

TAKE NO ACTION - IGNORE proposed takeover bid from Keybridge Capital Limited:

7 February 2022
ASX announcement

WAM Active Limited (ASX: WAA) (**WAM Active**) refers to the notice of intention to make an off-market takeover bid from Keybridge Capital Limited (ASX: KBC) (**Keybridge**) (**Proposed Bid**) announced today.

Shareholders should **TAKE NO ACTION** when receiving documents from Keybridge and shareholders should **IGNORE** the Proposed Bid. WAM Active's board will continue to focus on the company's strategic goals and delivering on its investment objectives.

As a significant shareholder in Keybridge, WAM Active has long-standing concerns about the conduct and corporate governance of Keybridge and their continued waste of shareholder funds. This is another case in point.

Disingenuous proposal

WAM Active does not consider that the Proposed Bid is genuine, given:

- the Convertible Redeemable Promissory Note (**CRPN**) redemption rights are largely illusory – Keybridge is able to “*override a holder conversion request and instead redeem the CRPN for cash or ordinary shares [of Keybridge] at its discretion*” even if against the individual wishes of noteholders;
- there is **NO REASONABLE BASIS** to value the Proposed Bid at \$1.16 per WAM Active share given the likely liquidity and discount of the CRPNs based on previous trading patterns;
- Keybridge is materially smaller than WAM Active and without shareholder approval for the CRPNs, Keybridge lacks the funding required to formalise the Proposed Bid;
- the sheer number and breadth of the defeating conditions to the Proposed Bid; and
- the CRPNs intended to be offered as consideration are subject to Keybridge shareholder and ASX approval;

Proposed Bid is frivolous and significantly disadvantages WAM Active shareholders

The proposed CRPN terms contemplate an interest rate of 1.4% per annum plus franking over 10 years, at which point Keybridge can elect to issue ordinary shares rather than redeem the CRPNs for cash.

This return is significantly lower than remaining a WAM Active shareholder – WAM Active's 6.0 cents FY2021 fully franked full year dividend provides shareholders with a fully franked dividend yield of 5.5%¹ and a grossed up dividend yield of 7.8%.²

There is no reasonable basis for valuing the Proposed Bid at \$1.16 per WAM Active share, as the Proposed Bid incorrectly assumes that CRPNs, if listed on the ASX, will trade at face value.

Keybridge has issued CRPNs previously with a 7% per annum return over 5 years, which traded at a discount to face value of up to 10% and were very thinly traded.

NO ACTION REQUIRED

Shareholders are advised there is **NO NEED TO TAKE ANY ACTION** in relation to the Keybridge announcement. The WAM Active board will make further announcements with respect to the Keybridge announcement as appropriate.

This announcement has been authorised by the Board of WAM Active Limited.

¹ Based on the 4 February 2022 share price of \$1.10.

² Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

About WAM Active

WAM Active Limited (ASX: WAA) has an investment management agreement with Wilson Asset Management. Listed in January 2008, WAM Active provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. The Company's investment objectives are to deliver a regular income stream via fully franked dividends, provide a positive return with low volatility, after fees, over most periods of time, and to preserve capital.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for eight leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Alternative Assets, WAM Strategic Value, WAM Research and WAM Active, Wilson Asset Management invests over \$5.4 billion on behalf of more than 120,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Australia and Future Generation Global, a passionate advocate for retail investors and a member of the global philanthropic Pledge 1% movement.



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