

WAM Capital bids for Wealth Defender Equities

30 August 2018
ASX announcement &
media release

WAM Capital Limited (ASX: WAM) has just **announced** a conditional off-market takeover bid for Wealth Defender Equities Limited (ASX: WDE). The Offer Consideration is 1 WAM Share for every 2.5 WDE Shares*. This represents a premium of 15.1% to WDE's 29 August 2018 share price, 15.0% to WDE's one-month volume-weighted average price (VWAP) and a premium to WDE's reported pre-tax net tangible assets (NTA).

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 net tangible assets. 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:

- (a) remain a WAM Shareholder; or
- (b) utilise WAM's on-market liquidity to exit their position.

WDE Shareholders who are paid the fully franked 2.0 cents per share WDE Dividend will have the number of WAM Shares issued to them under the Offer reduced. This is because the Offer includes all the Rights attaching to the WDE Shares (which includes dividends). Participants in the Offer who hold WAM Shares on 19 November 2018 will also receive the fully franked 7.75 cents per share WAM Dividend for 2018 announced on 17 August 2018 and payable on 26 November 2018.

Benefits of the Offer to WAM Shareholders

If the bid is successful, WAM Shareholders will benefit from realising all or part of WAM's holding of 16.27%* of WDE shares that were purchased at a discount to their pre-tax NTA. In addition, the all scrip offer allows WAM Shareholders to benefit from the issuance of shares at a premium to WAM's pre-tax NTA.

Further information

Further information about the Offer is contained in the **Bidder's Statement** announced today. If you have any questions regarding this proposed transaction, please call Chairman Geoff Wilson AO or Chief Executive Officer Kate Thorley on (02) 9247 6755.

Capitalised terms in this announcement have the same meaning as the defined terms contained within the Bidder's Statement.

*As at the date of the 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.

About WAM Capital

WAM Capital Limited (ASX: WAM), one of Australia's leading listed investment companies, is managed by Wilson Asset Management. Listed in August 1999, WAM Capital 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 Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrage and market mispricing opportunities. WAM Capital's investment objectives are to deliver investors a stream of fully franked dividends, provide capital growth and preserve capital.

About Wilson Asset Management

Wilson Asset Management has a 20-year track record of making a difference for Shareholders and the community. As the investment manager for seven leading listed investment companies: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX), WAM Active (ASX: WAA) and Century Australia (ASX: CYA), Wilson Asset Management invests over \$3 billion on behalf of almost 80,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Investment Company (ASX: FGX) and Future Generation Global Investment Company (ASX: FGG).



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