



Friday, 16 October 2020

The Manager
Market Announcement Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

**CONCENTRATED LEADERS FUND LIMITED
LETTER TO SHAREHOLDERS**

The attached correspondence has been sent to all shareholders of Concentrated Leaders Fund Limited.

Barry Sechos
Company Secretary
Concentrated Leaders Fund Limited

About Concentrated Leaders Fund Limited

Concentrated Leaders Fund Limited (ABN 25 003 236 173) is a listed investment company and its shares are listed on the ASX Limited (ASX: CLF). The Company invests primarily in Australian companies within the S&P/ASX200 Index with the objective of delivering regular income and long term capital growth to its shareholders. The Company compares its performance with the S&P/ASX200 Total Return Index. The Company's capital structure comprises ordinary shares only. The Company also has bank borrowings of \$30 million.

Authorisation

This announcement was authorised by the Independent Board Committee of Concentrated Leaders Fund Limited.



16 October 2020

**CLF'S INDEPENDENT BOARD COMMITTEE CONTINUES TO RECOMMEND
SHAREHOLDERS **REJECT WAM CAPITAL'S TAKEOVER OFFER**
AND TAKE NO ACTION**

Dear shareholder

Your Independent Board Committee continues to recommend that you REJECT WAM Capital's takeover offer.

The unsolicited and opportunistic takeover offer for your shares in CLF by WAM Capital has now been open for over 3 weeks. To date, a very small number of CLF shareholders have accepted WAM Capital's offer. **CLF shareholders have so far overwhelmingly ignored the opportunistic offer from WAM Capital.**

As the closing date of WAM's offer approaches, we would like to remind all shareholders that the Independent Board Committee continues to recommend that shareholders reject WAM Capital's offer **BY TAKING NO ACTION.**

Mr Brian Sherman and your Directors have rejected WAM's offer for any shares they own or control in CLF.

As we have previously highlighted, there are a number of negative impacts on CLF shareholders if they accept WAM Capital's opportunistic offer and exchange their CLF shares for WAM Capital shares:

- The Offer **significantly undervalues** your CLF shares and would result in a **loss** of net tangible asset (NTA) value;
- You would **suffer a serious dilution** of valuable franking credits owned by CLF in which you currently have an interest. If WAM Capital acquires CLF under the offer, these franking credits will be shared with WAM Capital's 38,000 shareholders;
- You would be **exposed to the vastly different investment strategy** employed by WAM Capital, which invests in small and medium sized companies listed on the ASX. These companies do not have the same risk profile or dividend paying capacity as S&P/ASX 200 Index companies which CLF invests in;
- You **would lose** your regular **quarterly distributions** from CLF;
- The Offer has a **detrimental and unattractive capital tax gains impact** that may impose a tax burden on you; even **WAM Capital acknowledges this** in their Bidder's Statement; and
- The sustainability of WAM Capital's share price premium to pre-tax NTA per share that is being used to support the Offer **is questionable.**

Throughout this period, CLF's investment manager, Carrara Investment Management, has remained committed to delivering value to CLF shareholders. In the last 12 months to 30 September 2020, the investment portfolio has outperformed its benchmark (S&P/ASX 200 TR Index) by over 9%.

By **TAKING NO ACTION** and remaining a CLF shareholder, you retain access to:

- An engaged, qualified, experienced and focused management team through Carrara Investment Management;
- CLF's payment of fully franked QUARTELRY dividends; and
- A successful investment team which has demonstrated a track record of outperformance.

CLF shareholder response to WAM Capital's Offer

CLF has recently completed a broad shareholder engagement program, which sought feedback from CLF shareholders on WAM Capital's offer. CLF shareholders have delivered a **resounding rejection** of the offer with over **97% of CLF shareholders** who provided a response as to whether they would accept the offer or not, indicating they are **not likely** to accept WAM Capital's offer in its current form.

Since launching its takeover offer, WAM Capital has only been able to declare a small number of acceptances, demonstrating the very strong desire of the vast majority of CLF shareholders that they wish to retain their shares in CLF.

The CLF Independent Board Committee thanks shareholders for their support and reaffirms its commitment to continuing to defend the interests of CLF shareholders in response to WAM Capital's opportunistic offer.

Yours sincerely

**Independent Board Committee
Concentrated Leaders Fund Limited**