

Tuesday, 17 November 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.

17 November 2020

- REJECT WAM CAPITAL'S UNSOLICITED TAKEOVER OFFER WHICH SIGNIFICANTLY UNDERVALUES YOUR CLF SHARES
- CLF DECLARES QUARTERLY DIVIDEND

Dear shareholder

As you are doubtless aware, WAM Capital continues to bombard us with pages of material, none of which is new or justifies accepting their takeover offer

Your Independent Board Committee (IBC) continues to recommend that you **REJECT WAM Capital's takeover offer and have REJECTED the offer for their own CLF shares**

To reject WAM Capital's takeover offer you simply do nothing.

Your IBC fully supports CLF's investment manager, Carrara Investment Management, which has **continued delivering for CLF shareholders**. In the last 12 months to 30 October 2020, the investment portfolio has outperformed its benchmark by 7.07%.

In line with your Board's policy of making regular quarterly dividends to our shareholders, we have declared our second quarterly dividend for FY2021 of 1.5 cents per share, fully franked and payable on 8 January 2021.

Reasons to Reject WAM Capital's Offer

CLF Shareholders should be aware that **WAM Capital's offer results in a LOSS of 12% NTA** to you and a very low 2.23% premium to CLF's share price, based on closing share prices and NTA on 31 October 2020.

Your IBC believes that WAM Capital's unsolicited and opportunistic takeover offer for your shares in CLF **disadvantages** accepting shareholders because of **negative impacts** such as:

- The Offer **significantly undervalues** your CLF shares and would result in a **loss** of net tangible asset value (NTA);
- You would **suffer a serious dilution** of valuable franking credits owned by CLF and that you currently have an interest in;
- You would **lose your regular quarterly distributions** from CLF;
- The Offer has a **detrimental and unattractive capital gains** impact that may impose a tax burden on you - **even WAM 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**.

By **REJECTING WAM CAPITAL'S OFFER** and remaining a CLF shareholder, you retain access to:

- A successful investment team which has demonstrated a track record of outperformance;
- Strong alignment with CLF's Board who are engaged and focused on delivering shareholder value to all CLF shareholders;
- CLF's history of paying fully franked QUARTERLY dividends;
- The publication of a detailed monthly report including portfolio performance.

CLF continues to pay a strong and above market fully-franked dividend, which has grown by 4.3% over the last three years (excluding the recently paid special dividend of 15.5 cents per share). Conversely, WAM Capital's dividend has remained static over this same time period.

The IBC believes that exchanging your CLF shares for WAM shares exposes you to a different risk profile that may not suit the investment objectives of CLF shareholders. We therefore encourage you to speak to your financial advisor to understand the investment and tax impacts for your personal circumstances.

We would also like to point out to shareholders that, to the Board's knowledge, liquidity in CLF shares has always been adequate to meet the requirements of CLF shareholders and should not be a determining factor in whether you choose to accept or reject WAM Capital's takeover offer.

Your Board continues to look at growth opportunities that will benefit all shareholders and will keep you fully informed.

CLF's investment manager is also very happy to speak with you to provide information about CLF's performance and answer any investment related questions you may have.

If you have any questions about what you should do then we encourage you to contact CLF's shareholder information line on 1300 513 794 (+61 2 8022 7939 outside Australia) before making a decision so that you are fully informed and have the facts.

The CLF board thanks shareholders for their support and reaffirms its recommendation that you **REJECT** WAM Capital's opportunistic takeover offer. The Board is committed to defending the interests of all of CLF's shareholders and protecting and growing the value of your investment in CLF.

Yours sincerely

Independent Board Committee
Concentrated Leaders Fund Limited