arising from a previous operation of this clause).

Effect of breach or non-fulfilment

8.5 The breach or non-fulfilment of any of the Defeating Conditions does not prevent a contract arising to acquire your WDE Shares resulting from your acceptance of this Offer. If at the end of the Offer Period, in respect of any Defeating Condition:

- (a) WAM has not declared the Offers (and they have not become) free from that Defeating Condition; or
- (b) that Defeating Condition has not been satisfied,

all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In that case, WAM will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

WAM may decide the Offer is free from all or any of the Defeating Conditions

8.6 WAM may at any time at its sole discretion but in compliance with section 650F and section 630(1) of the Corporations Act, declare the Offer free from all or any of the Defeating Conditions by written notice to WDE not later than [*] 2018.

Date for giving notice on status of Defeating Conditions

8.7 The date for giving a notice on the status of the Defeating Conditions as required by section 630(1) of the Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) of the Corporations Act if the Offer Period is extended.

Effect of acceptance

- 8.8 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless:
- (a) by the end of the Offer Period, the Defeating Conditions have not all been satisfied or waived in which case, this Offer will automatically terminate; and
 - (b) the circumstances set out in section 650E of the Corporations Act apply.
- 8.9 By signing and returning the Acceptance Form, you will be deemed to have:
- (a) irrevocably accepted this Offer (and each variation of this Offer) in respect of all your WDE Shares despite any difference between that number and the number of WDE Shares shown in the Acceptance Form;
 - (b) irrevocably authorised WAM to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your WDE Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your WDE Shares to WAM;
 - (c) represented and warranted to WAM, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to WAM:
 - (i) you have paid to WDE all amounts which are due for payment for your WDE Shares;
 - (ii) all of your WDE Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
 - (iii) you have full power and capacity to sell and transfer those WDE Shares;
 - (d) granted to WAM and each of its Directors power of attorney to sign any document or do anything on your behalf necessary to cause WDE to issue a replacement share certificate for those WDE Shares;
 - (e) agreed to:
 - (i) do anything necessary to ratify any act taken or purported to be taken by WAM or any of its Directors under the power of attorney granted by clause 8.9(d) of this Schedule 1; and
 - (ii) indemnify WAM and each of its Directors in respect of that act;

- (f) from the time of acceptance until the Offer has become unconditional, until the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period, irrevocably appointed WAM or any nominee of WAM as your attorney to exercise all your powers and rights attaching to your WDE Shares including (without limitation) to requisition, convene, attend and vote at all general meetings of WDE or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Offer being successful and to do so in a way which would prevent that effect arising;
- (g) on this Offer or any takeover contract becoming unconditional, irrevocably appointed WAM or any nominee of WAM as your attorney to exercise all your powers and rights attaching to your WDE Shares including (without limitation):
 - (i) to requisition, convene, attend and vote at all general meetings of WDE or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
 - (ii) sign all documents and resolutions relating to your WDE Shares, and generally to exercise all powers and rights which you may have as a WDE Shareholder and perform actions as may be appropriate to vest good title in your WDE Shares in WAM;
- (h) agreed that in exercising the powers conferred by the power of attorney in clause 8.9(f) of this Schedule 1, WAM is entitled to act in the interests of WAM;
- (i) agreed not to attend or vote in person at any general meeting of WDE or to exercise or purport to exercise any of the powers conferred on WAM or its nominee in clause 8.9(f) of this Schedule 1;
- (j) agreed to accept the WAM Shares, to which you have become entitled by acceptance of this Offer, subject to the constitution of WAM and have authorised WAM to place your name on the register of members for those WAM Shares; and
- (k) if your WDE Shares are in a CHESS Holding and you sign and return the Acceptance Form, irrevocably authorised WAM:
 - (i) to instruct your Controlling Participant to initiate acceptance of this Offer for your WDE Shares under the ASX Settlement Operating Rules; and
 - (ii) to give any other instructions in relation to your WDE Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

Withdrawal

- 8.10 WAM may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

Variation

- 8.11 WAM may vary this Offer in accordance with the Corporations Act.

9. Acceptances by transferees and nominees

Who may accept the Offer

- 9.1 During the Offer Period:

- (a) any person who is able to give good title to a parcel of WDE Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and
- (b) any person who holds one or more parcels of WDE Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (iii) each of those parcels; and
 - (iv) any parcel they hold in their own right.

Holding shares

- 9.2 A person is taken to hold WDE Shares if the person is, or is entitled to be registered as, the holder of those WDE Shares.

Holding shares on trust or as a nominee

- 9.3 A person is taken to hold WDE Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of WDE Shares; and
 - (b) holds the interest in the WDE Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 9.4 An acceptance of an Offer under clause 9.1(b) of this Schedule 1 is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the WDE Shares consist of a separate parcel; and
 - (b) the acceptance specifies the number of WDE Shares in that parcel.

Notice of acceptance

- 9.5 A notice under clause (a) of this Schedule 1 must be made in writing.

9.6 A person may, at the one time, accept for two or more parcels under clause 9.1(b) of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

10. Other matters

Notices and other communications

10.1 Subject to the Corporations Act, a notice or other communication given by WAM to you in connection with this Offer is deemed to be duly given if it is in writing and:

- (i) is delivered at your address as recorded on the register of members of WDE or the address provided in the Acceptance Form; and
- (ii) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

Return of documents

10.2 If:

- (iii) this Offer is withdrawn after your Acceptance Form has been sent to WAM, but before it has been received; or
- (iv) for any other reason WAM does not acquire the WDE Shares to which your Acceptance Form relates,

WAM will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

11. Costs and expenses

11.1 All costs and expenses of the preparation, despatch and circulation of the Offers will be paid by WAM. There should be no stamp duty payable by WDE Shareholders upon the issue to them of WAM Shares. Should any stamp duty be payable on the transfer of WDE Shares to WAM pursuant to the Offer due to a change in the relevant legislation during the Offer period, these costs will be paid by WAM.

11.2 If your WDE Shares are held in a CHESS Holding or you hold your WDE Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

11.3 If you are a Foreign Shareholder, the cash proceeds that you will be sent (following the sale of WAM Shares that you would otherwise have been entitled to receive under the Offer) net of transaction costs, will be paid by cheque in Australian dollars.

12. Official Quotation of WAM Shares

- 12.1 Subject to clause 1 of this Schedule 1, the WAM Shares offered by WAM as consideration under the Offer will rank equally with WAM Shares on issue at the Register Date.
- 12.2 WAM has been admitted to the Official List of ASX and shares of the same class as those to be issued as consideration under the Offer have been granted Official Quotation by ASX.
- 12.3 An application will be made within seven days after the start of the Offer Period to the ASX for Official Quotation of the WAM Shares issued pursuant to the Offer. However, Official Quotation is not granted automatically on application.
- 12.4 Under section 625(3) of the Corporations Act, the Offer is subject to a condition that application for admission to quotation of the WAM Shares issued under the Offer is made within seven days after the start of the Offer Period and permission for admission to quotation will be granted no later than seven days after the end of the Offer Period. This condition may not be waived.

Schedule 2 – WAM Announcements since 17 August 2018

| Date | Announcement |
|------------|--|
| 17/08/2018 | Appendix 4E and Annual Report |
| 17/08/2018 | Appendix 4G |
| 17/08/2018 | Corporate Governance Statement |
| 17/08/2018 | Dividend/Distribution - WAM |
| 17/08/2018 | 2018 Full Year Results |
| 20/08/2018 | Ceasing to be a substantial holder for REF |