



17 December 2021

## Accept WAM's Offer at a 4.3% premium before it closes

The Offer from WAM values PAF Shares at \$1.116 per share<sup>1</sup>, representing:

- a **4.3% premium** to PAF's 10 December 2021 net tangible assets (NTA)<sup>2</sup>;
- a **1.6% premium** to the closing price of PAF shares on 16 December 2021<sup>3</sup>; and
- a **15.0% premium** to the closing PAF share price prior to the announcement of the Failed Scheme<sup>4</sup>.

Dear Fellow Shareholders,

WAM Capital Limited (ASX: WAM) announced its intention to make a conditional off-market takeover bid for PM Capital Asian Opportunities Fund (ACN 168 666 171) (ASX: PAF) (**Offer**) in October 2021, with the Offer now unconditional. Under the Offer, accepting PAF shareholders will receive 1 WAM Capital share for every 1.99 PAF shares they own (**WAM's Offer**). This offer was extended on 22 November 2021.

Pleasingly, PAF Shareholders have voted against the proposed scheme of arrangement between PAF and PM Capital Global Opportunities Fund Limited (ASX: PGF) (**Failed Scheme**). To date, over 200 shareholders, representing 15.2% of the PAF shareholder base, have accepted WAM's Offer, supporting WAM's unconditional takeover bid over the Failed Scheme.

### PAF Board Committee asked to recommend the superior WAM Offer

WAM's Offer is the only exit opportunity available to PAF shareholders delivering a premium to PAF's NTA and share price. Therefore, WAM is encouraging the PAF Board Committee to revisit its recommendation. PAF's independent expert, reporting on the Failed Scheme, also indicated a significantly higher implied value for the WAM Offer (\$1.14 - \$1.17 per PAF share) when compared to the Failed Scheme, PAF's last stated NTA and PAF's current share price.

Under the Failed Scheme, PAF shareholders would have been subject to the fee structure of the acquirer, PGF. Despite PM Capital being the common investment manager, no consideration was given to PM Capital's significant recoupment of its historical underperformance managing the PAF portfolio, which is required before it generates a performance fee.

One of my many concerns with the Failed Scheme was that it was designed to remove PM Capital's obligation to first recoup its historical underperformance before it receives a performance fee. This is to the benefit of PM Capital and its majority shareholder, Paul Moore, and to the detriment of PAF's predominately retail shareholder base.

<sup>1</sup> Based on the WAM share price of \$2.22 as at 16 December 2021 divided by the WAM Offer ratio 1 / 1.99 (2.22 / 1.99).

<sup>2</sup> Based on the implied value of WAM's Offer when compared to PAF's 10 December pre-tax and post-tax NTA of \$1.07.

<sup>3</sup> Based on the implied value of WAM's Offer when compared to the closing PAF share price of \$1.0975 on 16 December 2021.

<sup>4</sup> Based on the implied value of WAM's Offer when compared to the closing PAF share price of \$0.97 on 14 September 2021, being the day before the announcement of the Failed Scheme.



## Superior Value

The Offer from WAM values PAF Shares at \$1.116 per share<sup>5</sup>, representing:

- a 4.3% premium to PAF's 10 December 2021 NTA<sup>6</sup>;
- a 1.6% premium to the closing price of PAF shares on the 16 December 2021<sup>7</sup>; and

There is a real risk that PAF Shares may fall to, or below, the pre offer PAF share price after the close of the WAM Offer if you do not accept.

WAM's Offer remains open to PAF Shareholders and is scheduled to close on 14 January 2022, unless extended. To accept WAM's Offer, complete and return the enclosed acceptance and transfer form.

WAM's Offer provides you with a choice:

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

When you accept the Offer, you will receive 1 new WAM Shares for every 1.99 PAF Shares. The ASX-listed price of WAM shares and PAF shares is the only tangible and realisable value of those shares. Outside of WAM's Offer, the PAF Share price is the sole value that shareholders can currently exit (or enter) their investment at, notwithstanding PAF's NTA.

PAF shareholders who do not wish to become long-term WAM shareholders can accept WAM's Offer and utilise WAM's superior on-market liquidity to exit their position at a premium to both the PAF Share price and the PAF NTA.

## Takeovers Panel declares unacceptable circumstances

The Takeovers Panel declared unacceptable circumstances in relation to PAF and PGF on 6 December 2021. Disappointingly, PAF and PGF are seeking a review of the Panel's decision. As at the date of this letter, the Panel has not decided whether to conduct those review proceedings. At Wilson Asset Management, we firmly believe in protecting the rights of retail shareholders, and we believe the initial Panel's decision was strongly in favour of PAF's predominantly retail shareholder base.

## Processing of valid acceptances under the Offer

WAM Capital is processing all valid acceptances received under the Offer daily, and new WAM Shares are being issued to accepting PAF Shareholders promptly and by no later than four business days after the processing of the valid acceptance.

## Further information

We believe that WAM's Offer is a compelling proposition for PAF and its shareholders. Further information about WAM's Offer is contained in the Bidder's Statement. If you have any questions about this letter, please do not hesitate to contact me on 0412 242 712, Head of Operations Martyn McCathie on 0433 312 603 or Senior Corporate Affairs Advisor Camilla Cox on (02) 9247 6755.

Yours faithfully

Geoff Wilson AO  
Chairman

<sup>5</sup> Based on the WAM share price of \$2.22 as at 16 December 2021 divided by the WAM Offer ratio 1 / 1.99 (2.22 / 1.99).

<sup>6</sup> Based on the implied value of WAM's Offer when compared to PAF's 10 December pre-tax and post-tax NTA of \$1.07.

<sup>7</sup> Based on the implied value of WAM's Offer when compared to the closing PAF share price of \$1.0975 on 16 December 2021.