

12 August 2022

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Registration of Scheme Booklet

Absolute Equity Performance Fund Limited (**AEG**) (ASX: AEG) is pleased to confirm that the Australian Securities and Investments Commission (**ASIC**) has registered the Scheme Booklet.

A copy of the Scheme Booklet accompanies this announcement, together with a sample of the proxy form for the Scheme meeting.

The Scheme Booklet contains important information regarding the proposed scheme of arrangement pursuant to which WAM Leaders will acquire all of the AEG shares on issue (**Scheme**).

The Scheme Booklet will be despatched to AEG shareholders on or before 15 August 2022 in the manner described in the announcement made yesterday.

Conclusion of Independent Expert

BDO Corporate Finance (East Coast) Pty Ltd, the independent expert appointed by AEG to review the proposed Scheme (**Independent Expert**) has concluded that the Scheme is **FAIR AND REASONABLE**. The Independent Expert's Report is included in Annexure A of the Scheme Booklet.

Unanimous recommendation

For the reasons detailed in the Scheme Booklet, the AEG Board continues to unanimously recommend, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of AEG Shareholders, that you vote in favour of the Scheme. Subject to those same qualifications, each AEG Director who holds a relevant interest in AEG Shares intends to vote in favour of the Scheme at the Scheme Meeting.

WAM Leaders has advised that all Wilson Asset Management Group members who hold AEG shares are in favour of the Scheme. However these members will abstain from voting on the Scheme at the Scheme Meeting.

Further information

AEG encourages all AEG shareholders to read the Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme at the Scheme Meeting.

If you have questions about this announcement please contact:

Lisa Dadswell
Company Secretary
Lisa.Dadswell@boardroomlimited.com.au.

For general information about the Shareholder Information Line on 1300 737 760 (in Australia) and +61 2 9290 9600 (International) Monday to Friday between 9.00am and 5.00pm (Sydney time).

Authorised for release by the Board of Directors.

ABSOLUTE EQUITY PERFORMANCE FUND LIMITED

ACN 608 552 496

Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in Absolute Equity Performance Fund Limited by WAM Leaders Limited.

The AEG Board **unanimously recommends** that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, you

VOTE IN FAVOUR OF THE SCHEME

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY BEFORE YOU DECIDE WHETHER TO VOTE IN FAVOUR OF THE SCHEME. IF YOU ARE IN DOUBT AS TO WHAT YOU SHOULD DO, YOU SHOULD CONSULT YOUR INDEPENDENT LEGAL, FINANCIAL, ACCOUNTING OR OTHER PROFESSIONAL ADVISERS.

If, after reading this Scheme Booklet, you have any questions about the Scheme, please call the Shareholder Information Line on 1300 737 760 (in Australia) and +61 2 9290 9600 (International) Monday to Friday between 9.00am and 5.00pm (Sydney time).

If you have recently sold all your AEG Shares, please disregard this document.

Legal Adviser to AEG

Legal Adviser to WAM Leaders



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WHAT IS THE SCHEME?

Absolute Equity Performance Fund Limited (ACN 608 552 496) (**AEG** or **Company**) and WAM Leaders Limited (ACN 611 053 751) have agreed to undertake a scheme of arrangement under Part 5.1 of the Corporations Act between AEG and AEG Shareholders (**Scheme**).

If the Scheme becomes Effective, on the Implementation Date:

- WAM Leaders will acquire 100% of the shares in AEG;
- WAM Leaders will issue New WAM Leaders Shares to Scheme Participants (or the Sale Nominee in the case of Ineligible Overseas Shareholders) in accordance with the terms of the Scheme.

See Section 3 for full details of the Scheme.

WHAT ARE YOUR CHOICES?

As an AEG Shareholder, you have four choices:

- (a) **Vote in favour of the Scheme:** The AEG Board believes that the Scheme is in the best interests of AEG Shareholders and each AEG Director recommends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable to AEG Shareholders. To follow the AEG Board's unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting.

For a summary of how to vote, please refer to Section 4 and the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet.

- (b) **Vote against the Scheme:** Notwithstanding the AEG Board's recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable to AEG Shareholders, you may not support the Scheme and vote against the Scheme Resolution at the Scheme Meeting.

However, if the Scheme becomes Effective, the Scheme will bind all AEG Shareholders, including those who voted against the Scheme Resolution at the Scheme Meeting and those who did not vote at all.

- (c) **Sell your AEG Shares on the ASX:** You may sell some or all of your AEG Shares on market for cash prior to the Effective Date. The on market price that you receive may be more or less than the implied value under the Scheme.

- (d) **Do nothing:** AEG Shareholders who elect not to vote at the Scheme Meeting and do not sell their AEG Shares on market will:

- (i) if the Scheme is implemented – have their AEG Shares transferred to WAM Leaders and will receive New WAM Leaders Shares pursuant to the Scheme; or
- (ii) if the Scheme is not implemented – retain their AEG Shares.

WHAT SHOULD YOU DO NEXT?

- **Read this Scheme Booklet**
- **Ask questions** –If you have any questions in relation to the terms of the Scheme or this Scheme Booklet, you can contact the Shareholder Information Line on 1300 737 760 (in Australia) and +61 2 9290 9600 (International) between 9.00am to 5.00pm (Sydney time) Monday to Friday, excluding public holidays.

If you are in any doubt about anything in this Scheme Booklet, please contact your independent legal, financial, accounting or other professional advisers.

- **Vote on the Scheme Meeting** – Your vote is important. For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting.

IMPORTANT NOTICES

Reading this Scheme Booklet

This Scheme Booklet is important. You should carefully read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you have any questions or require further information, please contact the Shareholder Information Line on 1300 737 760 (in Australia) +61 2 9290 9600 (International) between 9.00am and 5.00pm (Sydney time) Monday to Friday, excluding public holidays. If you are in any doubt about anything in this Scheme Booklet, please contact your independent legal, financial, accounting or other professional advisers.

Capitalised terms used in this Scheme Booklet are defined in the Glossary of terms in Section 11.1. The Glossary of terms also sets out some rules of interpretation that apply to this Scheme Booklet in Section 11.2.

Purpose of this Scheme Booklet

This Scheme Booklet sets out the effects of the Scheme, certain information required by law and all other information known to the respective directors of AEG and WAM Leaders which in their opinion is material to your decision to vote in favour of, or against, the Scheme Resolution at the Scheme Meeting to effect the Scheme (other than information previously disclosed to AEG Shareholders) and includes the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to AEG Shareholders, or a solicitation of an offer from AEG Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document or product disclosure statement.

ASIC Corporations (Compromises or Arrangements) Instrument 2015/358 provides that Part 6D.2 and 6D.3 of the Corporations Act do not apply in relation to an offer of a securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act

Responsibility for information

Other than as set out below, this Scheme Booklet has been prepared by AEG and is the responsibility of AEG. Neither WAM Leaders, nor any WAM Leaders officers, nor its advisers assume any responsibility for completeness of that information.

WAM Leaders has provided and is responsible for WAM Leaders Information. Neither AEG and its directors, officers and advisers, nor the advisers of WAM Leaders assume any responsibility for the accuracy or completeness of WAM Leaders Information.

PPNSW Services Pty Ltd (**Pitcher Partners**) has reviewed the information regarding the Australian taxation implications of the Scheme for AEG Shareholders and takes responsibility for that information, contained in Section 9. Pitcher Partners does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than the general Australian taxation information contained in Section 9. WAM Leaders, WAM Leaders' directors and its advisers do not assume any responsibility for the accuracy or completeness of the information set out in Section 9 of this Scheme Booklet.

BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) has prepared the Independent Expert's Report which is contained in Annexure A to this Scheme Booklet. BDO takes responsibility for that report. BDO does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Annexure A. WAM Leaders and its advisers (except for BDO) do not assume any responsibility for the accuracy of the Independent Expert's Report.

Boardroom Pty Limited (**Boardroom**) has had no involvement in the preparation of any part of this Scheme Booklet other than as the AEG Registry and WAM Leaders Share Registry. Boardroom has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

ASIC

A draft of this Scheme Booklet was provided to ASIC for the purpose of section 411(2) of the Corporations Act.

A copy of this Scheme Booklet was registered by ASIC pursuant to section 412(6) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides the no objection statement, the statement will be produced to the Court at the time of the Second Court Date.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASX

AEG is listed on the ASX. AEG Shares will continue to be quoted on the ASX if the Scheme does not become Effective.

A copy of this Scheme Booklet has been lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with the Court order under subsection 411(1) of the Corporations Act

A copy of this Scheme Booklet has been submitted to the Court to obtain an order of the Court approving the convening of the Scheme Meeting.

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the Explanatory Statement required to accompany the notice of the meeting, does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- has prepared, or is responsible for the content of, the Explanatory Statement.

Notice regarding Second Court Date and if an AEG Shareholder wishes to oppose the Scheme

The date of the Second Court Date to approve the Scheme is 21 September 2022. The hearing will be at the Federal Court of Australia at 184 Phillip St, Sydney NSW 2000.

Each AEG Shareholder has the right to appear and be heard at the Second Court Date and may oppose the approval of the Scheme at the Second Court Date.

If you wish to oppose in this manner, you must file and serve on AEG a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on AEG at its address for service at least one day before the Second Court Date.

The address for service is:

c/o Mont Lawyers Pty Ltd
9 Denham Street
Darlinghurst NSW 2010

Investment decisions

This Scheme Booklet does not take into account your individual investment objectives, financial situation or needs. The information in this Scheme Booklet should not be relied on as the sole basis for any investment decision.

Please contact your independent legal, financial, accounting or other professional advisers before making any investment decision.

Forward-looking statements

Certain statements in this Scheme Booklet are about the future. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results or performance of AEG, or WAM Leaders following implementation of the Scheme, to be materially different from the future conduct, results or performance expressed or implied by such statements or that could cause the future conduct to be materially different from historical conduct. The results, performance and achievements of WAM Leaders and the change of a Scheme Participant's ownership of AEG Shares and New WAM Leaders Shares are subject to various risks that may be beyond the control of WAM Leaders. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks described in Section 8. Changes to future matters are both normal and to be expected.

None of AEG or WAM Leaders or their respective directors, officers and advisers nor any other person gives any assurance that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur.

The forward-looking statements in this Scheme Booklet reflect views held only as of the date of this Scheme Booklet. Subject to the Corporations Act and any other applicable laws or regulations, neither AEG or WAM Leaders will update these statements other than with respect to information that they become aware of prior to the Scheme Meeting which is material to the making of a decision regarding whether or not to vote in favour of the Scheme Resolution.

Privacy and personal information

AEG and WAM Leaders may collect personal information to implement the Scheme. The personal information may include your name, contact details and details of your holding, together with contact details of individuals appointed as proxies, representatives of bodies corporate or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

If you are an individual, you have certain rights to access the personal information collected about you. You may contact the AEG Registry if you wish to exercise those rights.

The information may be disclosed to AEG, WAM Leaders and each of their related bodies corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to affect the Scheme.

If the information outlined above is not collected, AEG may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively, or at all.

If you appoint an individual as your proxy, corporate representative or attorney to vote at the Scheme Meeting you should inform that individual of the matters outlined above.

Entitlement to inspect the AEG Share Register

It is noted that all persons are entitled, under section 173 of the Corporations Act, to inspect and obtain a copy of the AEG Share Register. This register contains personal information about you.

Notice to Ineligible Overseas Shareholders

This Scheme Booklet has been prepared in compliance with the disclosure requirements of Australia which may be different to those in other jurisdictions.

This Scheme Booklet and the Scheme do not in any way constitute an offer of securities or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation.

AEG Shareholders whose address as shown in the AEG Share Register is in a jurisdiction outside Australia (including its external territories) should refer to Section 3.8 of this Scheme Booklet.

No action has been taken to register or qualify the New WAM Leaders Shares or otherwise permit a public offering of such securities in any jurisdiction outside Australia. Restrictions in certain jurisdictions outside Australia may make it impractical or unlawful for New WAM Leaders Shares to be issued under the Scheme to, or received under the Scheme by, AEG Shareholders in those jurisdictions.

Ineligible Overseas Shareholders will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders will have the New WAM Leaders Shares that would otherwise have been issued to them under the Scheme issued to the Sale Nominee, as nominee in trust for the Scheme Participants, for sale on market following implementation of the Scheme.

Restricted distribution

The release, publication or distribution of this Scheme Booklet (electronically or otherwise) in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. WAM Leaders disclaims all liabilities to such persons.

Nominees, custodians and other AEG Shareholders who hold AEG Shares on behalf of a beneficial owner resident outside Australia (including its external territories) may not forward this Scheme Booklet (or accompanying documents) to anyone outside those countries without the consent of AEG or WAM Leaders.

Implied Value

Any reference to the implied value of the Scheme Consideration should not be taken as an indication that AEG Shareholders will receive cash. AEG Shareholders should note that the implied value of the Scheme Consideration is not fixed and will change from time to time based on a ratio of the respective pre-tax NTA of WAM Leaders and AEG, both of which can experience movements over time. This also applies to Ineligible Overseas Shareholders whose Scheme Consideration will be remitted to the Sale Nominee to sell.

The amount of cash proceeds received by Ineligible Overseas Shareholders will depend on the number of New WAM Leaders Shares remitted to the Sale Nominee on their behalf and the market price and available volume of WAM Leaders Shares at the time of sale by the Sale Nominee.

External websites

Unless expressly stated otherwise, the content of the website of WAM Leaders do not form part of this Scheme Booklet and AEG Shareholders should not rely on any such content.

Date of this Scheme Booklet

This Scheme Booklet is dated 12 August 2022.

IMPORTANT DATES

Event	Indicative date
<p>Scheme Consideration worked example A worked example of the Scheme Consideration (based on AEG and WAM Leaders' pre-tax NTA per share value as at 31 July 2022) is announced on ASX</p>	25 August 2022
<p>Proxy return date The time and date by which Proxy Forms must be received</p>	11.00am (Sydney time) on 13 September 2022
<p>Voting entitlement record date Time and date for determining eligibility to vote at the Scheme Meeting</p>	7.00pm (Sydney time) on 13 September 2022
<p>Scheme Consideration worked example A worked example of the Scheme Consideration based on AEG and WAM Leaders' pre-tax NTA per share value as at 31 August 2022 is announced on ASX</p>	14 September 2022
<p>Scheme Meeting Court ordered meeting to consider and vote on the Scheme Resolution</p>	11.00am (Sydney time), 15 September 2022
<p><i>If the Scheme is approved by AEG Shareholders and all other Scheme Conditions in connection with the Scheme are fulfilled or waived, the following key dates apply:</i></p>	
<p>Second Court Date</p>	21 September 2022
<p>Effective Date / Last day to trade AEG Shares Lodgement by AEG with ASIC of the Court orders approving the Scheme AEG Shares will be suspended from close of trading on this date</p>	22 September 2022
<p>Calculation Date The pre-tax NTA per AEG Share and WAM Leaders Share at 5.00pm on this date will be used for determining entitlements to Scheme Consideration</p>	5.00pm (Sydney time) on 22 September 2022
<p>Record Date Time and date for determining entitlements to Scheme Consideration</p>	5.00pm (Sydney time), 26 September 2022
<p>Last day for pre-tax NTA amounts to be agreed or referred to an auditor for Confirmation Last day for the parties to Confirm the pre-tax NTA per AEG Share and the pre-tax NTA per WAM Leaders Share on the Calculation Date</p>	28 September 2022

Event	Indicative date
<i>The following dates apply if the parties agree the pre-tax NTA amounts (and auditor Confirmation is not required):</i>	
Scheme Consideration calculation is announced The number of New WAM Leaders Shares per AEG Share to be issued as Scheme Consideration is announced on ASX	29 September 2022
Implementation Date The Scheme is implemented and the Scheme Consideration is distributed by AEG	3 October 2022
Trading in New WAM Leaders Shares commences on ordinary (T+2) basis	4 October 2022
<i>The following dates apply if one or both pre-tax NTA amounts are referred to an auditor for Confirmation:</i>	
Last day for pre-tax NTA amounts to be Confirmed Last day for the pre-tax NTA per AEG Share and the pre-tax NTA WAM Leaders Share on the Calculation Date to be Confirmed	4 October 2022
Scheme Consideration calculation is announced The number of New WAM Leaders Shares per AEG Share to be issued as Scheme Consideration is announced on ASX	5 October 2022
Implementation Date The Scheme is implemented and the Scheme Consideration is distributed by AEG	7 October 2022
Trading in New WAM Leaders Shares commences on ordinary (T+2) basis	10 October 2022

The dates and times set out above are indicative only and are subject to the Court approval process, ASIC approval and any other regulatory approvals required. Any changes to the above timetable will be announced to ASX and available on its website (www.asx.com.au).

CHAIR'S LETTER

12 August 2022



Dear shareholders,

On behalf of the directors of Absolute Equity Performance Fund Limited (**AEG**), I am pleased to present you with an opportunity to consider and vote on the proposed acquisition of AEG by WAM Leaders Limited (**WAM Leaders**) by way of a scheme of arrangement (**Scheme**).

On 14 June 2022, AEG announced that it had entered into a Scheme Implementation Agreement with WAM Leaders under which WAM Leaders agreed to acquire all of the shares in AEG that it does not already own by way of the Scheme.

If the Scheme is approved and becomes Effective:

- eligible AEG Shareholders will exchange their AEG Shares for fully paid ordinary shares in WAM Leaders (**New WAM Leaders Shares**) on the Implementation Date. The number of New WAM Leaders Shares received for each AEG Share will be based on the relative pre-tax NTA per share of AEG and WAM Leaders on the Calculation Date;
- AEG will become wholly owned by WAM Leaders and will be delisted from the ASX; and
- The Business Day after the Implementation Date¹, AEG Shareholders, in their new capacity as WAM Leaders Shareholders, will be able to trade their New WAM Leaders Shares on the ASX.

Following implementation of the Scheme, WAM Leaders will be a listed investment company with a larger capital and shareholder base, managed by Wilson Asset Management (**Enlarged Group**). The Enlarged Group will continue employing WAM Leaders' current investment strategy which aims to provide investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. See Sections 6 and 7 for more details.

WAM Leaders' investment portfolio performance (before expenses, fees and taxes) over the 12 months to 31 May 2022 was 17.6%.

WAM Leaders has indicated that if the transaction proceeds I will be invited to join the WAM Leaders board (subject to WAM Leader's corporate governance processes and protocols).

The AEG Board announced on 16 February 2022 a consultation process on the continuation of AEG as a listed entity, during which the AEG Board would consider all practical options available to AEG. The process was commenced in response to indications from a significant constituency of AEG Shareholders that they wanted an opportunity to vote on the issue.

The AEG Board identified two core issues that it felt had to be addressed:

- The persistent discount to NTA at which AEG Shares have traded in the last three years (with an average discount to AEG's pre-tax NTA exceeding 10% in the 12 months ending 31 May 2022).

¹ The timing of the Implementation Date depends on the process to Confirm the AEG and WAM Leaders pre-tax NTA figures required to calculate the number of New WAM Leaders Shares to be issued per AEG Share. See Important Dates for details.

- AEG's market capitalisation, decreasing from \$92,639,448 at 31 December 2021 to \$77,627,856 at 31 May 2022, has become suboptimal in terms of:
 - supporting the on market liquidity of AEG Shares going forward (strong liquidity being key to resolving the discount); and
 - the costs of running AEG, which have increased as a percentage of AEG total capital.

Related to these issues is AEG's recent performance (which, in the 24 months to 31 May 2022, delivered, assuming reinvestment of all dividends, a -16.09% pre-tax net loss). See Section 5.3(b) for details.

The AEG Board believes that the Scheme provides a solution to these core issues by providing the ability for AEG Shareholders to exit their investment at close to AEG's pre-tax NTA which can be completed in a timely fashion. We explain this further in Section 1.2(f).

SCHEME CONSIDERATION: CALCULATION AND TIMING

The number of New WAM Leaders Shares to be issued as the Scheme Consideration is not fixed.

The number of New WAM Leaders Shares to be issued per AEG Share will be calculated based on the relative pre-tax NTA² per share of each company at 5.00pm (Sydney time) on the Calculation Date.

The formula for calculating the Scheme Consideration, set out in Section 3.2(b), is intended to ensure that each Scheme Participant receives New WAM Leaders Shares that have an aggregate pre-tax NTA value close to the pre-tax NTA of their AEG Shares.

Why is pre-tax NTA value used?

The Scheme Consideration formula, including the use of AEG's pre-tax NTA, was agreed through negotiations between AEG and WAM Leaders.

Relevant to these negotiations was the fact that AEG's pre-tax NTA value does not recognise AEG's accumulated tax losses as an asset (**DTA**). The AEG Board understands that the DTA is not currently recoverable (due to a lack of taxable income) and its value could be lost unless AEG were to remain listed on ASX (which the AEG Board does not consider to be in AEG Shareholders' best interests). We discuss this further in Sections 1.2(f), 1.3(e) and 5.9(b) of this Scheme Booklet.

Scheme Consideration is calculated after the Scheme Meeting

The Calculation Date used in the Scheme Consideration formula occurs after the Scheme Meeting, on the day the Scheme becomes legally binding (currently expected to be 22 September 2022).

It was important to the AEG Board that the Calculation Date be as close as possible to implementation of the Scheme. This is because adverse movements in the relative pre-tax NTA values of AEG and WAM Leaders after the Calculation Date that could impact the value of your Scheme Consideration. We have sought to minimise this risk by limiting the timeframe between calculation of the Scheme Consideration and implementation of the Scheme.

As a result, although AEG Shareholders will know that their Scheme Consideration will have an aggregate pre-tax NTA value close to the pre-tax NTA of their AEG Shares, they will not know

² After payment of all transaction related costs, including a liability to account for the costs of disposing of any portfolio positions held on the Calculation Date.

the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date. See Section 3.2(c) for further details.

ADVANTAGES AND DISADVANTAGES

The Scheme is designed to deliver you, as an AEG Shareholder, the following core advantages:

- ✓ implied value of the Scheme Consideration represents an attractive premium over the trading prices of AEG Shares prior to the Announcement Date;
- ✓ the ability to exit your investment in AEG at close to AEG's pre-tax NTA and, post implementation, access to a share price that is expected to trade closer to the Enlarged Group's net tangible assets and have increased on-market liquidity (compared to AEG on a standalone basis)³;
- ✓ access to WAM Leaders' investment strategy, profit reserves and franking account balance;
- ✓ an exit from an investment which has performed poorly for the last two years and without the need to terminate the AEG Management Agreement prior to the Scheme's implementation;
- ✓ access to a larger capital and shareholder base with the enhanced scale of the Enlarged Group, including a reduced management expense ratio as a result of the removal of duplicated expenses between the two companies and a larger pool of assets to spread the expenses across;
- ✓ post implementation, the benefit of WAM Leaders' lower management fees and an externally benchmarked performance fee.

The full list of advantages is provided in Section 1.2 of the Scheme Booklet.

The disadvantages and reasons you may want to vote against the Scheme include:

- ✗ no guarantee can be given in respect of the future share price of New WAM Leaders Shares, nor is there any guarantee regarding the performance of the Enlarged Group or the Enlarged Group's investment portfolio;
- ✗ AEG could lose the potential benefit of any accumulated tax losses it may hold at implementation;
- ✗ WAM Leaders' investment strategy or risk profile may not suit you;
- ✗ termination fees are payable if the WAM Investment Management Agreement is terminated by shareholders;
- ✗ AEG Shareholders will own a smaller portion of the Enlarged Group; and
- ✗ the tax consequences of the Scheme may not suit your financial position.

See Sections 1.2 and 1.3 of this Scheme Booklet for more information on the advantages and disadvantages of the Scheme.

INDEPENDENT EXPERT

The Independent Expert has concluded that the Scheme is fair and reasonable to AEG Shareholders. The Independent Expert's Report is included in Annexure A; I encourage you to read it before voting on the Scheme.

³ This is not a forecast. No guarantee can be given in respect of the future share price of New WAM Leaders Shares.

RECOMMENDATION OF THE AEG BOARD

The AEG Board believes that the advantages outlined above and more fully explained in Section 1.2 support implementation of the Scheme (outweighing the disadvantages in Section 1.3) and recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme Resolution.

Subject to those same qualifications, each AEG Director who holds or controls AEG Shares intends to vote in favour of the Scheme.

CONDITIONS TO THE SCHEME

Implementation of the Scheme is subject to a number of conditions precedent (**Scheme Conditions**), including AEG Shareholder approval and Court approval.

The Scheme Conditions are detailed in Section 3.3 of this Scheme Booklet.

IMPLEMENTATION OF THE SCHEME -- YOUR VOTE IS IMPORTANT

Your vote is important and, on behalf of the AEG Board, I encourage you to vote on the Scheme at the Scheme Meeting.

The Scheme Meeting will be held as a hybrid meeting at 11.00am (Sydney time) on 15 September 2022. AEG Shareholders can attend in person at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney or virtually, via an online platform at web.lumiagm.com/322604443. As places are limited, if you would like to attend in person, we ask that you RSVP (see Section 4 for details).

See Section 4 and the notice convening the Scheme Meeting (in Annexure D) for further details regarding how to vote.

FURTHER INFORMATION

Important details of the Scheme and the steps associated with its implementation are set out in this Scheme Booklet which you are urged to read carefully.

If you have any questions, please call the Shareholder Information Line on 1300 737 760 (in Australia) or on +61 2 9290 9600 (International) on Monday to Friday between 9.00am and 5.00pm (Sydney time). Alternatively, contact your independent legal, financial, accounting or other professional advisers.

Conclusion

On behalf of the AEG Board, thank you for your support. We believe the Scheme is in your best interests and encourage you to vote in favour of it.

Yours sincerely,



Marc Fisher
Chair

WAM LEADERS CHAIRMAN'S LETTER

Dear AEG Shareholders

We are pleased to have worked with the AEG Directors to deliver this Scheme Booklet that we anticipate will result in the merger of Absolute Equity Performance Fund Limited and WAM Leaders Limited.

The WAM Leaders Board believes the Scheme will be beneficial to both companies and will result in a strong merged entity that will deliver the benefits to shareholders that AEG Chair Marc Fisher has detailed in his letter, and leverage Wilson Asset Management's investment expertise and experience.

We look forward to finalising the integration of AEG with WAM Leaders and welcoming AEG shareholders to the Wilson Asset Management family as we continue to grow WAM Leaders.

I encourage you to read the Scheme Booklet carefully and vote for the merger of AEG and WAM Leaders.

If you have any questions, please call the Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday. Alternatively, contact your independent legal, financial, accounting or other professional advisers.

Yours faithfully,

Geoff Wilson
Chairman
WAM Leaders Limited

1. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1. INTRODUCTION

This Section 1 identifies some of the reasons why:

- the AEG Directors unanimously recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme; and
- you may decide to vote against the Scheme notwithstanding that recommendation.

You should read the entire Scheme Booklet before deciding whether to vote in favour of the Scheme. There are answers to questions you might have in Section 2 and the risks are set out in Section 8.

1.2. REASONS TO VOTE IN FAVOUR OF THE SCHEME

(a) The Independent Expert has concluded that the Scheme is fair and reasonable to AEG Shareholders

AEG appointed BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is in the best interests of AEG Shareholders. The Independent Expert concluded that the Scheme is fair and reasonable to AEG Shareholders.

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A. AEG Shareholders should carefully review the Independent Expert's Report in its entirety.

(b) The implied value of the Scheme Consideration represents an attractive premium over the trading prices of AEG Shares prior to the Announcement Date

The number of New WAM Leaders Shares to be issued per AEG Share as the Scheme Consideration is not fixed. It will be determined based on the relative pre-tax NTA per share of each company at 5.00pm (Sydney time) on the Calculation Date (being the date the Scheme becomes legally binding, currently expected to be 22 September 2022). As a result, AEG Shareholders will not know the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date. See Section 3.2(c) for further details.

As a worked example, based on the published pre-tax NTA of each company as at 31 May 2022, (the latest available prior to the Announcement Date), and after adjusting for estimated transaction related costs and pro forma selling costs, each AEG Shareholder would receive 0.6251 New WAM Leaders Shares for every 1 AEG Share held.

	AEG	WLE
Pre-tax NTA per share as at 31 May 2022	\$0.95390	\$1.5003
Transaction related costs (not incurred as at 31 May 2022)	\$0.00876	\$0.0002
Estimated liability for selling costs	\$0.00739 ¹	<i>Already incorporated in NTA</i>
Pro forma pre-tax NTA	\$0.9378	\$1.5001

Illustrative exchange ratio

0.6251

Note 1: If the AEG Portfolio is liquidated prior to the Calculation Date, the cost of selling will already be incorporated in the AEG's NTA calculation, in which case no additional liability provision will be included in the calculations.

The indicative value of the Scheme Consideration in this worked example, calculated based on the 5 day volume weighted average price (**VWAP**) of WAM Leaders Shares ending on 10 June 2022 (the trading day prior to the Announcement Date), is equivalent to \$0.941 per AEG Share, which represents:

- a 12.67% premium to the closing price of AEG Shares on 9 June 2022, the day on which AEG Shares traded prior to the Announcement Date;
- a 15.15% premium to the VWAP of AEG Shares for one month before the Announcement Date;
- a 12.27% premium to the VWAP of AEG Shares for three months before the Announcement Date; and
- a 6.06% premium to the VWAP of AEG Shares for six months before the Announcement Date.

Using the closing price for WAM Leaders Shares on 31 May 2022 (the date the pro forma pre-tax NTA values were calculated), the indicative value of the Scheme Consideration in the above worked example is \$0.9627 per AEG Share, which represents a 2.34% premium to AEG's pro forma pre-tax NTA value (and a 11.94% premium to the closing price of AEG Shares) on the same date⁴.

This is a worked example only. The implied value of the Scheme Consideration is not fixed. It will depend on the relative pre-tax NTA of AEG and WAM Leaders as at 5.00pm (Sydney time) on the Calculation Date and the price at which New WAM Leaders Shares trade on ASX after issue of the New WAM Leaders Shares under the Scheme. There can be no guarantee of that price.

- (c) **Ability to exit your investment at close to AEG's pre-tax NTA and, post implementation, access to a share price that is expected to trade closer to the Enlarged Group's net tangible assets and have increased on market liquidity (compared to AEG on a standalone basis)**

The AEG Share price has been trading at a persistent discount to AEG's NTA for over three years, with an average discount of approximately 10.2% to the pre-tax NTA over the 12 months ending 31 May 2022.

The discount to NTA has limited AEG Shareholders' ability to manage their investment in respect of disposals of AEG Shares on-market.

In contrast to AEG, on average WAM Leaders has historically traded at a premium to its NTA, with an average premium of approximately 3.1% to the pre-tax NTA over the 12 months ending 31 May 2022. If this continues post implementation (which is not guaranteed), the Scheme Consideration will deliver AEG Shareholders a premium to AEG's pre-tax NTA.

NTA discounts are influenced by many factors including market sentiment, market liquidity, investment manager performance and market capitalisation. If AEG Shareholders approve the Scheme and the Scheme becomes Effective, AEG Shareholders will hold New WAM Leaders Shares, and AEG will become a wholly owned subsidiary of WAM Leaders. The market capitalisation and liquidity of WAM Leaders post implementation (referred to in this Scheme Booklet as the '*Enlarged Group*') will be significantly greater compared to AEG on a standalone basis.

⁴ In Section 1.2(b), the closing price of AEG Shares on 9 June 2022 was \$0.84, the 5 day VWAP of WAM Leaders Shares on 10 June 2022 was \$1.51, the 1 month VWAP of AEG Shares on 10 June 2022 was \$0.82, the 3 month VWAP of AEG Shares on 10 June 2022 was \$0.84, the 6 month VWAP of AEG Shares on 10 June 2022 was \$0.89 and the closing price for WAM Leaders Shares on 31 May 2022 was \$1.54.

For AEG Shareholders who desire liquidity at prices more approximate to the underlying asset value of their investment, the Scheme seeks to provide a solution, by providing AEG Shareholders with:

- the ability to exit their investment at close to AEG’s pre-tax NTA; and
- the option to retain their investment in WAM Leaders, a vehicle:
 - that on average has historically traded at a premium to its NTA; and
 - whose increased shareholder and net asset base post implementation, will support on-market liquidity and help mitigate the risk of discounts.

(d) **Scheme Participants will exit AEG and gain access to WAM Leaders’ investment strategy and the profit reserves and its franking account balance**

WAM Leaders provides a stable and clearly articulated investment strategy and an experienced investment manager.

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided WAM Leaders has sufficient profits reserves and franking credits, and it is within prudent business practices to do so. WAM Leaders’ profits reserve as at 31 May 2022 is 36.3 cents per share and forms part of the NTA of WAM Leaders.

Since inception in May 2016, WAM Leaders has paid 31.15 cents per share in fully franked dividends to shareholders (not including the fully franked final dividend that was announced on 3 August 2022).



WAM Leaders’ ability to generate franking credits is dependent primarily upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies. This is not intended to be a forecast, it is merely an objective of WAM Leaders. WAM Leaders may not be successful in meeting this objective in the future.

(e) **The ability to exit an investment which has performed poorly for the last 2 years**

Section 5.3(b) of the Scheme Booklet summarises the pre-tax monthly returns of the AEG Portfolio, after corporate expenses and assuming reinvestment of all dividends from inception to 31 May 2022. Over this period, the AEG Portfolio delivered an average annual return of 1.48%.

However, more recently, the AEG has performed poorly. Between 1 June 2020 and 31 May 2022, the AEG Portfolio has recorded 14 loss-making months and 10 profitable months. The cumulative loss over that period is -16.09%. The cumulative loss over this calendar year (1 January 2022 to 31 May 2022) is -17.68%.

(f) **The Scheme is superior to other options considered during the consultation process**

In response to a significant constituency of AEG Shareholders indicating that they wanted an opportunity to provide input on AEG's continuation as a listed entity, the AEG Board announced on 16 February 2022 that it had commenced a consultation process. The AEG Board considered the consultation requested by AEG Shareholders was appropriate given AEG's recent performance.

The AEG Board announced that during the consultation process it would consider all practical options available to AEG. Alternative options considered by the AEG Board included maintaining the current ASX listing and investment structure, maintaining the ASX listing but changing the strategy and/or investment manager and winding up AEG⁵.

At the time, the AEG Board concluded that maintaining the current ASX listing (with or without changes to the strategy and/or investment manager) was not in AEG Shareholders' best interests, having regard to the persistent discount to NTA at which AEG Shares have traded in the last three years and AEG's market capitalisation, which has decreased from \$92,639,448 at 31 December 2021 to \$77,627,856 at 31 May 2022, becoming, in the AEG Board's view, suboptimal for supporting AEG's on market liquidity and operating costs (which increased as a percentage of AEG total capital).

A winding up of AEG and the Scheme would both involve a disposal of AEG Shares (from an Australian tax perspective). A winding up would, and the Scheme could (for the reasons in Section 1.3(e)), result in AEG losing the potential benefits of any tax losses which might have accumulated prior to the disposal. However, the AEG Board believes that a winding up would be subject to greater risks and more uncertainty than the Scheme for reasons including:

- Unlike the Scheme, there is no guarantee a winding up process could be completed within a defined period of time (meaning AEG Shareholders would remain exposed to the risks of an investment in AEG outlined in Section 8.2 for an uncertain future period).
- Compared to the Scheme, a winding up process may ultimately be more expensive for AEG Shareholders. A winding up could result in a dispute with the AEG Investment Manager as to the remaining fees which may have otherwise been payable under the AEG Management Agreement (which, as detailed in Section 5.4(b), has limited termination rights for approximately a further three years).

Ultimately, the AEG Board unanimously determined that the Scheme was superior to other options considered during the consultation process, including because:

- The Scheme can be implemented in a defined and limited period of time.
- Under the Scheme, AEG Shares will be exchanged for shares in WAM Leaders, a significantly larger entity. The Enlarged Group offers advantages, more fully outlined in Sections 1.2(d), 1.2(g) and 1.2(h), including its increased size will reduce costs to AEG Shareholders, as operating and administrative costs are distributed across a bigger funds under management base.

⁵ For completeness, AEG had previously sought, in good faith, to negotiate a binding implementation agreement with the AEG Investment Manager concerning a proposal to amalgamate AEG into an unlisted managed investment scheme. These negotiations were not successful and were terminated by AEG on 26 February 2021. The AEG Investment Manager has not approached AEG or otherwise sought to reopen negotiations at any point.

(g) **All-scrip consideration allows AEG Shareholders to participate in and benefit from the Enlarged Group**

As noted above, if AEG Shareholders approve the Scheme and the Scheme becomes Effective, AEG Shareholders will hold New WAM Leaders Shares, and AEG will become a wholly owned subsidiary of WAM Leaders.

The Enlarged Group is expected to benefit from corporate and operating synergies with cost reductions across legal, accounting, investor relations, and compliance and the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs.⁶

As an indication, at 31 May 2022, net asset value AEG alone was approximately \$86.0 million, compared to WAM Leader's net asset value of approximately \$1,551.4 million. A significantly larger fund has the potential to reduce costs to shareholders, as operating and administrative costs are distributed across a bigger funds under management base. This also has the potential to then result in a lower management expense ratio.

(h) **No termination of the AEG Management Agreement under the Scheme**

The AEG Portfolio is managed by Bennelong Long Short Equity Management Pty Ltd (**AEG Investment Manager**) pursuant to the AEG Management Agreement.

Under the AEG Management Agreement, the AEG Investment Manager is entitled to a management fee of 1.50% per annum (plus GST) of the pre-tax net asset value of the AEG Portfolio, together with a performance fee if certain criteria are met. Ordinarily the AEG Management Agreement remains in place until December 2025. Prior to that date, AEG has limited rights to terminate the agreement. See Section 5.4(b) for further details.

There is a risk that the AEG Investment Manager may resist an early termination of the AEG Management Agreement or claim payment or other financial benefits from AEG as compensation for the fees which may have otherwise been payable under the AEG Management Agreement in respect of the period up until December 2025.

Under the Scheme, there is no requirement for AEG to terminate the AEG Management Agreement prior to implementation. This is one of the key reasons why the Scheme is capable of being implemented in a timely fashion.

If WAM Leaders seeks to terminate the AEG Management Agreement after implementation of the Scheme, any risks associated with an early termination of that agreement are distributed across the Enlarged Group's larger shareholder and asset base. The AEG Board considers that effectively passing these risks to the Enlarged Group represents a significant benefit for AEG Shareholders.

(i) **Benefit from WAM Leaders' lower management fees and an externally benchmarked performance fee**

In return for the performance of its duties the WAM Leaders Investment Manager is entitled to be paid a monthly management fee equal to 0.0833% of gross assets of WAM Leaders portfolio calculated and paid each month (comparable to a fee of 1% per annum of the average value of the WAM Leaders portfolio).

In contrast, the AEG Investment Manager is currently entitled to be paid a management fee payable monthly in arrears equivalent to 1.50% per annum (plus GST) of the net asset value

⁶ There is no certainty that cost savings and synergies will be realized as part of the Enlarged Group.

of the AEG Portfolio, before all taxes, calculated on the last business day of each calendar month (**AEG Management Fee**).

Both the WAM Leaders Investment Manager and the AEG Investment Manager are entitled to receive performance fees.

The AEG Performance Fee is calculated by reference to AEG's past performance exclusively. Whereas the WAM Leaders performance fee is calculated by reference to WAM Leaders' outperformance against the S&P/ASX 200 Accumulation Index.

The AEG Board considers it is more equitable to investors when performance fees require outperformance against an appropriate market benchmark (for market neutral strategies, the RBA cash rate is often used). An appropriate market benchmark can help ensure that investors only pay for the additional value generated by an investment manager (represented by outperformance against the benchmark), better aligning the interest of the investment manager and investors.

If the Scheme is implemented, the Enlarged Group will be managed by the WAM Leaders Investment Manager. AEG Shareholders will benefit from WAM Leaders' lower management fees and, in the AEG Board's view, a more equitable performance fee structure.

(j) No Superior Proposal has emerged

As at the date of this Scheme Booklet, no Superior Proposal has been received by AEG.

The AEG Directors will keep you informed of any material developments between the date of this Scheme Booklet and the Scheme Meeting which may affect the AEG Directors' belief that the Scheme is in the best interests of AEG Shareholders.

(k) AEG Share price may fall if the Scheme is not implemented and no Superior Proposal emerges

If the Scheme is not implemented, AEG Shares will remain quoted on the ASX and will continue to be subject to the risk factors in Section 8.2 including market volatility as a result of general stock market movements and the impact of general economic conditions in the markets in which AEG operates.

As such, if the Scheme is not implemented, it is possible that the price at which AEG Shares trade will fall.

(l) No brokerage will be payable on the transfer of your AEG Shares under the Scheme

If the Scheme is implemented, AEG Shareholders will be able to realise their investment in AEG without incurring any brokerage costs.

Ineligible Overseas Shareholders, whose entitlement to New WAM Leaders Shares, will be issued to the Sale Nominee and sold on market, will incur brokerage fees on these sales. The proportion of the cash proceeds remitted to each Ineligible Overseas Shareholder will be net of costs including brokerage. See to Section 3.8(b) of this Scheme Booklet for details.

(m) Scheme Participants may be eligible for CGT rollover relief

If the Scheme is implemented, Scheme Participants that are residents of Australia for income tax purposes and who make a capital gain from their disposal of their Scheme Shares, may be eligible to choose CGT rollover relief, provided they qualify.

You are urged to seek professional taxation advice in relation to your own personal circumstances. For further detail regarding the general Australian tax consequences of the Scheme, please refer to Section 9 of this Scheme Booklet. Taxation laws in Australia are

complex and you are encouraged to read Section 9 carefully and seek independent professional advice about your individual circumstances.

(n) **The AEG Directors believe that the Scheme is in the best interests of AEG Shareholders**

The AEG Board believes the Scheme is in the best interests of AEG Shareholders and considers that the reasons to vote in favour of the Scheme outweigh the potential disadvantages and reasons to vote against the Scheme.

The AEG Board formed this view following detailed consideration of factors including:

- the advantages and disadvantages of the Scheme summarised in this Section 1;
- the Scheme terms, including the Scheme Conditions, and transaction related costs; and
- the implications of the Scheme not being approved, as summarised in Sections 1.4(a) and 5.7, including the risks of AEG continuing to operate as a listed investment company.

The AEG Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, AEG Shareholders vote in favour of the Scheme.

Subject to those same qualifications, each AEG Director that holds or controls AEG Shares intends to vote in favour of the Scheme. See Section 10.2 for details.

1.3. REASONS YOU MAY WANT TO VOTE AGAINST THE SCHEME

(a) **You may disagree with the AEG Board and Independent Expert**

Notwithstanding the unanimous recommendation of the AEG Board and the determination of the Independent Expert, you may believe that the Scheme is not in your best interests.

There is no obligation to follow the recommendation of the AEG Board or to agree with the opinion of the Independent Expert.

(b) **Scheme Consideration is not fixed or certain**

The number of New WAM Leaders Shares to be issued per AEG Share as Scheme Consideration is not fixed. It will be calculated based on the relative pre-tax NTA per share of each company at 5.00pm (Sydney time) on the Calculation Date.

The Calculation Date used in the Scheme Consideration formula occurs after the Scheme Meeting, on the day the Scheme becomes legally binding (currently expected to be 22 September 2022).

The formula for calculating the Scheme Consideration is intended to ensure that each Scheme Participant receives New WAM Leaders Shares that have an aggregate pre-tax NTA value close to the pre-tax NTA of their AEG Shares.

The pre-tax NTA of AEG and WAM Leaders move independently of one another and are subject to different risks, notably because they employ different investment strategies. Adverse movements in the relative pre-tax NTA values of AEG and WAM Leaders after the Calculation Date may impact the value of the Scheme Consideration. AEG has sought to reduce this risk by limiting the timeframe between calculation of the Scheme Consideration and implementation of the Scheme.

As a result, although AEG Shareholders will know that their Scheme Consideration will have an aggregate pre-tax NTA value close to the pre-tax NTA of their AEG Shares, they will not know the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date. See Section 3.2(c) for further details.

The value of the Scheme Consideration is not fixed. It will depend on the number of New WAM Leaders Shares to be issued per AEG Share (based on the relative pre-tax NTA of AEG and WAM Leaders on the Calculation Date) and the price at which New WAM Leaders Shares trade on ASX after the issue of the New WAM Leaders under the Scheme. Each of these elements is subject to risk. There can be no guarantee of the WAM Leaders Share price.

(c) Risks associated with liquidation of the AEG Portfolio

if the Scheme is approved by AEG Shareholders, pursuant to the terms of a transition plan agreed between WAM Leaders and AEG (**Transition Plan**), WAM Leaders may request AEG to give any instructions to the AEG Investment Manager that AEG is permitted to give under the AEG Management Agreement. The Transition Plan does not require the AEG Board give, and the AEG Board will not give, an instruction to the AEG Investment Manager that it considers:

- is not in the best interests of AEG Shareholders; or
- may cause the AEG Board to breach its fiduciary or statutory duties.

At the date of this Scheme Booklet, WAM Leaders has made no determination in respect of the Transition Plan.

If AEG Shareholders approve the Scheme, then WAM Leaders will consider actions it make take under the Transition Plan having regard to factors including the composition of the AEG Portfolio and other circumstances relevant at the time. This may include requesting that some or all of the AEG Portfolio be liquidated such that on the Calculation Date, the AEG Portfolio is comprised of cash (or majority cash).

There is a risk that positions liquidated in accordance with instructions under the Transition Plan are liquidated at a loss.

(d) No guarantee can be given in respect of the future performance of the Enlarged Group

Success and the ability of the Enlarged Group to meet its investment objectives are dependent on the performance of the investment portfolio. No guarantee can be given in respect of the future performance of the Enlarged Group or the Enlarged Group's investment portfolio.

(e) AEG could lose the potential benefit of any historical tax losses it may hold at implementation

As at 31 May 2022 the unaudited deferred tax asset recognised by AEG was \$4,335,111. This deferred tax asset is comprised mainly of investment losses incurred in prior financial years.

Consistent with the ASX Listing Rules requirements, this deferred tax asset is recognised in the post-tax NTA of AEG Shares. However, it is important for AEG Shareholders to understand that the value attributed to these tax losses are not currently recoverable by AEG (due to a lack of taxable income).

To recover the value of these tax losses (now or in the future), AEG needs to satisfy the relevant tax loss recoupment tests under the Australian income tax law and carry the losses forward to later income tax years and recoup them against future taxable income.

The value of these losses is therefore contingent upon (a) the satisfaction of loss recoupment tests under the Australian income tax law and (b) the availability of future taxable income, against which the income tax losses may be recouped. Given AEG's recent performance, there is no certainty that AEG would be able to derive a benefit from its tax losses.

In relation to the options considered by the AEG Board as part of the consultation process, AEG would likely only have the potential to recover the value of the tax losses if it remained as a listed entity. However, for the reasons set out in this Scheme Booklet (including, but not limited to, the significant discount to NTA at which AEG's shares have historically traded), the AEG Board does not consider that to be in the interests of AEG Shareholders.

Post-implementation of the Scheme, AEG's prior year income tax losses may not be available for recoupment⁷. On a winding up of AEG, the value of the tax losses would be lost since the benefit of any unutilised tax losses remaining in a company at the time of winding up cannot be passed on to the shareholders under the Australian income tax law.

(f) WAM Leaders' investment strategy or risk profile may not suit you

AEG and WAM Leaders employ different investment strategies. The AEG Portfolio is managed by Bennelong Long Short Equity Management Pty Ltd (**AEG Investment Manager**), using a market neutral investment strategy focused on Pair Trades (see Section 5.2 for details).

WAM Leaders aims to provide investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. See Section 6 for details.

The AEG Portfolio can be leveraged through the use of derivatives and Short Positions. The maximum gross exposure within the AEG Portfolio (i.e. long positions plus short positions plus derivatives) is 5 times the net asset value of the AEG Portfolio. In contrast, Short Positions in the WAM Leaders' portfolio cannot exceed 50% of the value of the WAM Leaders' investment portfolio (and historically leverage has been less than 5% on average).

You may want to remain invested in a vehicle which employs AEG's market neutral investment strategy.

Also, because of the differences in investment strategy, the risk factors associated with an investment in WAM Leaders differ from AEG. You may consider the risk profile of WAM Leaders inappropriate for you.

(g) The tax consequence of the Scheme may not suit your financial position

Implementation of the Scheme may have taxation consequences for AEG Shareholders. A general guide to the potential Australian taxation implications of the Scheme on Scheme Participants is set out in Section 9.

This guide is expressed in general terms only and AEG Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

(h) There are risks associated with the Scheme for Scheme Participants which you may consider exceed the benefits of the Scheme

You may consider the risks associated with implementation of the Scheme exceed the potential benefits. These risks include:

- the pre-tax NTA of AEG may fluctuate relative to the pre-tax NTA of WAM Leaders between the Calculation Date and the Implementation Date;
- the market price of WAM Leaders Shares may fluctuate once the New WAM Leaders Shares are issued under the Scheme.

Further information about the risks is set out in Section 8.6.

⁷ Unless arrangements can be put in place that would enable the loss recoupment tests under the Australian income tax law to continue to be satisfied.

(i) **Fees payable if the WAM Leaders Investment Management Agreement is terminated by shareholders**

Until the initial term of the WAM Leaders Investment Management Agreement expires in May 2026, WAM Leaders has limited termination rights. After the initial term has expired, WAM Leaders Shareholders may terminate Wilson Asset Management's role as the investment manager by passing an ordinary resolution and giving Wilson Asset Management at least three months' written notice.

If this occurs, WAM Leaders must pay to Wilson Asset Management a termination fee equal to the management and performance fees which accrued in the 12-month period prior to termination.

The AEG Management Agreement also has limited termination rights during the initial 10 year term, which expires in 2025 and provides for the AEG Investment Manager to be removed on three months' notice after the initial term if AEG Shareholders resolve to terminate the AEG Management Agreement. However, unlike the WAM Leaders Investment Management Agreement, the AEG Management Agreement does not require AEG to pay any termination fees if shareholders vote to remove the AEG Investment Manager after expiry of the initial 10 year term.

Although termination fees are common in LIC management agreements, you may consider the termination fee in the WAM Management Agreement a disadvantage.

(j) **AEG Shareholders will own a smaller portion of the Enlarged Group**

Assuming the exchange ratio from the worked example in Section 1.2(b) of 0.6251, the New WAM Leaders Shares are expected to form approximately 5.2% of the issued capital of the Enlarged Group.

This means that AEG Shareholders would have less influence over the Enlarged Group compared to their current ownership in AEG.

(k) **WAM Leaders bears the risk of claims for compensation if the AEG Investment Management Agreement is terminated**

Section 1.2(h) highlights that under the Scheme there is no requirement for AEG to terminate the AEG Management Agreement prior to implementation.

Ordinarily, the AEG Management Agreement remains in place until December 2025. Prior to that date, AEG has limited rights to terminate the agreement. If WAM Leaders seeks to terminate the AEG Management Agreement after implementation of the Scheme, there is a risk that the AEG Investment Manager could claim compensation. Any such compensation would be payable by the Enlarged Group.

Post implementation of the Scheme, AEG Shareholders will hold New WAM Leaders Shares, which therefore may be impacted by a compensation claim (if one is made). However, the impact of such a claim would be significantly diluted (as costs would be distributed across the Enlarged Group's larger shareholder and asset base) compared to the AEG Shareholders bearing the same costs while AEG is a standalone entity.

Although the AEG Board considers that effectively passing the risks associated with early termination to the Enlarged Group represents a significant benefit for AEG Shareholders, you may consider the risks of a claim being made is a disadvantage and a reason to vote against the Scheme.

1.4. OTHER RELEVANT CONSIDERATIONS

(a) Implications if the Scheme does not proceed

If the Scheme is not implemented:

- the AEG Portfolio will continue to be managed by the AEG Investment Manager under the AEG Management Agreement and AEG will remain listed on the ASX;
- AEG Shareholders will retain their AEG Shares and remain subject to the risks associated with an investment in AEG; and
- the price of AEG Shares traded on the ASX may fall to the extent that the market price of AEG Shares reflected an assumption that the Scheme would be implemented (although this is difficult to predict with any degree of certainty).

A summary of the AEG Board's intentions and key risks if the Scheme is not implemented are set out in Sections 5.7, 8.6(d), 8.6(e) and 8.6(f) of this Scheme Booklet.

Certain transaction related costs will be incurred by AEG irrespective of whether or not the Scheme is implemented. AEG's estimated fees and expenses in relation to the Scheme are set out in Section 5.9(b) of this Scheme Booklet. Risks associated with transaction costs, including the limited circumstances in which WAM Leaders has agreed to reimburse AEG for its costs, are detailed in Section 8.6(d).

(b) The Scheme may be implemented even if you vote against it or do not vote at all

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of AEG Shareholders and the Court.

If this occurs, your AEG Shares will be transferred to WAM Leaders and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

2. QUESTIONS AND ANSWERS

This Section answers some basic questions that you may have about the Scheme. The information is a summary only and should only be read in conjunction with the entire Scheme Booklet.

You should read the entire Scheme Booklet before deciding how to vote on at the Scheme Meeting.

Question	Answer
Questions about the Scheme	
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are an AEG Shareholder and AEG Shareholders are being asked to vote on the Scheme Resolution at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.
What is the Scheme?	<p>The Scheme is a 'scheme of arrangement' between AEG and the AEG Shareholders.</p> <p>A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company (typically known as the 'target' company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the 'Requisite Majorities'.</p>
Why has the AEG Board proposed the Scheme?	<p>During the consultation process earlier this year, the AEG Board identified two core issues that it felt had to be addressed:</p> <ul style="list-style-type: none"> The persistent discount to NTA at which AEG Shares have traded in the last three years (with an average discount to AEG's pre-tax NTA exceeding 10% in the 12 months ending 31 May 2022). AEG's market capitalisation, decreasing from \$92,639,448 at 31 December 2021 to \$77,627,856 at 31 May 2022 has become suboptimal (for liquidity and in terms of AEG's operational costs). <p>Related to these issues is AEG's recent performance (which in the 24 months to 31 May 2022, delivered, assuming reinvestment of all dividends, a -16.09% pre-tax net loss). See Section 5.3(b) for details.</p> <p>The AEG Board believes that the Scheme provides a solution to these core issues.</p>
What happens if the Scheme is approved and becomes Effective?	<p>If the Scheme becomes Effective, on the Implementation Date:</p> <ul style="list-style-type: none"> AEG Shareholders will exchange their AEG Shares for New WAM Leaders Shares. WAM Leaders will acquire 100% of the AEG Shares on issue and AEG will become wholly owned by WAM Leaders. <p>The number of New WAM Leaders Shares received for each AEG Share will be based on the relative pre-tax NTA per share of AEG and WAM Leaders at 5.00pm (Sydney time) on the Calculation Date (after transaction costs and including a liability to account for the costs of selling or closing portfolio positions held at that time). Section 3.2 of this Scheme Booklet details how the Scheme Consideration will be calculated.</p> <p>See Section 3.6 for details regarding implementation of the Scheme and Sections 6.4 and 7 for details of the Enlarged Group post-implementation.</p>

Question	Answer
What are the options for AEG Shareholders?	<p>AEG Shareholders may:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme by voting 'for' the Scheme Resolution at the Scheme Meeting; • vote against the Scheme Resolution at the Scheme Meeting; • sell their AEG Shares before trading is suspended at close of trading on the Effective Date (currently expected to be 22 September 2022); or • do nothing.
What are the reasons to vote for or against the Scheme?	<p>The key reasons to vote in favour of the Scheme are considered in Section 1.2 of this Scheme Booklet.</p> <p>The reasons you may want to vote against the Scheme are considered in Section 1.3 of this Scheme Booklet. Other considerations relevant to your vote are detailed in Section 1.4.</p>
What do the AEG Directors recommend and how do they intend to vote?	<p>The AEG Board believes that the advantages outlined above and more fully explained in Section 1.2 support implementation of the Scheme (outweighing the disadvantages in Section 1.3) and each AEG Director recommends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme Resolution.</p> <p>Subject to those same qualifications, each AEG Director who holds or controls AEG Shares intends to vote in favour of the Scheme.</p>
What is the opinion of the Independent Expert?	<p>The Independent Expert has considered the merits of the Scheme and has concluded that the Scheme both fair and reasonable to AEG Shareholders.</p> <p>The Independent Expert's Report is set out in full in Annexure A.</p>
Questions about who participating in the Scheme and the timetable	
Who participates in the Scheme?	<p>If the Scheme becomes Effective, the registered holders of AEG Shares as at 5.00pm (Sydney time) on the Record Date will participate in, and be bound by, the Scheme. These persons are referred to in the Scheme and in this Scheme Booklet as '<i>Scheme Participants</i>'.</p> <p>It is expected that the Record Date will be 26 September 2022. This date may change. Any changes will be announced to ASX and notified on the ASX announcements platform.</p>
What will I receive under the Scheme?	<p>If the Scheme becomes Effective, Scheme Participants will be entitled to New WAM Leaders Shares in exchange for their AEG Shares.</p> <p>The number of New WAM Leaders Shares each Scheme Participant (or the Sale Nominee in the case of Ineligible Overseas Shareholders) will be entitled to will be based on the pre-tax NTA of AEG and WAM Leaders at 5.00pm (Sydney time) on the Calculation Date (calculated and Confirmed in accordance with the Scheme implementation Agreement). See Sections 3.2(b) and 3.2(c) of this Scheme Booklet for more details on the method and basis of this calculation.</p> <p>If the Scheme becomes Effective, the New WAM Leaders Shares will be issued on the Implementation Date. The timing of the Implementation Date depends on the Confirmation process in respect of the AEG and WAM Leaders pre-tax NTA figures.</p> <p>We explain the Confirmation process further below.</p> <p>The timetable is detailed in the 'Important Dates' section at the front of the Scheme Booklet.</p>

Question	Answer
<p>When will I know my entitlement to New WAM Leaders Shares?</p>	<p>AEG Shareholders will not know the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date.</p> <p>The number of New WAM Leaders Shares to be issued per AEG Share will be calculated based on the relative pre-tax NTA per share of each company at 5.00pm (Sydney time) on the Calculation Date.</p> <p>The Calculation Date occurs after the Scheme Meeting, and is the date the Scheme becomes legally binding (currently expected to be 22 September 2022). As a result, the number of New WAM Leaders Shares will not be known at the time of the Scheme Meeting on 15 September 2022.</p> <p>Following the Calculation Date, the AEG and WAM Leaders pre-tax NTA figures must be calculated and Confirmed in accordance with the Scheme Implementation Agreement. This process is detailed in Section 3.2.</p> <p>Once these figures have been Confirmed (by the parties or their auditors), AEG will then calculate the number of New WAM Leaders Shares to be issued per AEG Share (using the formula in Section 3.2(b)) and the final Scheme Consideration will be announced on the ASX.</p> <p>The final Scheme Consideration will be announced on the Business Day before the Implementation Date. The timing depends on how the pre-tax NTA figures are Confirmed.</p> <p>If the AEG and WAM Leaders pre-tax NTA figures are Confirmed by the parties, the final Scheme Consideration is currently expected to be announced on 29 September 2022 and the Implementation Date is currently expected to be 3 October 2022.</p> <p>However, if either the AEG or WAM Leaders pre-tax NTA figure is referred to an auditor for Confirmation, the final Scheme Consideration is currently expected to be announced on 5 October 2022 and the Implementation Date is currently expected to be 7 October 2022.</p>
<p>What if I am an Ineligible Overseas Shareholder?</p>	<p>Ineligible Overseas Shareholders will not receive the New WAM Leaders Shares to which they would otherwise be entitled under the Scheme. Instead, those New WAM Leaders Shares will be issued to the Sale Nominee, who will then sell these shares on ASX, and AEG will pay the Ineligible Overseas Shareholders their proportion of the sale proceeds (net of costs including brokerage).</p> <p>For further information on the treatment of Ineligible Overseas Shareholders, please refer to Section 3.8(b) of this Scheme Booklet.</p>
<p>When can the New WAM Leaders Shares be traded?</p>	<p>Trading of the New WAM Leaders Shares will commence the Business Day after the Implementation Date.</p> <p>The timing of the Implementation Date depends on the process to Confirm the AEG and WAM Leaders pre-tax NTA figures, required to calculate the number of New WAM Leaders Shares to be issued per AEG Share.</p> <p>If the AEG and WAM Leaders pre-tax NTA figures are Confirmed by the parties, the Implementation Date is currently expected to be 3 October 2022, in which case, New WAM Leaders Shares are expected to commence trading on ASX on 4 October 2022.</p> <p>However, if either the AEG or WAM Leaders pre-tax NTA figure is referred to an auditor for Confirmation, the Implementation Date will be slightly delayed, and is expected to occur on 7 October 2022. In these circumstance, the New WAM Leaders Shares are expected to commence trading on ASX on 10 October 2022.</p>
<p>When will the Scheme become Effective?</p>	<p>Subject to satisfaction or waiver (in accordance with the Scheme Implementation Agreement) of the conditions to the Scheme, it is expected that the Scheme will become Effective on 22 September 2022.</p>

Question	Answer
Questions about the Scheme Conditions and key implications (if the Scheme proceeds or lapses)	
What will happen to AEG if the Scheme becomes Effective?	<p>If AEG Shareholders approve the Scheme and the Scheme becomes Effective, on the Implementation Date AEG Shareholders will hold New WAM Leaders Shares and AEG will become a wholly owned subsidiary of WAM Leaders. Questions in relation to WAM Leaders post implementation of the Scheme (referred to in this Scheme Booklet as the '<i>Enlarged Group</i>') are answered below.</p> <p>See also Section 3.6 and 6.4 of this Scheme Booklet.</p>
What are the tax implications of the Scheme?	<p>The taxation implications of the Scheme will differ depending on the individual circumstances of each Scheme Participant.</p> <p>General information on the Australian taxation implications of the Scheme on Scheme Participants is set out in Section 9. The information is expressed in general terms and does not constitute taxation advice in respect of the particular circumstances of any Scheme Participant.</p> <p>Your decision on how to vote on the Scheme Meeting should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own investment objectives, financial situation, taxation position and particular needs.</p>
Will I be required to pay broker fees or landholder duty (transfer duty)?	<p>Scheme Participants will not have to pay either brokerage or landholder duty (transfer duty) on the transfer of their AEG Shares.</p> <p>Ineligible Overseas Shareholders, whose entitlement to New WAM Leaders Shares, will be issued to the Sale Nominee and sold on market, will incur brokerage fees. The proportion of the cash proceeds remitted to each Ineligible Overseas Shareholder will be net of costs including brokerage. See to Section 3.8(b) of this Scheme Booklet for details.</p>
What is the Scheme conditional on?	<p>Implementation of the Scheme is subject to a number of conditions precedent (Scheme Conditions), including AEG Shareholder and Court approval. The Scheme Conditions are detailed in Section 3.3 of this Scheme Booklet.</p> <p>The Scheme will not be implemented if all the Scheme Conditions are not satisfied or waived in accordance with the Scheme Implementation Agreement (even if the Scheme is approved by AEG Shareholders at the Scheme Meeting).</p> <p>At the date of this Scheme Booklet the AEG Directors are not aware of any Scheme Condition that is likely to prevent the Scheme becoming Effective.</p>
Can the Scheme be terminated?	<p>Yes. Implementation of the Scheme is also subject to the Scheme Implementation Agreement not being terminated prior to the Effective Date.</p> <p>Section 3.10(f) details the circumstances in which AEG or WAM Leaders can terminate the Scheme Implementation Agreement.</p>
What happens if a Superior Proposal for AEG emerges?	<p>No Superior Proposal has emerged as at the date of this Scheme Booklet.</p> <p>Under the Scheme Implementation Agreement AEG is subject to no-shop, no-talk and no due diligence restrictions during an exclusivity period which commenced on 13 June 2022 and ends on 30 November 2022, unless the Scheme Implementation Agreement is terminated earlier.</p> <p>These restrictions are subject to a fiduciary exception that ensures AEG is not restricted from taking or refusing to take any action with respect to a Superior Proposal (if one were to emerge) provided WAM Leaders is given five Business Days to provide a counterproposal before AEG takes any action.</p> <p>If the AEG Board determines that the WAM Leaders' counterproposal (if made) would not provide an equivalent or superior outcome for AEG Shareholders</p>

Question	Answer
	compared to the Competing Transaction, the Scheme Implementation Agreement may be terminated by AEG, provided that this determination occurs any time prior to 8.00am on the Second Court Date.
Is there a break fee?	No. There is no break fee payable by either party under the Scheme Implementation Agreement.
Who is responsible for transaction costs in the event of a termination?	<p>WAM Leaders has agreed to pay all transaction related costs incurred by AEG in connection the Scheme if the Scheme Implementation Agreement is terminated by AEG due to:</p> <ul style="list-style-type: none"> • a Scheme Condition, for which WAM Leaders was responsible, not being satisfied or waived; or • WAM Leaders materially breaching a term of the Scheme Implementation Agreement, <p>and provided WAM Leaders is not concurrently entitled to terminate the Scheme Implementation Agreement due to the non-satisfaction or waiver of a Scheme Condition for which AEG is responsible or AEG's material breach.</p> <p>Except as set out above, the parties have agreed to each be responsible for their own transaction related costs.</p>
What happens if the Scheme is not implemented?	<p>If the Scheme is not implemented:</p> <ul style="list-style-type: none"> • AEG Shareholders will retain their AEG Shares and remain subject to the risks associated with an investment in AEG; • AEG will remain listed on the ASX and the AEG Portfolio will continue to be managed by the AEG Investment Manager; and • the price of AEG Shares traded on the ASX may fall to the extent that the market price of AEG Shares reflected an assumption that the Scheme would be implemented (although this is difficult to predict with any degree of certainty). <p>A summary of the AEG Board's intentions and key risks if the Scheme is not implemented are set out in Sections 5.7 and 8.6 of this Scheme Booklet.</p> <p>Certain transaction related costs will be incurred by AEG irrespective of whether or not the Scheme is implemented. AEG's estimated fees and expenses in relation to the Scheme are set out in Section 5.9(b) of this Scheme Booklet. In limited circumstances, WAM Leaders has agreed to reimburse AEG for its costs, see Section 8.6(d) for details.</p>
Questions about WAM Leaders and the Enlarged Group	
Who is WAM Leaders?	<p>WAM Leaders is an ASX listed investment company (LIC) managed by Wilson Asset Management and forming part of the Wilson Asset Management Group.</p> <p>Listed in May 2016, WAM Leaders provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.</p> <p>WAM Leaders' investment objective is to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. It focuses on investing in large-cap companies in both domestic and international capital markets.</p> <p>See Section 6 of this Scheme Booklet for more information.</p>
What will the Enlarged Group be called?	<p>The Enlarged Group will operate under the name of WAM Leaders Limited.</p> <p>If the Scheme is approved, the board of the Enlarged Group will consider as soon as practicable issues such as whether WAM Leaders will form a tax consolidated group with AEG, and the management of the assets held within</p>

Question	Answer
	<p>AEG. Although the WAM Leaders Board expects that all the assets of the Enlarged Group will be managed in a similar way to those of WAM Leaders, the board of the Enlarged Group will only be able to make definitive decisions once it has all the necessary information available to it and upon implementation of the Scheme.</p> <p>See Section 7 of this Scheme Booklet for further information.</p>
<p>What will the investment strategy of the Enlarged Group be?</p>	<p>The Enlarged Group will continue to pursue investment activities, primarily investing in listed equities to achieve its stated objectives.</p> <p>The Enlarged Group will employ WAM Leaders' investment strategy which aims to provide investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.</p> <p>See Sections 6.1 and 7 of this Scheme Booklet for further information.</p>
<p>What are the key differences with AEG's strategy?</p>	<p>AEG and WAM Leaders employ different investment strategies. The AEG Portfolio is managed by the AEG Investment Manager, using a market neutral investment strategy, focused on correlated Long and Short Positions (referred to as 'Pair Trades'). See Section 5.2 for details.</p> <p>WAM Leaders' active investment approach focuses on large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. See Section 6.1 for details.</p> <p>The AEG Portfolio can be leveraged through the use of derivatives and Short Positions. The maximum gross exposure within the AEG Portfolio (i.e. long positions plus short positions plus derivatives) is 5 times the net asset value of the AEG Portfolio. In contrast, Short Positions in the WAM Leaders portfolio cannot exceed 50% of the value of the WAM Leaders portfolio (and historically leverage has been less than 5% on average).</p>
<p>What will the dividend policy of the Enlarged Group be?</p>	<p>The WAM Leaders Board has a clear dividend policy in place for its shareholders. The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided the Enlarged Group has sufficient profit reserves and franking credits and it is within prudent business practices. The Enlarged Group's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.</p> <p>See Section 6.1(h) of this Scheme Booklet for further information.</p>
<p>Questions about the Scheme Meeting</p>	
<p>When will the Scheme Meeting be held?</p>	<p>The Scheme Meeting is scheduled to be held as a hybrid meeting at 11am (Sydney time) on 15 September 2022.</p> <p>Refer to Section 4 and Annexure D for more details.</p>
<p>How can I attend?</p>	<p>AEG Shareholders can attend the Scheme Meeting either:</p> <ul style="list-style-type: none"> • in person (at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney) or • virtually at the online platform at web.lumiagm.com/322604443.
<p>Who is entitled to vote at the Scheme Meeting?</p>	<p>Each person that is registered on the AEG Share Register at 7.00pm (Sydney time) on 13 September 2022 is entitled to attend and vote (in person, by proxy or attorney) at the Scheme Meeting.</p>
<p>How do I vote?</p>	<p>Refer to Section 4.5 for details of how you can vote and participate at the Scheme Meeting.</p>

Question	Answer
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important.</p> <p>If you cannot attend the Scheme Meeting, you should appoint a proxy.</p> <p>Further details regarding voting and proxies for the Scheme Meeting, see Section 4.5 and Annexure D of this Scheme Booklet.</p>
What approvals are required at the Scheme Meeting?	<p>Votes in favour of the Scheme Resolution must be received from AEG Shareholders in the following 'Requisite Majorities':</p> <ul style="list-style-type: none"> • (Headcount test) unless the Court orders otherwise, a majority in number (i.e., more than 50%) of AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, by attorney or, in the case of corporate AEG Shareholders, by corporate representative); and • (Voting test) at least 75% of the total number of votes cast on the Scheme Resolution by AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, by attorney or in the case of corporate AEG Shareholders, by corporate representative). <p>The Court has the power to waive the requirement for the headcount test to be passed.</p>
What happens if I vote against the Scheme Resolution at the Scheme Meeting?	<p>If the Scheme becomes Effective it will bind all AEG Shareholders, including those who voted against the Scheme Resolution and those who do not vote.</p>
Other information	
What other information is available?	<p>If you have any questions or require further information, you can call the Shareholder Information Line on 1300 737 760 (in Australia) and +61 2 9290 9600 (International) between 9.00am and 5.00pm (Sydney time) Monday to Friday.</p>

3. SUMMARY OF THE SCHEME

3.1. OVERVIEW OF THE SCHEME

On 14 June 2022, AEG announced that it had entered into an agreement with WAM Leaders, under which it is proposed that WAM Leaders will acquire all of the issued shares in AEG pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme Implementation Agreement**). The key terms in the Scheme Implementation Agreement are summarised in Sections 3.2, 3.3, 3.6, 3.9 and 3.10 of this Scheme Booklet and a full copy can be obtained from the ASX website (www.asx.com.au).

The Scheme itself is contained in Annexure B of this Scheme Booklet.

The Scheme is subject to various conditions precedent (**Scheme Conditions**), including (among other things) AEG Shareholder approval at the Scheme Meeting and approval by the Court pursuant to section 411(4)(b) of the Corporations Act. For further details of the Scheme Conditions, please see Section 3.3 of this Scheme Booklet.

If the Scheme becomes Effective, the Scheme will apply to, and bind, all persons registered as AEG Shareholders as at the Record Date (currently proposed to be 5.00pm (Sydney time) on 26 September 2022). These persons are referred to in the Scheme and in this Scheme Booklet as **Scheme Participants**.

Subject to the Scheme being Effective, on the Implementation Date:

- WAM Leaders will issue the Scheme Consideration to Scheme Participants (or, in the case of Ineligible Overseas Shareholders, to the Sale Nominee); and
- WAM Leaders will acquire all of the AEG Shares held by AEG Shareholders and AEG will become a wholly-owned subsidiary of WAM Leaders.

WAM Leaders has executed a Deed Poll in favour of all Scheme Participants under which, subject to the Scheme becoming Effective, WAM Leaders undertakes to provide the Scheme Consideration in accordance with the Scheme (a copy of the Deed Poll is set out in Annexure C).

3.2. SCHEME CONSIDERATION

(a) Overview

If the Scheme becomes Effective, WAM Leaders will issue New WAM Leaders Shares as the Scheme Consideration on the Implementation Date.

AEG Shareholders are not offered a fixed number of New WAM Leaders Shares per AEG Share as the Scheme Consideration. The number of New WAM Leaders Shares that Scheme Participants will be entitled to receive will be determined based on the pre-tax NTA of AEG and WAM Leaders at 5.00pm (Sydney time) on the Calculation Date. All New WAM Leaders Shares issued under the Scheme will rank equally in all respects with all existing WAM Leaders Shares on issue as at the Implementation Date. Information on the New WAM Leaders Shares is provided in Section 6.2 of this Scheme Booklet.

AEG Shareholders who receive New WAM Leaders Shares under the Scheme will be eligible to receive the FY2022 fully franked final dividend that was announced on 3 August 2022 by WAM Leaders, if they continue to hold their New WAM Leaders Shares at 18 November 2022, the WAM Leaders Permitted Dividend record date.

Scheme Participants will not receive the Scheme Consideration in cash. Any New WAM Leaders Shares to which Ineligible Overseas Shareholders would otherwise have been entitled to be issued under the Scheme will be dealt with in accordance with the procedures set out in Section 3.8 of this Scheme Booklet.

In the case of any Scheme Shares held in joint names, any Scheme Consideration will be issued to, and registered in, the names of the joint holders. New WAM Leaders Shares will be registered in the same order as the holders' names appear in the AEG Share Register and documents and cheques will be forwarded to the registered address of the joint holder whose name appears first in the AEG Share Register.

(b) **Calculation of Scheme Consideration**

The number of New WAM Leaders Shares that Scheme Participants will be entitled to receive will be determined using the following formula:

$$CU = (A/B) \times D$$

Where:

CU = the number of New WAM Leaders Shares to be issued to each Scheme Participant (rounded to the nearest whole number in accordance the paragraph below).

A = the pre-tax NTA per AEG Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).

B = the pre-tax NTA per WAM Leaders Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).

D = the number of Scheme Shares held by the Scheme Participant at the Record Date.

Where the calculation of the total number of New WAM Leaders Shares to be issued to (or in respect of) a particular Scheme Participant as Scheme Consideration would result in an entitlement to a fraction of a New WAM Leaders Share, that fractional entitlement will be rounded to the nearest whole number as follows:

- fractional entitlements 0.5 or more of a New WAM Leaders Share will be rounded up to the nearest whole number; and
- fractional entitlements to less than 0.5 of a New WAM Leaders Share will be rounded down to the nearest whole number.

(c) **Calculation and Confirmation of the pre-tax NTA on the Calculation Date**

PRE-TAX NTA CALCULATIONS

The Scheme Consideration will be calculated using the pre-tax NTA per share of AEG and WAM Leaders (respectively), calculated before current and deferred tax balances and in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations.

For the purpose of calculating the Scheme Consideration, each pre-tax NTA will:

- be calculated, reviewed and Confirmed in accordance with the Scheme Implementation Agreement;
- include a liability provision for costs associated with implementing the Scheme that have been incurred by WAM Leaders or AEG (as applicable) but remain unpaid as at the Calculation Date (including registry, court and other filing fees, fees for financial, taxation, legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit);
- be calculated based on the relevant position's last sale price at 5.00pm on the Calculation Date (quoted by Refinitiv); and

- include a liability provision equal to 0.20% multiplied by the gross exposure of the portfolio positions (Long Positions plus the absolute value of Short Positions) to account for the costs of selling (such as brokerage costs) that would be incurred if all portfolio positions held on the Calculation Date were disposed, or if the borrowed short positions were closed or repaid, on the Calculation Date.

PROCESS TO CONFIRM EACH PRE-TAX NTA AMOUNT

Each of AEG and WAM Leaders have agreed to procure that within two Business Days of the Calculation Date its pre-tax NTA per share value is calculated and delivered to the other party, together with:

- written confirmation that the calculation was made in accordance with the Scheme Implementation Agreement and consistent with past practice; and
- sufficient supporting information to permit the calculations to be reviewed and Confirmed.

WAM Leaders and AEG have agreed to use their reasonable endeavours to review and Confirm their respective pre-tax NTA per share values as soon as possible.

A pre-tax NTA per share value that is not Confirmed (by agreement between the parties) within two Business Days, must be referred to the responsible party's auditor for Confirmation (i.e. if the pre-tax NTA of AEG is not agreed, it will be Confirmed by AEG's auditor and if the pre-tax NTA of WAM Leaders is not agreed, it will be Confirmed by WAM Leaders' auditor). The auditor will have three Business Days to Confirm in writing the pre-tax NTA per share value referred to it for the purpose of the Scheme.

CALCULATION AND ANNOUNCEMENT OF SCHEME CONSIDERATION

Once the pre-tax NTA per AEG Share and pre-tax NTA per WAM Leaders Share values have been Confirmed (by the parties or their auditors in accordance with process in the Scheme Implementation Agreement, summarised above), AEG will calculate the number of New WAM Leaders Shares to be issued per AEG Share (using the formula in Section 3.2(b)) and announce the final Scheme Consideration on the ASX.

The final Scheme Consideration will be announced on the Business Day before the Implementation Date. The timing of implementation depends on the process of Confirming the pre-tax NTA per share values of AEG and WAM Leaders.

If the AEG and WAM Leaders pre-tax NTA per share values are Confirmed by the parties (i.e. within four Business Days of the Calculation Date), the final Scheme Consideration is currently expected to be announced on 29 September 2022, the Implementation Date is currently expected to be 3 October 2022 and New WAM Leaders Shares are expected to commence trading on ASX on 4 October 2022.

However, if either the AEG or WAM Leaders pre-tax NTA figure is referred to an auditor for Confirmation, implementation of the Scheme will be delayed slightly. In these circumstances, the final Scheme Consideration is currently expected to be announced on 5 October 2022, the Implementation Date is currently expected to be 7 October 2022 and New WAM Leaders Shares are expected to commence trading on ASX on 10 October 2022.

WORKED EXAMPLE

Section 1.2(b) contains a worked example of the exchange ratio, assuming a Calculation Date of 31 May 2022, adjusting the pre-tax NTA per share value published by AEG and WAM Leaders in respect of that date for estimated transaction related costs and pro forma selling costs.

Applying the pro forma pre-tax NTA calculations in Section 1.2(b) to the Scheme Consideration formula, assuming an AEG Shareholder holding 1,000 AEG Shares on the Record Date, the Scheme Consideration calculation works as follows:

$$CU = (A/B) \times D$$

Where

A = \$0.9386 (the pro forma pre-tax NTA of AEG as at 31 May 2022);

B = \$1.5001 (the pro forma pre-tax NTA of WAM Leaders Shares as at 31 May 2022);

D = 1,000.

In this worked example, $CU = 625.1$. As there is a fractional entitlement to less than 0.5 of a New WAM Leaders Share, CU will be rounded down to the nearest whole number. Accordingly, in this worked example, the AEG Shareholder would receive 625 New WAM Leaders Shares in exchange for 1,000 AEG Shares.

AEG Shareholders will be provided with updated worked examples of the Scheme Consideration (based on the latest published pre-tax NTA per AEG Share and WAM Leaders available at the time of each announcement) via the ASX announcement platform before the Scheme Meeting. See the Important Dates at the front of this Scheme Booklet for further details.

(d) **Provision of Scheme Consideration**

If all necessary approvals and Scheme Conditions are satisfied or waived (as applicable), it is proposed that the Scheme will be implemented on the Implementation Date, currently expected to be 3 October 2022 or 7 October 2022 (depending on the Confirmation process for the AEG and WAM Leaders pre-tax NTA figures). See Section 3.2(c) for details.

On the Implementation Date, WAM Leaders must:

- issue to:
 - each Scheme Participant that is not an Ineligible Overseas Shareholder, such number of New WAM Leaders Shares as that Scheme Participant is entitled to and procure that the name and address of each Scheme Participant is entered in the WAM Leaders Share Register in respect of those New WAM Leaders Shares; and
 - the Sale Nominee, such number of New WAM Leaders Shares as each Ineligible Overseas Shareholder would otherwise be entitled to and procure that the Sale Nominee will deal with those New WAM Leaders Shares in accordance with the procedure set out at Section 3.8 of this Scheme Booklet; and
- procure that holding statements (or other evidence of ownership) are sent to the registered address of each Scheme Participant (other than Ineligible Overseas Shareholders) representing the number of New WAM Leaders Shares issued to them pursuant to the Scheme.

For more information about the provision of the relevant consideration to Ineligible Overseas Shareholders see Section 3.8 of this Scheme Booklet.

3.3. SCHEME CONDITIONS AND STATUS

Implementation of the Scheme is subject to the satisfaction or waiver of a number of conditions precedent, referred to in this Scheme Booklet as '**Scheme Conditions**'. The Scheme Conditions include:

- **AEG Shareholder approval:** AEG Shareholders approve the Scheme at the Scheme Meeting by the Requisite Majorities under the Corporations Act;
- **Court approval:** the Court approves the Scheme in accordance with sections 411(4)(b) of the Corporations Act;
- **No Prescribed Occurrence:** no Prescribed Occurrence occurs in respect of AEG or WAM Leaders between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- **No material adverse change:** no event has had or is reasonably likely to have (either individually or when aggregated with any other events):
 - a material adverse effect on the business, assets, liabilities, financial condition or results of WAM Leaders or AEG; or
 - an effect that will prevent, materially delay or materially impair WAM Leaders' or AEG's ability to consummate the Scheme,
 on or before 8.00am on the Second Court Date;
- **No restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Regulatory Authority or other material legal restraint or prohibition preventing the Scheme from being implemented is in effect at 8.00am on the Second Court Date;
- **New WAM Leaders Shares:** New WAM Leaders Shares to be issued as Scheme Consideration are approved for official quotation by the ASX, subject to customary conditions, and such approval has not been withdrawn, suspended or revoked, before 8.00am on the Second Court Date; and
- **No breach of representation or warranty:** none of the representations or warranties given by AEG or WAM Leaders is or has become false, misleading or incorrect in a material respect or, if this is not the case, has not been remedied within the timeframes mandated by the Scheme Implementation Agreement, on or before 8.00am on the Second Court Date.

If the Scheme is approved by AEG Shareholders at the Scheme Meeting, the Scheme may still not be implemented if all the Scheme Conditions are not satisfied or waived in accordance with the Scheme Implementation Agreement.

As at the date of this Scheme Booklet, AEG and WAM Leaders are not aware of any circumstances which would cause the Scheme Conditions to not be satisfied or (if applicable) waived. An update of the status of the Scheme Conditions will be provided at the Scheme Meeting.

3.4. INDEPENDENT EXPERT'S REPORT

AEG engaged BDO Corporate Finance (East Coast) Pty Ltd as the Independent Expert to provide an Independent Expert's Report assessing the merits of the Scheme for AEG Shareholders.

The Independent Expert's Report is included in this Scheme Booklet at Annexure A. In the opinion of the Independent Expert, the Scheme is fair and reasonable to AEG Shareholders.

3.5. AEG DIRECTORS RECOMMENDATION AND VOTING INTENTIONS

After considering the information available to them, each AEG Director recommends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme.

Subject to those same qualifications, each AEG Director that holds or controls AEG Shares intends to vote in favour of the Scheme at the Scheme Meeting.

In forming this view, the AEG Board had regard to the advantages and disadvantages of the Scheme (summarised in Section 1), the Scheme terms, including the Scheme Conditions, the transaction related costs and the implications of the Scheme not being approved, including the merits and challenges of AEG continuing to operate as a listed investment company.

3.6. KEY STEPS TO IMPLEMENT THE SCHEME

The key steps to implement the Scheme and relevant information concerning these steps are set out below. All dates following the Scheme Meeting are indicative only and may be subject to change. AEG will announce to the ASX any change to the dates in the timetable set out in the 'Important Dates' Section of this Scheme Booklet.

Step 1. AEG Shareholder approval

At the First Court Hearing, the Court made the requisite orders that the Scheme Meeting should be convened and that this Scheme Booklet (containing the Explanatory Statement for the Scheme for the purposes of section 412(1) of the Corporations Act and the Notice of Scheme Meeting) be despatched to AEG Shareholders.

The Scheme Meeting is scheduled to occur at 11am on 15 September 2022 to be held:

- in person at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000; and
- virtually via the Lumi Platform at web.lumiagm.com/322604443.

The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in Section 4.

At the Scheme Meeting, AEG Shareholders will be asked to approve the Scheme by voting on the Scheme Resolution.

The Requisite Majorities of AEG Shareholders required to approve the Scheme Resolution are:

- **(Headcount test)** unless the Court orders otherwise, a majority in number (i.e. more than 50%) of AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, attorney or, in the case of corporate AEG Shareholders, by corporate representative); and
- **(Voting test)** at least 75% of the total number of votes cast on the Scheme Resolution by AEG Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, attorney or, in the case of corporate AEG Shareholders, body corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

Voting on the Scheme Resolution will be conducted by way of a poll. AEG Shareholders (who are present in person or online, or by proxy, attorney or corporate representative) will have one vote for each AEG Share that they hold.

Guidance on eligibility for voting and instructions on how to participate in and vote at the Scheme Meeting are set out in Section 4 and the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.

The results of the Scheme Meeting will be announced at the conclusion of the Scheme Meeting and released as soon as possible following the Scheme Meeting on the ASX (www.asx.com.au).

Step 2. Second Court Hearing and Court approval of the Scheme

AEG will apply to the Court for an order approving the Scheme if:

- the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting (including where the requirement to pass the headcount test is waived by the Court); and
- all of the other Scheme Conditions that are capable of satisfaction or waiver (where permitted) by the Second Court Date have been satisfied or waived by that time.

Step 3. Effective Date and Suspension of Trading in AEG Shares

If the Court approves the Scheme at the Second Court Date, AEG will lodge an office copy of the Court's orders with ASIC. Once lodged, the Scheme will become Effective and binding on AEG and each Scheme Participant (the date of lodgement of the Court's orders with ASIC is referred to in this Scheme Booklet as the 'Effective Date').

If this occurs, AEG Shares will be suspended from trading from close of trading on the Effective Date. The Effective Date is currently expected to be 22 September 2022.

Once the Scheme becomes Effective, each Scheme Participant, without the need for any further act, irrevocably appoints AEG and each of its directors and officers (jointly and each of them severally) as its attorney and agent for the purposes of enforcing the Deed Poll against WAM Leaders and executing any document or doing any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. This includes executing a proper instrument of transfer in respect of a Scheme Participant's Scheme Shares and communicating to WAM Leaders the various consents and notifications provided by the Scheme Participant pursuant to the Scheme.

Further, once the Scheme becomes Effective, each Scheme Participant, without the need for any further act, also irrevocably appoints WAM Leaders and each of its directors and officers (jointly and each of them severally) as its attorney and agent for the purposes of execution of any form or documentation required to effect the issue of the New WAM Leaders Shares to Scheme Participants, the Sale Nominee or any other person in accordance with the terms of the Scheme.

Step 4. Calculation of the Scheme Consideration

If the Scheme becomes Effective, the pre-tax NTA per AEG Share and pre-tax NTA per WAM Leaders Share will be calculated as at 5.00pm (Sydney time) on the Effective Date (referred to as the Calculation Date and currently expected to be 22 September 2022).

The pre-tax NTA of WAM Leaders and AEG will be unaudited, calculated and Confirmed in accordance with the Scheme Implementation Agreement (see Section 3.2 for details of this process).

As explained in Sections 1.3(c) and 3.10(d), if AEG Shareholders approve the Scheme, then WAM Leaders will consider and determine what actions to take under the Transition Plan, which may include requesting that some or all of the AEG Portfolio be liquidated prior to the Calculation Date.

WAM Leaders has made no decision in respect of actions under the Transition Plan as at the date of this Scheme Booklet. AEG will not give instructions requested pursuant to the Transition Plan that it considers is not in the best interests of AEG Shareholders or may cause the AEG Board to breach its fiduciary or statutory duties.

Step 5. Record Date and entitlement to Scheme Consideration

Only those AEG Shareholders on the AEG Share Register at 5.00pm (Sydney time) on the Record Date (currently expected to be 26 September 2022), will be entitled to receive the Scheme Consideration in respect of the AEG Shares they hold at that time.

Dealings in AEG Shares on or prior to the Record Date

For the purposes of determining who is a Scheme Participant (i.e. an AEG Shareholder on the Record Date), dealings in AEG Shares will only be recognised if:

- in the case of dealings of the type to be effected by CHESSE, the transferee is registered in the AEG Share Register as the holder of the relevant AEG Shares at 5.00pm (Sydney time) on the Record Date; and
- in all other cases, registrable transfer or transmission applications or valid requests in respect of other alterations in respect of those dealings are received on or before the Record Date at the AEG Registry.

Dealings in AEG Shares after the Record Date

If the Scheme becomes Effective, each Scheme Participant (and any person claiming through any Scheme Participant) must not dispose of, or transfer, or purport or agree to dispose of or transfer any Scheme Share or any interest in a Scheme Share after the Record Date, other than pursuant to the Scheme, and any such disposal or transfer, purported disposal or transfer or attempted disposal or transfer will be void and of no legal effect whatsoever and AEG will disregard any disposal, transfer or transmission application in respect of Scheme Shares received after 5.00pm(Sydney time) on the Record Date.

For the purposes of determining entitlements to the Scheme Consideration, AEG will maintain the AEG Share Register in its form as at 5.00pm (Sydney time) on the Record Date until the Scheme Consideration has been issued to the Scheme Participants and WAM Leaders has been entered into the AEG Share Register as the holder of the Scheme Shares. The AEG Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Record Date:

- all statements of holding for Scheme Shares will cease to have any effect as documents relating to title in respect of those shares; and
- each entry on the AEG Share Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Step 6. Implementation

The Implementation Date for the Scheme is the date which is either the 5th Business Day after the Record Date or the 2nd Business Days after AEG and WAM Leaders' respective pre-tax NTA figures have been Confirmed in accordance with the Scheme Implementation Agreement (or such other date agreed in writing between AEG and WAM Leaders or as may be required by ASX).

On the Implementation Date, WAM Leaders must issue the New WAM Leaders Shares in accordance with the Scheme, in the manner contemplated by the Scheme and detailed in Section 3.2(d) of this Scheme Booklet.

Subject to WAM Leaders issuing New WAM Leaders Shares in accordance with the Scheme, on the Implementation Date AEG will transfer all of the Scheme Shares to WAM Leaders by:

- transferring any Scheme Shares held in a CHESSE holding from the CHESSE sub-register to the issuer sponsored subregister operated by AEG;

- delivering to WAM Leaders a transfer form to transfer the Scheme Shares to WAM Leaders (referred to in this Scheme Booklet as the 'Scheme Transfer Form'), duly executed by AEG (or any of its directors and officers) as attorney and agent of each Scheme Participant; and
- WAM Leaders duly completing and executing the Scheme Transfer Form as transferee and delivering it to AEG for registration.

Immediately following receipt of the duly completed and executed Scheme Transfer Form, AEG will attend to registration of the Scheme Transfer Form and enter or procure the entry of the name and address of WAM Leaders in the AEG Share Register as the holder of all the Scheme Shares.

WAM Leaders will dispatch holding statements for the New WAM Leaders Shares issued as Scheme Consideration on the Implementation Date by prepaid post to each Scheme Participant's registered address at the Record Date, or as otherwise directed by the relevant Scheme Participant or the Sale Nominee (as applicable).

It is the responsibility of each Scheme Participant to confirm their holding before trading the New WAM Leaders Shares issued as Scheme Consideration. Scheme Participants who sell New WAM Leaders Shares before they receive an initial statement of holding do so at their own risk.

Step 7. Post Implementation steps

New WAM Leaders Shares will commence trading on the ASX on the first Business Day after implementation, on 4 October 2022 or 10 October 2022 (depending on the Implementation Date).

On the Implementation Date two of the three current AEG Directors will retire, and be replaced by nominees of WAM Leaders and AEG will become a wholly owned subsidiary of WAM Leaders. AEG's intentions post implementation, as determined by WAM Leaders, are detailed in Section 6.4.

3.7. SCHEME PARTICIPANTS' WARRANTIES AND INSTRUCTIONS

(a) Warranties by Scheme Participants

Each Scheme Participant is deemed to have warranted to AEG and WAM Leaders that:

- they agree and acknowledge that the Scheme binds AEG and all Scheme Participants (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme, at the Scheme Meeting);
- all their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the Record Date, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal, equitable or otherwise and restrictions on transfer of any kind, whether legal, equitable or otherwise;
- they have no existing right to be issued any AEG Shares, any securities convertible into AEG Shares (or which carry a right to be issued or transferred any AEG Shares), any convertible notes issued by AEG and/or any other AEG securities; and
- they have full power and capacity to transfer their Scheme Shares to WAM Leaders, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme.

(b) **Shareholder instructions, notifications and elections**

To the extent permitted by law, any instructions or notifications (except for tax file numbers) between a Scheme Participant and AEG relevant to AEG Shares or an AEG Shareholder's status as a Scheme Participant (including without limitation, any instructions in relation to payment of dividends or communications from AEG) shall be deemed binding in respect of any New WAM Leaders Shares provided to the Scheme Participant.

WAM Leaders will accept all such deemed instructions and notifications, until and unless it is revoked or amended by the Scheme Participant giving written notice to the WAM Leaders Share Registry.

3.8. INELIGIBLE OVERSEAS SHAREHOLDERS

(a) **Who is ineligible?**

Restrictions in foreign countries may make it impractical or unlawful for New WAM Leaders Shares to be offered, or issued, under the Scheme to Scheme Participants in those countries.

AEG Shareholders to whom WAM Leaders would be prohibited from issuing the Scheme Consideration, whose address shown in the AEG Share Register on the Record Date is a place outside of, or who (on the Record Date) are acting on behalf, or for the account, of a beneficial owner who resides outside of, Australia (including its external territories) will be Ineligible Overseas Shareholders for the purposes of the Scheme and this Scheme Booklet should be read accordingly.

WAM Leaders is not obliged to issue, and will not issue, any New WAM Leaders Shares to Ineligible Overseas Shareholders, unless WAM Leaders and AEG determine (as applicable in accordance with the Scheme) that it is lawful and not unduly onerous or impracticable to issue to that Scheme Participant New WAM Leaders Shares if the Scheme becomes Effective.

(b) **Provision of Scheme Consideration to Ineligible Overseas Shareholders**

Ineligible Overseas Shareholders will participate in the Scheme. However, New WAM Leaders Shares will not be issued to Ineligible Overseas Shareholders as Scheme Consideration.

Instead, all of the New WAM Leaders Shares to which the Ineligible Overseas Shareholders would otherwise have been entitled will be issued to the Sale Nominee and sold, within 25 Business Days of the Implementation Date, on a 'best endeavours' basis.

The Sale Nominee will remit the total proceeds of the sales (after deducting any applicable fees, reasonable brokerage or other selling costs, taxes and charges) (**Total Cash Proceeds**), to AEG, who will pay, or procure the payment, to each Ineligible Overseas Shareholder, the proportion of the Total Cash Proceeds to which they are entitled to under the Scheme (**Sale Proceeds**).

Each Ineligible Overseas Shareholder's Sale Proceeds will be calculated using the following formula:

$$A = (B \div C) \times D$$

where:

A = the Ineligible Overseas Shareholder's Sale Proceeds;

B = the number of New WAM Leaders Shares that the Ineligible Overseas Shareholder would have been entitled to had it not been an Ineligible Overseas Shareholder and which were issued to the Sale Nominee;

C = the total number of New WAM Leaders Shares which would otherwise have been issued to all Ineligible Overseas Shareholders and which were issued to the Sale Nominee as described above; and

D = the Total Cash Proceeds (as defined above).

The Sale Proceeds will be paid to each Ineligible Overseas Shareholder in Australian dollars either by electronic funds transfer to the bank account as noted on the AEG Share Register on the Record Date or by cheque drawn on an Australian bank. Cheques and direct credit payment advice will be mailed, at the Ineligible Overseas Shareholder's risk, to their address as shown on the AEG Share Register at 5.00pm (Sydney time) on the Record Date. Full details of this process are contained in the Scheme at Annexure C.

The payment of the Sale Proceeds to Ineligible Overseas Shareholders satisfies in full the rights of Ineligible Overseas Shareholders under the Scheme.

AEG, WAM Leaders and the Sale Nominee give no assurance as to the price to be received for the sale of the New WAM Leaders Shares. The sale of the New WAM Leaders Shares by the Sale Nominee will be at the risk of the Ineligible Overseas Shareholders. The market price of the WAM Leaders Shares is subject to change. The current market price of WAM Leaders Shares can be obtained from the ASX website (www.asx.com.au).

Any overseas bank charges including fees and costs in respect of processing cheques drawn on an Australian bank or currency conversion, will be charged to the Ineligible Overseas Shareholder and will reduce the Sale Proceeds.

3.9. WAM LEADERS PERMITTED DIVIDEND

At the time the Scheme Implementation Agreement was signed, WAM Leaders intended that all Scheme Participants would be eligible to be paid any fully franked dividend declared in respect of FY2022.

On 3 August 2022 WAM Leaders declared a 4 cent fully franked final dividend in respect of FY2022 which AEG Shareholders who participate in the Scheme will be eligible to receive if they continue to hold their New WAM Leaders Shares at 18 November 2022, the WAM Leaders Permitted Dividend record date (**WAM Leaders Permitted Dividend**). Had Scheme Participants not been eligible for any reason to receive the WAM Leaders Permitted Dividend (or, if the Record Date for the Scheme falls after the record date for the WAM Leaders Permitted Dividend) then, in accordance with the Scheme Implementation Agreement, the pre-tax NTA per WAM Leaders Share would have been decreased to reflect the impact of the WAM Leaders Permitted Dividend.

3.10. SCHEME IMPLEMENTATION AGREEMENT

(a) Overview

AEG and WAM Leaders entered into the Scheme Implementation Agreement on 13 June 2022. The Scheme Implementation Agreement sets out the steps required to be taken by AEG and WAM Leaders to give effect to the Scheme. Key terms of the Scheme Implementation Agreement not already summarised in this Scheme Booklet are summarised below.

(b) Representations and Warranties

Both parties give customary power and capacity warranties, as well as a number of warranties in respect of the due diligence and information provided, compliance with the law (including continuous disclosure), and the securities each party has on issue.

(c) **Limitation of liability**

In the event of a breach of the Scheme Implementation Agreement by either party, the offending party may be liable to pay damages to the other party for breach of contract.

The maximum aggregate liability of either party under or in connection with any breach of the Scheme Implementation Agreement is \$1,000,000. No damages, fees, expenses or reimbursements of any kind payable by AEG or WAM Leaders in connection with the Scheme Implementation Agreement will exceed \$1,000,000.

(d) **Conduct of Business**

Before implementation of the Scheme, the Scheme Implementation Agreement requires each party to continue to conduct its business in accordance with applicable laws and in the ordinary and usual course, including in substantially the same manner as previously conducted in the 12 months prior to the date of the Scheme Implementation Agreement.

There are specific positive and negative obligations in the Scheme Implementation Agreement to support each party conducting its business in the ordinary and usual course, such as maintaining regulatory authorisations, no entry into or termination of material contracts, no changes to accounting policies and no dividends (other than as permitted under the Scheme Implementation Agreement).

Until the Implementation Date, the parties have agreed to consult with each other in good faith, and have adopted the Transition Plan in respect of the period from the Scheme Meeting to the Implementation Date.

Under the Transition Plan, WAM Leaders can request that AEG give instructions permitted under the AEG Management Agreement to the AEG Investment Manager. The Transition Plan does not require AEG give, and the AEG Board will not give, an instruction requested by WAM Leaders it considers:

- is not in the best interest of the AEG Shareholders; or
- could, if given, breach its fiduciary or statutory duties.

WAM Leaders has made no decision in respect of actions under the Transition Plan as at the date of this Scheme Booklet.

If AEG Shareholders approve the Scheme at the Scheme Meeting, then WAM Leaders will consider and determine what actions to take under the Transition Plan, having regard to a number of factors including the composition of the AEG Portfolio and other circumstances relevant at the time. Potential actions include requesting that some or all of the AEG Portfolio be liquidated such that on the Calculation Date, the AEG Portfolio is comprised of cash (or majority cash).

(e) **Exclusivity**

AEG is subject to no-shop, no-talk and no due diligence restrictions and has afforded WAM Leaders a matching right during an exclusivity period which commenced on 13 June 2022 and ends on 30 November 2022 (unless the Scheme becomes Effective or the Scheme Implementation Agreement is terminated earlier).

By way of summary, during the exclusivity period, AEG has agreed that it must not, directly or indirectly:

- **(No Shop)** solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction;

- **(No Talk)** negotiate or enter into, or participate in negotiations or discussions with any other person regarding, a Competing Transaction (or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction), even if the Competing Transaction was not directly or indirectly solicited or initiated by AEG or any of its representatives or the person has publicly announced the Competing Transaction; and
- **(No due diligence)** in relation to a Competing Transaction, enable third parties to undertake due diligence investigations on AEG, its business or operations, or receive non-public information.

However, AEG is not restricted from taking action with respect to a genuine unsolicited Competing Transaction which the AEG Board determines in good faith (after receiving advice from its legal and financial advisers) is, or could reasonably be considered to become, a Superior Proposal and that failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of its fiduciary or statutory duties.

If AEG receives a Competing Transaction or a request for information which could lead to a Competing Transaction, it must promptly notify and disclose material details of the Competing Transaction and the proposed acquirer to WAM Leaders.

Lastly, AEG has agreed to provide WAM Leaders with a 'matching right'. AEG has agreed that it will not enter into, or agree to enter into, any binding documentation to give effect any Competing Transaction that the AEG Board determine is an actual or potential Superior Proposal, unless and until:

- WAM Leaders is given five Business Days in which to make a counterproposal; and
- the AEG Board considers any WAM Leaders' counterproposal that is made and determines it would not provide an equivalent or superior outcome for AEG Shareholders as a whole.

If the AEG Board determines that the WAM Leaders' counterproposal provides an equivalent or superior outcome for AEG Shareholders, as a whole, AEG and WAM Leaders must use their reasonable endeavours to implement the counterproposal as soon as reasonably practicable.

(f) Termination rights

The Scheme will lapse if the Scheme Implementation Agreement is terminated.

The Scheme Implementation Agreement can be terminated by either AEG or WAM Leaders if:

- the Scheme has not become Effective by the End Date (being 30 November 2022 or such later date agreed by the WAM Leaders and AEG);
- a Scheme Condition is not satisfied or waived by 8.00am on the Second Court Date (provided the party seeking to terminate did not cause this to occur, including by breaching the Scheme Implementation Agreement); or
- the other party:
 - becomes insolvent; or
 - is on notice that it has materially breached the Scheme Implementation Agreement (taken in the context of the Scheme as a whole), and has not remedied the breach within five Business Days or prior to 8.00am on the Second Court Date.

The Scheme Implementation Agreement can be terminated by WAM Leaders if:

- before the Scheme is approved by AEG Shareholders, a third party (not associated with WAM Leaders) acquires more than 20% of AEG Shares; or
- at any time before 8.00am on the Second Court Date, any AEG Director changes (or adversely modifies) their recommendation that AEG Shareholders approve the Scheme or publicly states that they no longer support the Scheme.

AEG may also terminate the Scheme Implementation Agreement if:

- the AEG Board determines that an unsolicited Competing Transaction is a Superior Proposal and either WAM Leaders does not make a counterproposal or the AEG Board determines that WAM Leaders' counterproposal would not provide an equivalent or superior outcome for AEG Shareholders as a whole; or
- the Independent Expert adversely changes its opinion in the Independent Expert's Report (or any update or variation to that report) that the Scheme is fair and reasonable to AEG Shareholders.

At the date of this Scheme Booklet, AEG and WAM Leaders are not aware of any reason to terminate the Scheme Implementation Agreement.

3.11. Questions

If you have any questions or would like any further information about the Scheme, please call the Shareholder Information Line between 9.00am and 5.00pm (Sydney time) Monday to Friday on 1300 737 760 (in Australia) and +61 2 9290 9600 (International).

4. HOW TO VOTE AT THE SCHEME MEETING

4.1. INTRODUCTION

This Section provides you with information on the Scheme Meeting and how to vote at the Scheme Meeting.

The notice convening the Scheme Meeting is contained in Annexure D to this Scheme Booklet.

Additional information about voting by proxy is set out on the Proxy Form, accompanying this Scheme Booklet.

4.2. APPROVALS AT THE SCHEME MEETING

(a) Scheme Resolution

AEG Shareholders will consider the Scheme Resolution at the Scheme Meeting. The purpose and effect of the Scheme are as summarised earlier and are more particularly described in Sections 1 and 3 and elsewhere in this Scheme Booklet.

For AEG Shareholders to approve the Scheme, votes in favour of the Scheme Resolution must be received in the following 'Requisite Majorities':

- **(Headcount test)** unless the Court orders otherwise, a majority in number (i.e., more than 50%) of AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, by attorney or, in the case of corporate AEG Shareholders, by corporate representative); and
- **(Voting test)** at least 75% of the total number of votes cast on the Scheme Resolution by AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, by attorney or in the case of corporate AEG Shareholders, by corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

(b) Your Vote Is Important

Your AEG Directors urge all AEG Shareholders to vote on the Scheme Resolution at the Scheme Meeting. The Scheme affects your investment in AEG and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

For the reasons detailed in Section 1.2 and elsewhere in this Scheme Booklet, the AEG Directors unanimously recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to AEG Shareholders, that you vote in favour of the Scheme Resolution. Subject to those same qualifications, each AEG Director who owns or controls AEG Shares intends to vote in favour of the Scheme at the Scheme Meeting.

4.3. FORMAT OF THE SCHEME MEETING

AEG will hold the Scheme Meeting to consider the Scheme Resolution as a hybrid meeting, in a manner that is consistent with the Corporations Act and the constitution of AEG.

The Scheme Meeting will be held at 11.00am (Sydney time) on 15 September 2022

AEG Shareholders can attend either:

- in person: at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 or
- virtually at the online platform at web.lumiagm.com/322604443.

The AEG Board encourages AEG Shareholders to attend the Scheme Meeting virtually rather than physically.

However, if you would like to attend the Scheme Meeting in person, please note that places are limited and you must RSVP by email to aegscheme@boardroomlimited.com.au no later than 5.00pm (Sydney time) on 13 September 2022.

AEG Shareholders who join the Scheme Meeting online do not need to RSVP by this time and will have the same opportunity as AEG Shareholders who attend in person to ask questions of the AEG Directors, hear the responses to questions given during the Scheme Meeting and cast votes in real-time.

Further details on how to participate in the online meeting are set out in the Online Meeting Guide which can be found on AEG's website at www.aepfund.com.au. The Online Meeting Guide includes details of how to ensure your browser is compatible with the online platform, and a step-by-step guide to logging in, navigating the site, and asking questions and voting at the Scheme Meeting.

4.4. WHO IS ENTITLED TO ATTEND VOTE?

(a) Voting entitlement

Each person that is registered on the AEG Share Register at 7.00pm (Sydney time) on 13 September 2022 is entitled to attend and vote at the Scheme Meeting, either in person, virtually, by proxy or attorney.

Voting at the Scheme Meeting will be conducted by poll.

In the case of AEG Shares held by joint holders, only one of the joint AEG Shareholders is entitled to vote. If more than one AEG Shareholder votes in relation to jointly held AEG Shares, only the vote of the AEG Shareholder whose name appears first in the AEG Share Register will be counted.

If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote at the Scheme Meeting.

(b) WAM Leaders voting intentions

WAM Leaders has advised AEG that the Wilson Asset Management Group members who hold AEG Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting.

4.5. HOW TO VOTE AND PARTICIPATE AT THE SCHEME MEETING

(a) How to vote

You can vote:

- **In person**, by attending the Scheme Meeting either:
 - in person: at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000; or
 - virtually at the online platform at web.lumiagm.com/322604443.
- **by mailing** the accompanying Proxy Form so that it is received before 11.00am (Sydney time) on 13 September 2022 at:

Absolute Equity Performance Fund Limited
C/-Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- **by faxing** the accompanying Proxy Form so that it is received before 11.00am (Sydney time) on 13 September 2022 to +61 2 9290 9655.
- **online** by visiting <https://www.votingonline.com.au/aegsch2022> and following the instructions in your Proxy Form to submit your voting intentions by 11.00am (Sydney time) on 13 September 2022.

(b) Voting in person or virtually

Attending the Scheme Meeting (whether in person or virtually) enables AEG Shareholders to view, participate in and vote at the Scheme Meeting live.

To vote in person, AEG Shareholders must RSVP and attend the Scheme Meeting on the date and at the place set out above.

AEG Shareholders who wish to vote at the Scheme Meeting using the online platform will have the opportunity to lodge a vote on the Scheme Resolution at the Scheme Meeting.

More information about how to use the online platform for voting is provided in the Online Meeting Guide which is available at www.aepfund.com.au. If you intend to use the online platform to submit a vote during the Scheme Meeting, we suggest that you check that the online platform works on your device well in advance of the Scheme Meeting.

If AEG Shareholders attend the Scheme Meeting (in person or virtually) and vote on the Scheme Resolution, any proxy vote previously lodged by those AEG Shareholders will be withdrawn.

(c) Voting by attorney

AEG Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to AEG for notation, deliver to AEG the original instrument appointing the attorney by no later than 11.00am (Sydney time) on 13 September 2022 (or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by an AEG Shareholder will, as between AEG and that AEG Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant AEG Shareholder is lodged with AEG.

(d) **Voting by corporate representative**

To vote by corporate representative at the Scheme Meeting, a corporate AEG Shareholder or proxy should obtain an appointment of corporate representative form from AEG and complete and sign the form in accordance with the instructions on it.

The appointment of corporate representative form must then be lodged with the AEG Registry on or prior to the date of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

The Chair of the Scheme Meeting may permit a person claiming to be a representative to exercise the appointing body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

4.6. UNDIRECTED PROXIES

The Chair of the Scheme Meeting will act as your proxy if the Proxy Form is returned to the AEG Registry without naming a proxy or proxies.

Undirected proxies held by the Chair, the company secretary or any AEG Director, will be voted in favour of the Scheme.

4.7. FURTHER INFORMATION

If you have any questions in relation to the Scheme or the Scheme Meeting, including the number of AEG Shares you hold or how to vote, you can call the Shareholder Information Line on weekdays between 9.00am and 5.00pm (Sydney time) on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

5. INFORMATION ON AEG

5.1. OVERVIEW

AEG is an ASX listed investment company formed on 2 October 2015 and admitted to the official list of the ASX in December 2015.

The AEG Portfolio is managed by Bennelong Long Short Equity Management Pty Ltd (ABN 63 118 724 173) (**AEG Investment Manager**).

5.2. INVESTMENT OBJECTIVES AND STRATEGY

(a) Investment Objective

AEG's investment objective is to maximise total shareholder return with a combination of capital growth and income, with the aim of allowing fully franked dividends to be paid to AEG Shareholders provided AEG has sufficient profit reserves and franking credits available and it is within prudent business practice to do so.

(b) AEG Investment Strategy

The AEG Investment Strategy aims to limit market risk by seeking to maintain a cash neutral position through the construction of a long/short portfolio predominantly comprised of a series of Pair Trades, being Long and Short Positions that share a statistical correlation or have a 'common sense' relationship.

The funds generated from the sale of Short Positions are used to purchase correlated Long Positions. As a result, Pair Trades will usually (but not always) be of equal size in terms of purchase price. Pair Trades expose AEG to the relative performance difference between the Short Position and Long Positions within each Pair Trade. This exposure is aimed at reducing the broader equity market risk that is traditionally associated with investments in ASX listed securities.

The AEG Portfolio will usually comprise 50 to 80 securities, including 25 to 40 Pair Trades and cash on deposit. AEG's permitted investments include a wide range of Australian listed securities (including securities that are dual listed on a foreign stock exchange), cash and exchange traded derivatives.

To manage risks, the AEG Investment Strategy limits exposures within the AEG Portfolio as follows:

- exposure to international securities (and dual listed securities) is capped at 10.0% of the gross asset value of the AEG Portfolio;
- investments in entities with a small capitalisation is capped at 20.0% of the gross asset value of the AEG Portfolio (at the time of purchase);
- uncorrelated Pairs⁹ and uncovered positions¹⁰ are capped at 40.0% of the gross asset value of the AEG Portfolio; and
- investments in a single corporate group are capped at 10.0% of net asset value of the AEG Portfolio (at the time of initial purchase).

⁹ I.e., Long and Short Positions that do not have a relevant statistical correlation or do not have a 'common sense' relationship.

¹⁰ I.e., Long Positions that are not offset by Short Positions and Short Positions that are not offset by Long Positions.

Further, the AEG Portfolio must also comply with the leverage and derivative policies detailed below.

(c) Investment process

The AEG Investment Manager uses its proprietary qualitative and quantitative processes to identify potential Long and Short Positions within industry groupings, and seeks to execute trades when positions deviate from the assessed fair value.

(d) Leverage and Short Positions

Debt is not used to increase the scale of the AEG Portfolio. However, the AEG Investment Manager does use Short Positions to create leverage. Short Positions are used in the AEG Investment Strategy to benefit from falling securities prices. Leverage created Short Positions can magnify gains in the AEG Portfolio, but can also magnify losses.

With a view to managing these risks, the AEG Investment Manager actively monitors leverage and the AEG Investment Strategy includes limits on leverage.

The AEG Investment Strategy permits leverage of up to 5 times the net asset value of the AEG Portfolio. Where net exposure is zero, the AEG Investment Manager is able to apply up to 2.5 times leverage on the Short Positions, and up to 2.5 times leverage on Long Positions, within the AEG Portfolio at any given time.

This means that, assuming the maximum leverage for the AEG Portfolio, then a 1.0% increase in the return on assets within the AEG Portfolio will result in a 5.0% return on the AEG Portfolio and minus 1.0% decrease in the return on assets within the AEG Portfolio will result in a 5.0% decrease in returns to the AEG Portfolio (ignoring transaction costs).

(e) Derivatives Policy

Derivatives are securities whose value depends on the performance of an underlying asset. Over the counter derivatives are not used in the AEG Investment Strategy. Exchange traded derivatives (such as futures, options, swaps, forward contracts) may be used to hedge overall market risk at the AEG Portfolio level or to manage individual stock risk.

To manage this risk, derivative counterparties must be Australian banks or reputable institutions approved by the AEG Investment Manager and the AEG Investment Strategy limits the net effective exposure of derivatives to 100% of net asset value of the AEG Portfolio.

5.3. AEG PORTFOLIO

(a) Snapshot of as at 31 May 2022

A snapshot of long and short exposures and leverage within the AEG Portfolio as at 31 May 2022 is shown below:

Portfolio Snapshot	
Long exposure <i>Value of Long Positions expressed as a % of the net asset value of the AEG Portfolio</i>	50.7%
Short exposure <i>Value of Short Positions expressed as a % of the net asset value of the AEG Portfolio</i>	-49.3%
Net market exposure <i>The difference expressed as a % between Long Positions and Short Positions within the AEG Portfolio</i>	1.4%
Gross market exposure <i>The absolute value of investments with the AEG Portfolio</i>	\$340,785,200

Portfolio Snapshot	
Leverage factor <i>Leverage expressed as a multiple of the AEG Portfolio's net asset value</i>	4.3

(b) **AEG Portfolio Performance**

The below table sets out the pre-tax net monthly returns of the AEG Portfolio, assuming reinvestment of all dividends, from inception to 31 May 2022. The table is unaudited and intended to illustrate the performance of the AEG Portfolio minus corporate expenses.

5.4. BOARD AND MANAGEMENT TERMS

(a) **AEG Directors**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.23%	-10.55%	-1.23%	-0.45%	-0.19%								-17.68%
2021	-0.22%	-10.12%	-6.13%	5.33%	0.13%	10.08%	1.30%	1.09%	-7.70%	2.78%	-1.31%	1.25%	-5.12%
2020	6.68%	1.23%	-4.44%	1.21%	0.34%	4.31%	4.80%	8.83%	-3.32%	-0.67%	-3.05%	-3.01%	12.60%
2019	-3.51%	-0.84%	-0.90%	0.52%	-2.53%	3.04%	6.99%	-2.29%	0.56%	8.50%	2.88%	2.31%	14.94%
2018	1.27%	-0.15%	0.76%	1.98%	4.75%	0.08%	-3.67	10.22%	-3.87%	-6.90%	-3.16%	2.05%	2.29%
2017	4.91%	2.06%	0.17%	5.83%	2.80%	1.15%	-1.28%	-6.62%	3.61%	5.26%	-1.58%	2.93%	20.19%
2016	-0.23%	2.28%	-7.20%	-2.89%	8.53%	-0.92%	1.38%	-5.90%	-1.06%	-1.73%	-2.32%	-3.31%	-13.39%
2015	-	-	-	-	-	-	-	-	-	-	-	2.25%	2.25%

The AEG Directors, as at the date of this Scheme Booklet are set out below. The interests of the AEG Directors in the Scheme are disclosed at Section 10 of this Scheme Booklet.

Mr Marc Fisher Chair and managing director	<p>Marc Fisher's career in financial markets began in 1997. Marc previously worked for FRM in Hong Kong (now Man Group PLC's multi-manager business) where he was a Management Committee member and Chairman of their Asia Pacific business excluding Japan and Korea. Additionally, Marc ran FRM's Private Client product range and served as Product Head for their Managed Futures fund.</p> <p>Previously, Marc was a Managing Director at Citigroup in London, where he founded and managed a global fund-linked product development and marketing business. Prior to Citigroup, Marc started his career at Deutsche Bank in London, where he held a number of trading, marketing and product development positions with an emphasis on multi asset class derivatives.</p> <p>He holds a Bachelor of Veterinary Medicine (BVSc) (Hons) degree from Bristol University.</p>
Mr David William (Will) Harrison Non-Executive Director	<p>Will is a lawyer with more than 20 years' experience in London, Hong Kong and Australia advising clients in relation to regulatory and dispute resolution matters. He commenced his career at law firm Clifford Chance in London, before moving with the firm to Hong Kong.</p> <p>Will became a partner at DLA Piper in Hong Kong in 2007 until 2014, when he moved to Perth with his family and joined Minter Ellison. In 2018, Will founded a consultancy firm advising clients across Asia Pacific on regulatory and strategic matters.</p>
Mr Daniel Liptak Non-Executive Director	<p>Daniel is an established CPA qualified leader who has held a variety of senior leadership roles and significant experience in funds management at major financial services firms including,</p>

	<p>Goldman Sachs, UBS and Deloitte which have provided him with a high awareness of the issues surrounding compliance, governance and investment strategies, as well as operating model designs, credit research and project management.</p> <p>Daniel was a Director at Deloitte Australia in Consulting Investment Wealth and Advisory. Previously he was a Principal at Henslow, an independent corporate advisory firm based in Melbourne. He has successfully started a number of financial service firms including an advisory business in conjunction with a large Swiss based fund manager.</p> <p>Daniel has a BSc from Adelaide University and BA (Accounting) from the University of SA, Graduate Diploma in Finance. In addition Daniel is CPA, Series 7 qualified.</p>
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(b) **AEG Management Agreement**

AEG appointed the AEG Investment Manager on the terms set out in the AEG Management Agreement.

Powers of the AEG Investment Manager

Subject to the investment instructions of AEG and any express restrictions set out in the AEG Management Agreement, the AEG Investment Manager has the powers of a natural person to deal with the AEG Portfolio and to do all things and execute all documents necessary for the purpose of managing the AEG Portfolio.

AEG can instruct, or vary decisions of the AEG Investment Manager

AEG can instruct the AEG Investment Manager, or vary any decision of the AEG Investment Manager, in the performance of its functions under the AEG Management Agreement. The AEG Investment Manager is required to:

- comply in all respects and within a reasonable time with any such instructions given by AEG; and
- notify AEG if it is unable to comply, in which case, AEG is entitled to terminate the AEG Management Agreement.

Management Fee

In return for the performance of its duties as investment manager of AEG, the AEG Investment Manager is entitled to be paid a management fee payable monthly in arrears equivalent to 1.50% per annum (plus GST) of the net asset value of the AEG Portfolio, before all taxes, calculated on the last business day of each calendar month (**AEG Management Fee**).

The AEG Management Fee for the year ended 30 June 2021 was \$1,776,343 (2020: \$1,763,595) (including non-recoverable portion of the input tax credit). The AEG Management Fee for the half year ended 31 December 2021 was \$832,364 (2020: \$957,813) (including non-recoverable portion of the input tax credit).

Performance Fee

The AEG Investment Manager is entitled to a performance fee of 20% (plus GST) of the amount (if any) by which the net asset value of the AEG Portfolio, before all taxes, on the last day of a Performance Calculation Period exceeds the High Watermark (**AEG Performance Fee**). Where:

- **High Watermark** means the net asset value of the AEG Portfolio, before all taxes, on the last day of the last performance calculation period in relation to which the AEG Investment Manager was entitled to be paid an AEG Performance Fee.

- **Performance Calculation Period** means the period commencing on 1 July and ending on the following 30 June or the date the AEG Management Agreement is terminated (whichever occurs first).

No AEG Performance Fee is payable in respect of a Performance Calculation Period if the closing net asset value of the AEG Portfolio, before all taxes, is below the High Watermark.

The AEG Performance Fee payable to the AEG Investment Manager for the year ended 30 June 2021 was \$150,050 (2020: \$4,535,827) (including non-recoverable portion of the input tax credit). No AEG Performance Fee was accrued for period from 1 July 2021 to 31 December 2021 (2020: \$914,956).

Term and termination

The AEG Management Agreement has an initial term of 10 years, which automatically extends for further 5 year periods unless terminated.

The AEG Management Agreement gives AEG and the AEG Investment Manager certain termination rights. In accordance with the ASX Listing Rules, after the initial term AEG can terminate the agreement on three months' notice if shareholders pass an ordinary resolution directing AEG to terminate. As at the date of the Scheme Booklet, there is approximately three years and three months remaining of the initial term.

Prior to the end of the initial term, AEG may terminate the AEG Management Agreement for cause (including if the AEG Investment Manager is unable to comply with investment instructions provided by AEG, goes into insolvency, ceases to carry on the business of an investment manager, is in material breach of its obligations or AEG believes on reasonable grounds that termination is necessary for the purposes of the AEG Board complying with its duty to act in the best interests of the AEG Shareholders).

No termination fee is payable if AEG terminates the AEG Management Agreement.

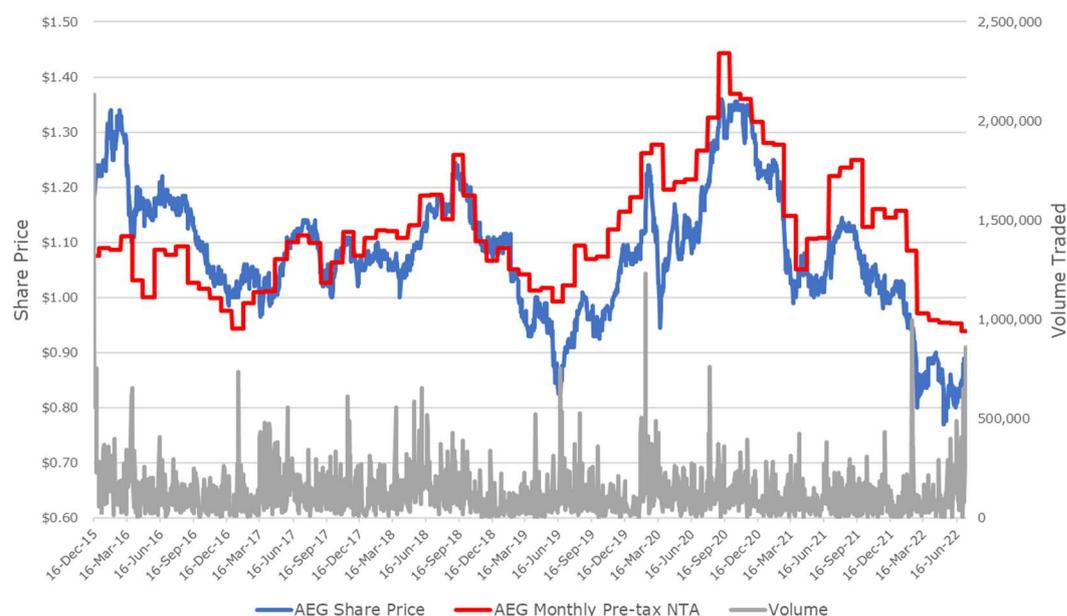
5.5. AEG'S RECENT SHARE PRICE PERFORMANCE

AEG Shares are listed on the ASX under the ASX Code 'AEG'.

The closing price for AEG Shares on ASX on 9 June 2022 (being the last date on which AEG Shares were traded prior to the Announcement Date) was \$0.835.

On the Last Practicable Date, the closing price of AEG Shares on ASX was \$0.925. During the three month period up to and including the Last Practicable Date, the highest and lowest recorded sale prices of AEG Shares on ASX were, respectively, \$0.93 on the 5th, 8th and 9th August 2022 and \$0.77 on 12 May 2022.

Set out below is the AEG Share price relative to its pre-tax NTA value since inception:



5.6. AEG CAPITAL STRUCTURE AND OWNERSHIP

(a) Issued capital

As at the date of this Scheme Booklet, there were 90,264,949 AEG Shares on issue.

AEG has no other securities on issue.

(b) Substantial holders

Based on filings released on the ASX, as at the Last Practicable Date, AEG does not have any substantial shareholders.

5.7. INTENTIONS OF THE AEG BOARD IF THE SCHEME DOES NOT PROCEED

If the Scheme is not approved by AEG Shareholders or the Court, or if any of the other Scheme Conditions are not satisfied or waived (if applicable) or if the Scheme Implementation Agreement is otherwise terminated before the Effective Date, the Scheme will not proceed. In those circumstances, AEG will continue to operate as a standalone entity, listed on ASX and AEG Shareholders would continue to be exposed to the risks of an investment in AEG, including the risks outlined Section 8.2.

If the Scheme does not proceed, the AEG Board would consider possible alternatives, which may include the continuation of AEG's operations in their current form, a restructure, capital management initiatives, or orderly winding up of AEG.

5.8. FINANCIAL OVERVIEW OF AEG

This Section sets out summary historical financial information in relation to AEG. This information has been extracted from AEG's audited financial statements for the relevant full financial years and the audit reviewed financial statements for the half year ending 31 December 2021. It does not take into account the effects of the Scheme.

You can get a copy of the complete financial information in the annual reports and half year report issued by AEG for each of these periods, available from AEG's website at www.aepfund.com.au or from the ASX website at www.asx.com.au.

(a) **Summary of historical financial information and dividend history**

The following table comprises AEG performance, dividend history and non-executive directors' remuneration:

	2022 ½ Year	FY2021	FY2020	FY2019	FY2018
Operating profit/(loss) after tax	(2,163,165)	1,440,245	23,808,096	(9,111,146)	9,478,818
Dividends paid (cents per AEG Share)	2.60	5.20	6.50	4.50	4.50
Pre-NTA per AEG Share ²	1.16	1.22	1.27	1.02	1.19
Total Directors' remuneration	47,500	95,000	95,000	95,000	95,000
Total Shareholders' Equity	103,706,587	110,036,287	113,449,089	105,901,788	119,161,322

Notes:

1. The above information has been drawn from the financial statements for AEG and associated disclosures included in AEG's annual reports for the years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 and half year report for the period ending 31 December 2021.
2. NTA is the pre-tax net tangible assets per AEG Share as at 30 June on each of the financial years identified in the above table.

(b) **Statement of Financial Position**

The historical financial position of AEG since 1 July 2019 to 31 December 2021 is set out below:

	At 31 December 2021 (\$)	At 30 June 2021 (\$)	At 30 June 2020 (\$)
ASSETS			
Current assets			
Cash and cash equivalents	96,913,877	102,100,037	118,093,156
Trade and other receivables	167,315	1,151,068	2,510,275
Financial assets at fair value through profit or loss	222,242,521	240,805,494	258,721,204
Current tax assets	-	-	-
Total current assets	319,323,713	344,056,599	379,324,635
Non-current assets			
Deferred Tax Assets	-	-	20,771,512
Total non-current assets	-	-	20,771,512
Total assets	319,323,713	344,056,599	400,096,147
LIABILITIES			
Current liabilities			
Trade and other payables	685,088	1,071,520	5,170,056

	At 31 December 2021 (\$)	At 30 June 2021 (\$)	At 30 June 2020 (\$)
Financial liabilities at fair value through profit or loss	214,082,953	230,670,165	257,538,506
Total current liabilities	214,768,041	231,741,685	262,708,562
Non-current liabilities			
Deferred tax liabilities	849,085	2,278,627	23,938,496
Total non-current liabilities	849,085	2,278,627	23,938,496
Total liabilities	215,617,126	234,020,312	286,647,058
Net assets	103,706,587	110,036,287	113,449,089
EQUITY			
Issued capital	97,768,664	99,540,708	99,604,773
Profits reserve	36,935,964	36,178,107	26,036,787
Accumulated losses	(30,998,041)	(25,682,528)	(12,192,471)
Total Equity	103,706,587	110,036,287	113,449,089

Source: The above information has been drawn from the financial statements for AEG and associated disclosures included in AEG's annual reports for the years ended 30 June 2020 and 30 June 2021 and half year report for the period ended 31 December 2021.

(c) Statement of Financial Performance

The historical financial performance of AEG between 1 July 2019 to 31 December 2021 is summarised below:

	Half-year ended 31 December	Year ended	
	2021 (\$)	2021 (\$)	2020 (\$)
Investment income from ordinary activities			
Net gains on investments	1,155,179	9,028,446	41,509,141
Dividends	2,654,497	5,564,727	6,769,469
Interest	6,061	24,472	325,261
Total investment income from ordinary activities	3,815,737	14,617,645	48,603,871
Expenses			
Management fees	(832,364)	(1,776,343)	(1,763,595)
Performance fees	-	(150,050)	(4,535,827)
Administration fees	(26,310)	(52,212)	(51,098)

	Half-year ended 31 December	Year ended	
	2021 (\$)	2021 (\$)	2020 (\$)
Prime broker fees	(2,083)	(10,301)	(9,085)
Brokerage expense	(194,971)	(515,513)	(623,838)
Short dividend expense	(5,443,206)	(9,358,247)	(11,033,489)
Legal fees	(5,236)	(209,105)	(3,427)
Interest expenses	(129,772)	(293,249)	-
Stock loan fees	(479,423)	(1,184,104)	(1,143,028)
Accounting fees	(15,400)	(89,991)	(18,843)
Share registry fees	(42,322)	(44,099)	(49,325)
Tax fees	(8,531)	(36,707)	(15,730)
Directors' fees	(47,500)	(95,000)	(95,000)
Secretarial fees	(13,838)	(33,371)	(34,257)
ASX fees	(51,933)	(56,995)	(55,752)
Audit fees	(45,167)	(74,974)	(68,344)
Other expenses	(70,388)	(85,496)	(106,874)
Total comprehensive income	(7,408,444)	(14,065,757)	(19,607,512)

Source: The above information has been drawn from the financial statements for AEG and associated disclosures included in AEG's annual reports for the years ended 30 June 2020 and 30 June 2021 and half-year report for the period ending 31 December 2021.

	Half-year ended 31 December	Year ended	
	2022	2021	2020
Profit before income tax	(3,592,707)	551,888	28,996,359
Income tax benefit/ (expense)	1,429,542	888,357	(5,188,263)
Profit for the year	(2,163,165)	1,440,245	23,808,096
Other comprehensive income, net of tax	-	-	-
Total comprehensive (loss) / profit	(2,163,165)	1,440,245	23,808,096

Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of AEG:	Half-year ended 31 December	Year ended	
	2022	2021	2020
Basic and diluted earnings per share	(2.36)	1.56	24.51

Source: The above information has been drawn from the financial statements for AEG and associated disclosures included in AEG's annual reports for the years ended 30 June 2020 and 30 June 2021 and half-year report for the period ending 31 December 2021.

(d) **Statement of Cash Flows**

AEG's historical cash flow in respect of the period from 1 July 2019 to 31 December 2021 is summarised below:

	Half-year ended 31 December	Year ended	
	2021 (\$)	2021 (\$)	2020 (\$)
Cash flows from operating activities			
Payment for investments	(85,737,969)	(244,076,069)	(245,648,794)
Proceeds from sale of investments	89,350,531	244,665,900	291,523,567
Interest received	5,734	25,794	399,208
Dividends received	3,082,578	6,316,173	6,504,973
Dividends paid on short stocks	(5,798,976)	(8,950,656)	(11,223,116)
Interest paid	(129,627)	(271,887)	(18,843)
Management fees paid	(842,534)	(1,783,816)	(1,745,062)
Performance fees paid	-	(4,535,827)	-
Payments for other expenses	(949,362)	(2,529,684)	(2,222,043)
Net cash (outflow)/inflow from operating activities	(1,019,625)	(11,140,072)	37,569,890
Cash flows from financing activities			
Dividends paid	(2,394,491)	(4,788,982)	(6,340,460)
Shares bought back	(1,772,044)	(64,065)	(9,920,334)
Net cash outflow from financing activities	(4,166,535)	(4,853,047)	(16,260,794)
Net (decrease) / increase in cash and cash equivalents	(5,186,160)	(15,993,119)	21,309,096
Cash and cash equivalents at the beginning of the year	102,100,037	118,093,156	96,796,138
Effect of exchange rate changes on cash and cash equivalents	-	-	(12,078)
Cash and cash equivalents at end of year	96,913,877	102,100,037	118,093,156

Source: The above information has been drawn from the financial statements for AEG and associated disclosures included in AEG's Annual Reports for the years ended 30 June 2020 and 30 June 2021 and the half-year for the period ending 31 December 2021.

5.9. MATERIAL CHANGES IN THE FINANCIAL POSITION

(a) Net Tangible Assets

AEG's financial position as reflected by its net assets is subject to market movements in the value of securities within the AEG Portfolio, among other things.

As at 31 May 2022, AEG's unaudited net tangible assets (post tax) were \$90,357,630 (\$103,706,587 at 31 December 2021 and \$89,432,455 at 30 June 2022).

AEG provides weekly and monthly updates to the ASX with respect to NTA movements.

As at Last Practicable Date, the most recently announced unaudited NTA, being the NTA as at 31 July 2022 was \$0.998 after tax (\$1.15 at 31 December 2021) and \$0.949 before tax (\$1.16 at 31 December 2021).

(b) AEG's Deferred Tax Assets

As at 31 May 2022, the unaudited deferred tax asset recognised by AEG was \$4,335,110 (\$0 at 31 December 2021).

This deferred tax asset is comprised mainly of income tax losses incurred in prior financial years. Provided AEG meets the relevant tax loss recoupment test, these income tax losses may be carried forward to later income tax years and recouped against future taxable income. The value of the deferred tax asset is contingent on future profits being available, against which the prior year's income tax losses may be recouped.

Post implementation of the Scheme, it is expected AEG's prior year income tax losses will not be available for recoupment given the likely and expected failure of the loss recoupment tests under the Australian income tax law. In these circumstances, the associated deferred tax assets on these tax losses have been de-recognised in AEG's financial accounts.

(c) Transaction related costs

AEG has incurred significant costs in responding to WAM Leaders' proposal to acquire AEG Shares and negotiating that proposal to the point that it is capable of being submitted to AEG Shareholders as the Scheme for their consideration.

Transaction related costs include costs associated with negotiating the Scheme Implementation Agreement, retaining professional advisers (including financial, legal and tax advisers), facilitating WAM Leaders' access to due diligence, engaging the Independent Expert, considering regulatory matters, preparing this Scheme Booklet as well as regulatory filing fees and other expenses.

Transaction related costs including are expected to total approximately \$570,000 (excluding GST).

If the Scheme is implemented, transaction related costs incurred prior to the Calculation Date together with accrued management and performance fees, D&O Run-off Insurance costs (estimated at \$0.004 per AEG Share) and pro forma selling costs for all portfolio positions held at on the Calculation Date (estimated at \$0.01 per AEG Share) will be factored into the AEG's pre-tax NTA calculations used to determine the Scheme Consideration (see Section 3.2 and the worked example in Section 1.2(a) for details).

AEG will incur the majority of these costs irrespective of whether the Scheme is approved and implemented.

5.10. FURTHER INFORMATION

AEG is subject to regular reporting and disclosure obligations under the ASX Listing Rules and as a 'disclosing entity' under the Corporations Act. These require AEG to announce information that would have a material effect on the price of AEG Shares as soon as it becomes aware of that information, subject to exceptions for certain confidential information.

AEG' recent announcements are available from the ASX website www.asx.com.au. AEG will continue to make public announcements as required on these websites after the date of this Scheme Booklet.

AEG is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from the AEG Directors and an audit or review report. AEG also lodges quarterly activity reports with ASX.

Copies of these and other documents lodged with ASIC and ASX may be obtained from or inspected at an ASIC office and are accessible from the ASX website www.asx.com.au. Copies of these documents will also be made available free of charge on a request in writing at any time before the Scheme Meeting to the AEG Registry.

6. INFORMATION ON WAM LEADERS

The information contained in this Section 6 has been prepared by WAM Leaders. AEG and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1. OVERVIEW OF WAM LEADERS

(a) Investment Objectives and Strategy

WAM Leaders Limited, one of Australia's leading LICs, is managed by the WAM Leaders Investment Manager. Listed in May 2016, WAM Leaders provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WAM Leaders' investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

No material changes to the investment strategy are presently contemplated. Any material changes would be made with the approval of the WAM Leaders Board, after consultation with the WAM Leaders Investment Manager. WAM Leaders will notify its shareholders of any material changes to its investment strategy through the ASX and on the WAM Leaders website.

(b) Objectives and Investment Process

The investment objectives of WAM Leaders are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth over the medium-to-long term; and
- preserve capital.

The above is not intended to be a forecast. It is merely the investment objectives of WAM Leaders. WAM Leaders may not be successful in meeting these objectives.

WAM Leaders' active investment approach focuses on large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WAM Leaders provides investors with access to the WAM Leaders Investment Manager's two distinctive investment processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of market mispricing opportunities.

Research-driven investing

The research-driven investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.

The research-driven investment process seeks to provide investors with exposure to undervalued growth companies. The research-driven investment process is also centred on extensive company research, including meeting with senior executives of the potential investee companies.

The WAM Leaders Investment Manager will only invest in a security identified by its research-driven investment process if it can identify a catalyst that, in the WAM Leaders Investment Manager's view, has not yet been factored into the value of that security and is likely to change

the market's valuation of that security (**Catalyst**). A Catalyst can be information or news about the equity investment that the WAM Leaders Investment Manager believes will have an impact on the valuation of the investment.

The WAM Leaders Investment Manager will assess the potential effect and likelihood of a Catalyst impacting an entity, including whether the Catalyst could drive that entity's share price up or down. Potential Catalysts include:

- events, for example, earnings surprises, management changes, acquisitions or strategy updates; and
- liquidity events, for example, as a result of a share issue or sell down by an existing holder.

An example of a research-driven investment opportunity is an investment in a company experiencing increased demand for its goods or services, in circumstances where the WAM Leaders Investment Manager has identified shortages in supply across the market as a Catalyst that it considers has the potential to create a large growth opportunity for the company.

In this example, the research-driven investment process could generate returns if, after taking a stake in the company, the Catalyst identified by the WAM Leaders Investment Manager (i.e. the shortages in supply across the market) does in fact result in the company experiencing continued growth and multiple profit upgrades (which in turn increase its capacity to meet increased demand), leading to an increase in the company's share price.

This investment process could result in a loss if the Catalyst does not increase the share price as the WAM Leaders Investment Manager had expected. For example, the example company's share price could decrease due to regulatory change that causes a material increase to its cost of production, resulting in a profit downgrade.

Market-driven investing

The market-driven investment process takes advantage of short-term relative arbitrages and mispricing opportunities in the Australian equity market, rather than investing in any individual companies or a portfolio of companies for a prolonged period of time.

Investment opportunities may be derived from:

- Taking part in placements, initial public offerings, block trades and rights issues.
- Trading securities based on market themes and trends. Themes or trends are used to screen and identify trading opportunities. Once an opportunity has been identified, the WAM Leaders Investment Manager will undertake detailed research into the security before taking a position. Research may include meeting with the company, sell-side analysts and industry contacts as well as modelling of the relevant company's earnings drivers, sensitivities and operating leverage.
- Participating in corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructuring). Once a corporate transaction opportunity is identified, detailed research is undertaken to assess the terms and conditions of the announced transaction and the liquidity of the underlying securities, to determine if the corporate transaction presents a favourable risk/reward opportunity. By way of example, company B (**Bidder**) announces an intention to make a takeover offer (**Offer**) of company T (**Target**). The WAM Leaders Investment Manager, following detailed research, forms the view that the proposed Offer is likely to cause the Target's share price to increase and the Bidder's share price to decrease. To take advantage of the transaction in this example, the WAM Leaders Investment Manager could buy the Target's securities and short sell the Bidder's securities.
- Taking advantage of other corporate transactions to identify arbitrage opportunities. This may include participation in share buy-backs. For example, if a company

announces an off-market share buy-back and the company's share price is trading below the price announced in the buy-back this could generate an arbitrage opportunity. The WAM Leaders Investment Manager would make a return by buying shares below the buy-back price and then subsequently selling those shares into the buy-back at a higher price than they were purchased for.

- Taking advantage of arbitrage opportunities involving hybrid securities including preference shares and convertible notes. For example, the WAM Leaders Investment Manager may purchase hybrid securities that are approaching their conversion or repayment date. This strategy is utilised if the WAM Leaders Investment Manager believes there is a high probability that the securities will be repaid or converted in accordance with their terms and at a premium to the market price at the time of purchase.
- Participating in hybrid issues and convertible notes issues. For example, WAM Leaders Investment Manager may participate in new issues of hybrids or convertible notes if WAM Leaders Investment Manager believes the relevant securities are mispriced and could lead to a profit upon listing, or if the yield on the securities more than compensates for the risk involved in investing in the securities.
- Short selling. For example, the WAM Leaders Investment Manager may participate in short selling if the WAM Leaders Investment Manager believes a security is mispriced and there is likely to be decline in the company's share price. This strategy would normally be applied with analysis undertaken around a market theme or trend as detailed above.

Once an investment opportunity has been identified, the WAM Leaders Investment Manager undertakes a detailed assessment in order to identify any perceived mispricing in the relevant securities. The WAM Leaders Investment Manager will then analyse risk and return potential and liquidity. Similar to its research-driven investment process, Wilson Asset Management will, in most cases, seek to identify a Catalyst before investing in a security identified by its market-driven investment process.

An example of a market-driven investment opportunity is an investment in a company through a share placement to sophisticated and professional investors undertaken at a discount to the prevailing share price. In this example the placement is not available to retail investors and would allow WAM Leaders to purchase shares at a discount to where they are currently trading in the market.

The WAM Leaders Investment Manager may become aware of opportunities, like the placement example, through its relationship with stockbrokers. It will then undertake a detailed analysis of the relevant company and the proposed placement terms, including assessing the amount of capital being raised compared to the free float, the size of the discount to the current share price, the use of funds and the liquidity of the underlying security.

In this example, the market-driven investment process could generate returns if after the placement shares are allotted, the WAM Leaders Investment Manager sells them at a higher price than what they were purchased at under the placement. The example investment would result in a loss if, after the allotment of the placement shares, the company's share price falls, and stays below, the price at which the shares were purchased in the placement.

An example of themes or trends that could be used in the market-driven investment process are companies benefiting from increasing demand from overseas buyers for infant formula, vitamins and cosmetics, companies benefiting from a falling Australian dollar, or companies that may benefit from changes to media regulation. In these examples if the theme or trend continued it would have the potential to lead to increases in company revenues or reduction in cost base leading to profit upgrades, increased sell-side coverage and interest in the stock or sector or increased demand from other investors leading to share price appreciation.

In this example, the market-driven investment process could generate returns if, after taking a stake in the company, the theme identified continued to play out leading to the share price

increasing for the reasons specified above. The investment would result in a loss if the market theme or trend stopped occurring, i.e. demand from overseas buyers for infant formula, vitamins and cosmetics decreased, the Australian dollar stopped falling and started appreciating or changes to media regulation were delayed or cancelled.

(c) **Investment philosophy**

The investment philosophy of WAM Leaders follows these broad principles:

- **Focus on the S&P/ASX 200 Index:** The universe of potential investments for WAM Leaders is focused on large-cap companies included in the S&P/ASX 200 Index, however it may invest in all securities quoted on the ASX or other exchanges, hold cash, and invest in other permitted investments. Notwithstanding the broad universe of permitted investments, WAM Leaders portfolio is predominantly comprised of long positions in large-cap companies included in the S&P/ASX 200 Index and cash.
- **Preference for undervalued companies:** WAM Leaders' active investment approach focuses on large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a Catalyst. WAM Leaders' preference is to invest in entities where the securities are trading below WAM Leaders Investment Manager's valuation and are the subject of a Catalyst that, in Wilson Asset Management's view, has not yet been factored into the value of the entity and is likely to change the market's valuation of that entity over time.
- **Portfolio based and index unaware investing:** WAM Leaders' priority is to undertake investments on a portfolio basis. The WAM Leaders Investment Manager is index and benchmark unaware when selecting investments. While all investments are considered on a case-by-case basis, WAM Leaders will usually refrain from taking a majority position in investee entities. This assists WAM Leaders to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. WAM Leaders seeks to manage investment risk by spreading investments over a range of companies and industry sectors.
- **Capital preservation:** Capital preservation is a key investment objective. WAM Leaders will hold cash unless it can identify appropriate investment opportunities. This could lead to WAM Leaders holding high levels of cash in the portfolio from time-to-time. To ensure capital preservation, WAM Leaders may also hold bills of exchange or negotiable instruments from time-to-time.

(d) **Permitted Investments**

The WAM Leaders Investment Manager may invest in:

- Australian and international securities;
- bills of exchange, negotiable investments and debentures; and
- cash.

(e) **Capital management policy**

WAM Leaders may undertake active capital management initiatives that may involve:

- the issue of other WAM Leaders Shares (through bonus option issues, share purchase plans, placements, pro rata issues etc); and/or
- the buy-back of WAM Leaders Shares.

(f) **Short selling**

WAM Leaders has the ability to use short selling as a strategy to try to improve returns and to manage risk. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security.

Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase.

Short selling will also incur interest and other costs on the securities borrowed by WAM Leaders. For a short sale to be profitable, the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

With a view to managing the risks associated with short selling, the WAM Leaders investment portfolio's exposure to short positions must not exceed 50% of the value of the portfolio, without WAM Leaders Board approval. However, in line with the historical implementation of the WAM Leaders Investment Manager's strategy, the exposure to short positions within the WAM Leaders portfolio at any given time is expected to be less than 10% of the WAM Leaders investment portfolio.

The following examples illustrate how short selling may result in a loss or a profit. Both examples assume the WAM Leaders Investment Manager short sells 10,000 shares in ABC Limited (ABC Shares) at \$100 per ABC Share, and later closes the position by entering into an equal and opposite trade. It is assumed that the costs associated with the short sales in each example are also the same (i.e. borrowing costs and commissions totalling \$300 and \$250 in interest receivable).

Example 1: Potential loss

WAM Leaders short sells 10,000 shares of ABC @ \$100 and closes the position when the share price rises to \$120 by entering into an equal and opposite trade.

Trade	No of shares	Share price (\$)	Total income/(loss)
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$300)
Interest receivable			\$250
Closing buy	10,000	\$120	(\$1,200,000)
Loss			(\$200,050)

Example 2: Potential gain

WAM Leaders short sells 10,000 shares of ABC @ \$100 and closes the position when the share price falls to \$80 by entering into an equal and opposite trade.

Trade	No. of shares	Share price (\$)	Total income/(loss)
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$300)
Interest receivable			\$250
Closing buy	10,000	\$80	(\$800,000)
Gain			\$199,950

The WAM Leaders Investment Manager does not use leverage in the form of borrowings or derivatives. Short selling may also have the effect of enlarging the fluctuations in the portfolio value in a similar manner to financial leverage or use of derivatives.

(g) **Performance of WAM Leaders**

WAM Leaders' investment portfolio has returned on average 16.8% per annum over five years, outperforming the S&P/ASX All Ordinaries Accumulation Index by 8.0% per annum.

Performance at 31 May 2022	FYTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (May-16)
WAM Leaders Investment Portfolio	17.6%	19.1%	19.9%	16.8%	15.6%
S&P/ASX 200 Accumulation Index	2.5%	4.8%	7.8%	8.8%	9.2%
Outperformance	+15.1%	+14.3%	+12.1%	+8.0%	+6.4%

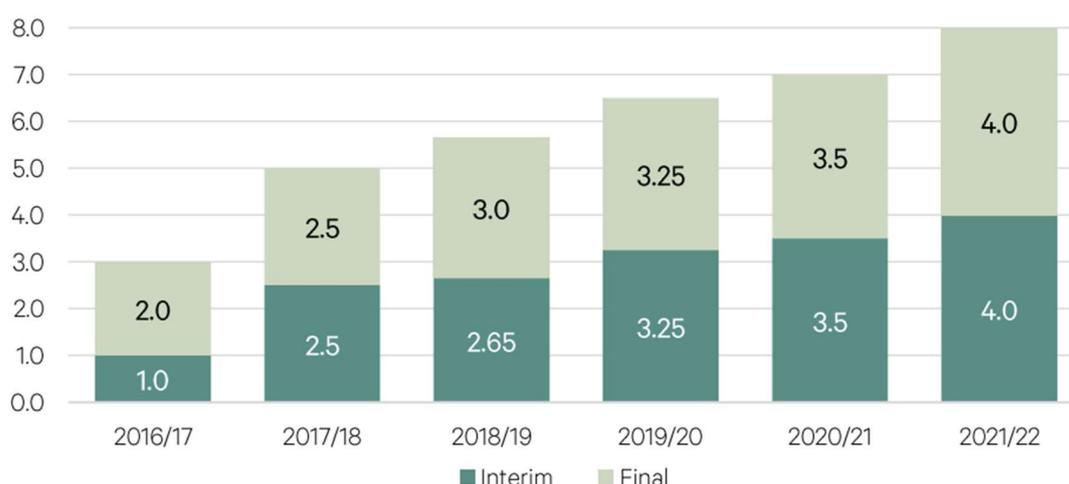
Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

(h) **Dividend Policy**

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided WAM Leaders has sufficient profits reserves and franking credits, and it is within prudent business practices to do so.

WAM Leaders' profits reserve as at 31 May 2022 is 36.3 cents per share and forms part of the NTA of WAM Leaders.

Since inception in May 2016, WAM Leaders has paid 31.15 cents per share in fully franked dividends to shareholders (not including the fully franked final dividend that was announced on 3 August 2022).



WAM Leaders' ability to generate franking credits is dependent primarily upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies. This is not intended to be a forecast, it is merely an objective of WAM Leaders. WAM Leaders may not be successful in meeting this objective in the future.

(i) **Directors**

Geoff Wilson AO

Chairman – non independent (since March 2016)

Experience and expertise

Geoff Wilson has over 42 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (**AICD**).

Other directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investment Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wollongong 2021 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Ltd and MAM Pty Limited.

Kate Thorley

Director – non independent (since March 2016)

Experience and expertise

Kate Thorley has over 17 years' experience in the funds management industry and more than 23 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Ltd, Director of WAM Capital Limited, WAM Active Limited, WAM Research Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (**GAICD**).

Other directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

<p>Melinda Snowden</p> <p>Director – independent (since March 2016)</p>	<p>Experience and expertise</p> <p>Melinda Snowden's qualifications and accreditations include: Bachelor of Economics and Bachelor of Laws, Graduate Diploma in Applied Finance and Investment, Graduate member of the AICD (GAICD) and Fellow of FINSIA. Melinda has 28 years' experience in financial markets and was an investment banker with Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York. Melinda is a former non-executive director of Sandon Capital Investments Limited, Mercantile Investment Company Limited, Our Ark Mutual Limited, Mercer Investments (Australia) Limited, MLC Limited, Vita Group Limited, Kennards Self Storage Pty Limited and SANE Australia.</p> <p>Other directorships</p> <p>Melinda Snowden is a non-executive director of Newmark REIT Management Limited (appointed March 2021), Megaport Limited (appointed June 2021) and Best & Less Group Holdings Limited (appointed June 2021). She is an advisory board member of Yarno and a member of the Audit and Risk Committees of Rookwood General, Southern Metropolitan and Northern Metropolitan Cemeteries.</p>
<p>Ross Finley</p> <p>Director – independent (since April 2019)</p>	<p>Experience and expertise</p> <p>Ross Finley has over 43 years' experience in the Australian financial markets with a focus of Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996, as an Executive Vice President of the funds management division from 1984, and as a member of the Asset Allocation Committee with prime responsibility for Australian Equities and Property within the wholesale investment area.</p> <p>Other directorships</p> <p>Ross Finley is a director of Century Australia Investments Pty Limited.</p>
<p>Lindsay Mann</p> <p>Director – independent (since March 2016)</p>	<p>Experience and expertise</p> <p>Lindsay Mann has more than 48 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that, Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD (GAICD).</p> <p>Other directorships</p> <p>Lindsay Mann is an independent non-executive director and Chair of Uniting Ethical Investors Limited (appointed September 2014), an independent Director of WAM Capital Limited (appointed December 2012), Wealth Defender Equities Pty Limited (appointed October 2018) and Century Australia Investments Pty Limited (appointed March 2019).</p>

(j) **Interests of WAM Leaders Board in WAM Leaders**

As at the Last Practicable Date, WAM Leaders' directors and their Associates hold the following Relevant Interests in WAM Leaders:

Directors	Ordinary Shares
Geoff Wilson AO	12,561,332
Ross Finley	75,060

Directors	Ordinary Shares
Lindsay Mann	242,000
Melinda Snowden	17,040
Kate Thorley	298,292

(k) **WAM Leaders Investment Manager**

Established in 1997 by Geoff Wilson AO, the Wilson Asset Management Group is an independently owned investment manager and LIC specialist based in Sydney, Australia. The WAM Leaders Investment Manager was established in 2002 and forms part of Wilson Asset Management. Wilson Asset Management has a strong track record of delivering risk-adjusted returns for shareholders and making a difference for investors and the community for more than 20 years. The Wilson Asset Management Group is responsible for investing almost \$5 billion in Australian and international companies and alternative assets on behalf of over 130,000 retail investors across eight LICs: WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Strategic Value Limited, WAM Alternative Assets Limited, WAM Research Limited and WAM Active Limited.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. These philanthropic investments are made by the WAM Leaders Investment Manager.

Entities associated with Geoff Wilson hold 100% of the shares on issue in the WAM Leaders Investment Manager. Kate Thorley is the Chief Executive Officer and indirect owner of non-voting preference shares in Wilson Asset Management.

Wilson Asset Management employs over 50 staff and is led by WAM Leader's Chairman and Chief Investment Officer Geoff Wilson and Chief Executive Officer Kate Thorley. The investment team is comprised of 15 experienced investment professionals to manage their respective portfolios. The investment team is supported by high-performing professionals who work across the corporate affairs, finance, and operations teams tasked with delivering shareholders transparency, insights and experiences. Their work adds discipline, depth and reach to Wilson Asset Management's core business and supports the investment strategy and the market-driven investment process of WAM Leaders.

WAM Leaders' lead portfolio manager is Matthew Haupt. Matthew joined Wilson Asset Management in 2011 and is a portfolio manager focused on the research-driven investment process. Matthew has more than 20 years' experience in the investment industry working both as a portfolio manager and analyst. He gained extensive large-cap experience in his previous role with Australian Executor Trustees (now part of IOOF). Matthew holds a Bachelor of Commerce from the University of Adelaide, a Graduate Diploma in Applied Finance and Investment, and has been awarded the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.

The WAM Leaders Investment Manager manages the WAM Leaders portfolio in accordance with the WAM Leaders Investment Management Agreement. The WAM Leaders Investment Manager:

- implements the investment strategy, including actively managing the WAM Leaders portfolio;
- manages the WAM Leaders portfolio's exposure to markets;

- calculates the value of the WAM Leaders portfolio daily;
- regularly updates WAM Leaders regarding its portfolio and provides all information necessary for the maintenance of WAM Leaders' financial accounts to be completed; and
- provides administrative support to assist and ensure the maintenance of WAM Leaders' corporate and statutory records, compliance with the ASX Listing Rules and the Corporations Act.

(l) **WAM Leaders Investment Management Agreement**

Set out below is a summary of the terms of the investment management agreement between WAM Leaders and the WAM Leaders Investment Manager.

Powers of the WAM Leaders Investment Manager

Subject to the Corporations Act, the ASX Listing Rules and any written guidelines issued by WAM Leaders from time-to-time, the WAM Leaders Investment Manager has the powers necessary to, on behalf of WAM Leaders, invest money constituted in or available to the WAM Leaders portfolio, and make, hold, realise and dispose of investments within the WAM Leaders portfolio. Any investment outside the written guidelines of the WAM Leaders Board requires WAM Leaders Board approval.

Subject to an obligation to liquidate the WAM Leaders portfolio to meet WAM Leaders' operating costs, dividend payments, capital returns, buy-backs or other distributions, the WAM Leaders Investment Manager has absolute and unfettered discretion to manage the WAM Leaders portfolio and to do all things considered necessary or desirable in relation to the WAM Leaders portfolio, including, without limitation:

- investigation, negotiation, acquisition, or disposal of every investment;
 - to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments;
 - if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies;
 - retain or sell any shares, debentures or other property received by WAM Leaders by way of bonus, or in satisfaction of a dividend in respect of any investments or from the amalgamation or reconstruction of any entity; and
- (i) to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

Valuations

The WAM Leaders Investment Manager must arrange for calculation of the value of the WAM Leaders portfolio at least monthly or at such more frequent times as may be agreed between the WAM Leaders Investment Manager and WAM Leaders. All costs incurred by the WAM Leaders Investment Manager in arranging this calculation are to be paid by WAM Leaders.

Management Fee

In return for the performance of its duties the WAM Leaders Investment Manager is entitled to be paid a monthly management fee equal to 0.0833334% per month or 1% per annum (plus

GST) of the value of the WAM Leaders portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears) (**Management Fee**).

As a worked example, assuming the Value of the Portfolio is \$1,550,000,000 at 1 July 2022, and nil performance on the Portfolio each month, the management fee payable on the portfolio for the 12-month period from 1 July 2022 to 30 June 2023 would be approximately \$15,550,000 (plus GST) or 1% of the Value of the Portfolio for the period.

Management fees would increase if the value of the WAM Leaders portfolio increases, and decrease if the value of the WAM Leaders portfolio decreases, over the month.

Performance Fee

The WAM Leaders Investment Manager is entitled to be paid by WAM Leaders a fee (performance fee) equal to 20% (plus GST) of the base amount (BA). Except as set out below and subject to the recoupment of prior underperformance, BA for a Performance Calculation Period is calculated in accordance with the following formula:

$$BA = (FV - IV) - \left[IV \times \frac{(FI - II)}{II} \right]$$

Where:

BA is the base amount to be used in calculating the performance fee outlined above;

FV is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the relevant Performance Calculation Period;

IV is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the preceding Performance Calculation Period;

FI is the level of the S&P/ASX 200 Accumulation Index published by the ASX on the last Business Day of that Performance Calculation Period; and

II is the level of the S&P/ASX 200 Accumulation Index published by the ASX on the last Business Day of the preceding Performance Calculation Period.

The **Performance Calculation Period** is the 12 month period ending on 30 June each year.

The **Value of the Portfolio** is the gross assets of WAM Leaders from time to time.

If the amount calculated for BA above is a negative number, no performance fee is payable in respect of that Performance Calculation Period.

Where the amount calculated is a negative, it is to be carried forward to the following Performance Calculation Period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

In calculating the performance fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of securities, capital reductions, share buy-backs, payment of tax and dividend distributions by WAM Leaders will be disregarded or adjusted for that Performance Calculation Period in a manner determined by WAM Leaders' auditor at the conclusion of that Performance Calculation Period.

For the purpose of this calculation, the Value of the Portfolio is defined in the WAM Leaders Investment Management Agreement as the aggregate sum of the gross value of each

investment less any liability directly or indirectly attributable to the acquisition, maintenance or disposal of any investment or the management and administration of the WAM Leaders portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage, stamp duty, borrowings or other liabilities).

For the year ended 30 June 2021, a performance fee of \$16,056,505 inclusive of GST was payable to the WAM Leaders Investment Manager (2020: \$15,848,610 inclusive of GST). As at 31 December 2021, a performance fee of \$16,009,817 inclusive of GST was accrued.

Expenses

WAM Leaders is liable for and must pay out of the WAM Leaders portfolio or reimburse the WAM Leaders Investment Manager for the following fees, costs and expenses approved by the WAM Leaders Board provided they were properly incurred in connection with the investment and management of the WAM Leaders portfolio or the acquisition, disposal or maintenance of any investment:

- fees payable to any securities exchange, ASIC or other regulatory body;
- all costs, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by WAM Leaders or the WAM Leaders Investment Manager in connection with:
 - the acquisition and negotiation of any investment or proposed investment;
 - any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - the receipt of income or other entitlements from the investments of the WAM Leaders portfolio;
 - the engagement of a custodian to hold an investment on behalf of WAM Leaders;
 - outgoings in relation to the WAM Leaders portfolio such as rates, levies, duties, taxes and insurance premiums; and
 - marketing expenses including website and research reports.

Notwithstanding the above, the WAM Leaders Investment Manager is solely responsible for payment of the fees of any investment manager engaged by the WAM Leaders Investment Manager to assist it in undertaking its duties under the WAM Leaders Investment Management Agreement.

Assignment

The WAM Leaders Investment Manager may assign the WAM Leaders Investment Management Agreement to a third party with the prior consent in writing of WAM Leaders, which must not be unreasonably withheld or delayed.

Term of WAM Leaders Investment Management Agreement

The WAM Leaders Investment Management Agreement had an initial term of 10 years, with automatic five-year extensions, unless terminated earlier in accordance with the WAM Leaders Investment Management Agreement.

Termination and termination fee under WAM Leaders Investment Management Agreement

The WAM Leaders Investment Management Agreement gives WAM Leaders certain termination rights including the right to immediately terminate if the WAM Leaders Investment Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach.

WAM Leaders may also terminate the WAM Leaders Investment Management Agreement following the initial term:

- by giving the WAM Leaders Investment Manager six months' prior written notice; or
- on three months' notice if shareholders pass an ordinary resolution directing WAM Leaders to terminate the WAM Leaders Investment Manager's appointment

If the WAM Leaders Investment Management Agreement is so terminated, WAM Leaders must pay to the WAM Leaders Investment Manager a fee equal to the aggregate fees (including the Management Fee and performance fee described above) paid to the WAM Leaders Investment Manager in respect of the 12 month period up to the date of termination.

The WAM Leaders Investment Manager may terminate the WAM Leaders Investment Management Agreement at any time after the initial term by giving WAM Leaders at least six months' written notice. No fee is payable upon such a termination.

Removal of WAM Leaders Investment Manager

WAM Leaders may remove the WAM Leaders Investment Manager by not less than six months' notice on the occurrence of any one of the following events:

- the WAM Leaders Investment Manager persistently fails to ensure that investments made on behalf of WAM Leaders are consistent with the investment strategy applicable at the time the investment is made;
- the WAM Leaders Investment Manager is in default or breach of its obligations under the WAM Leaders Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after WAM Leaders has notified the WAM Leaders Investment Manager in writing to rectify the default or breach; or
- the WAM Leaders Investment Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

If the WAM Leaders Investment Manager is so removed, the WAM Leaders Investment Manager may appoint a replacement manager provided such appointment takes place within the six-month notice period referred to above. The WAM Leaders Investment Manager must assign all its rights, title and interest in and to the WAM Leaders Investment Management Agreement to the replacement manager provided the replacement manager:

- holds a valid and current AFSL;
- undertakes to WAM Leaders to comply with all the obligations imposed on the WAM Leaders Investment Manager under the WAM Leaders Investment Management Agreement; and
- if appointed as a result of a breach by the WAM Leaders Investment Manager, rectifies the breach or default within the 30 day notice period.

The effect of this assignment is the novation of the WAM Leaders Investment Management Agreement for the benefit of the replacement manager and WAM Leaders is deemed to have consented to that assignment.

WAM Leaders may terminate the WAM Leaders Investment Management Agreement if a replacement manager has not been appointed within the six month notice period referred to above.

If the replacement manager, having been so appointed is itself removed in the circumstances outlined above:

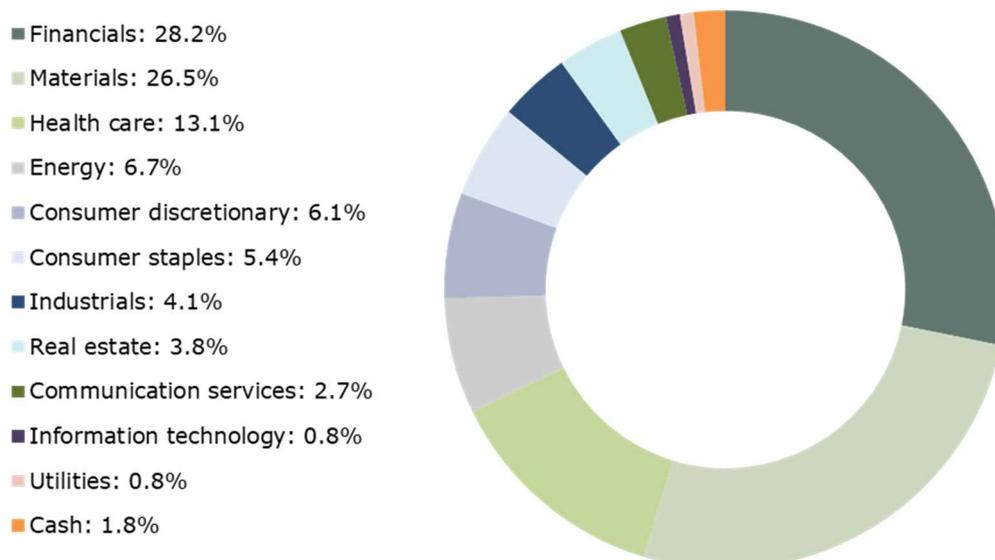
- it has no right to in turn appoint a replacement manager; and
- WAM Leaders may terminate the WAM Leaders Investment Management Agreement at the expiry of the six month notice period referred to above.

(m) **Investment portfolio as at 31 May 2022**

As at 31 May 2022, the top 20 holdings in the investment portfolio of WAM Leaders were:

No.	Code	Company	%
1	BHP	BHP Group Limited	13.0%
2	NAB	National Australia Bank Limited	11.1%
3	CSL	CSL Limited	8.5%
4	CBA	Commonwealth Bank of Australia	6.8%
5	STO	Santos Limited	4.8%
6	IAG	Insurance Australia Group Limited	4.6%
7	RIO	Rio Tinto Limited	4.3%
8	QBE	QBE Insurance Group Limited	3.2%
9	RHC	Ramsay Health Care Limited	3.1%
10	SGR	The Star Entertainment Group Limited	2.7%
11	WOW	Woolworths Group Limited	2.5%
12	MQG	Macquarie Group Limited	1.7%
13	S32	South32 Limited	1.6%
14	GMG	Goodman Group	1.6%
15	QAN	Qantas Airways Limited	1.5%
16	WDS	Woodside Energy Group Limited	1.5%
17	SCG	Scentre Group	1.5%
18	TWE	Treasury Wine Estates Limited	1.5%
19	TLS	Telstra Corporation Limited	1.5%
20	JHX	James Hardie Industries PLC	1.4%

WAM Leaders' investment allocation by sector as at 31 May 2022 is shown below:



WAM Leaders' key portfolio metrics as at 31 May 2022 are set out in the table below:

WAM Leaders portfolio metrics	31 May 2022
Share price (\$ per share)	\$1.54
NTA before tax (cents per share)	150.03 c
NTA before unrealised tax (cents per share)	146.54 c
NTA after tax (cents per share)	145.11 c
Market capitalisation (\$ million)	\$ 1,592.4 m
Gross assets (\$ million)	\$ 1,596.1 m

(n) **Capital structure and ownership of WAM Leaders**

The WAM Leaders Shares on issue as at the Last Practicable Date are 1,034,044,884.

WAM Leaders substantial holders

As at the Last Practicable Date, WAM Leaders had no substantial shareholders.

Top 20 WAM Leaders Shareholders as at 31 May 2022

Name	Number of ordinary shares held	% of issued capital held
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,798,285	2.79%
NETWEALTH INVESTMENTS LIMITED	17,174,172	1.66%
ENTITIES ASSOCIATED WITH MR GEOFF WILSON	12,561,332	1.21%

Name	Number of ordinary shares held	% of issued capital held
AUSTRALIAN INVESTORS PTY LTD	7,607,534	0.74%
NAVIGATOR AUSTRALIA LTD	7,474,024	0.72%
BNP PARIBAS NOMINEES PTY LTD	6,809,954	0.66%
GOLD TIGER EQUITIES PTY LTD	6,100,000	0.59%
LEKK PTY LTD	5,239,500	0.51%
SYSHA PTY LTD	3,990,400	0.39%
JORLYN PTY LTD	3,801,600	0.37%
RESTHAVEN INCORPORATED	2,838,440	0.27%
FEDERATION UNIVERSITY AUSTRALIA	2,459,292	0.24%
GUWARRA PTY LTD	2,265,457	0.22%
MR ROBERT JAMES WATSON & MRS LESLA LYLE TOWNEND	2,160,283	0.21%
GREYBOX HOLDINGS PTY LTD	1,899,330	0.18%
SECURITIES & ESTATES PTY LTD	1,880,823	0.18%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,737,317	0.17%
SOUTHERN STEEL INVESTMENTS PTY LIMITED	1,721,650	0.17%
CITICORP NOMINEES PTY LIMITED	1,581,221	0.15%
LANGLAB SERVICES PTY LIMITED	1,569,355	0.15%

(o) **Valuations and reporting**

Valuation of the WAM Leaders portfolio is calculated daily (released to ASX monthly) and uses a framework for valuing financial instruments that is consistent with current industry practice and regulatory requirements. WAM Leaders' assets are valued using market accepted practices to accurately and independently price all securities and other assets within the portfolio from time to time.

Within 14 days after the end of each month, WAM Leaders releases to the ASX a statement of the NTA backing per WAM Leaders Share as at month end, calculated in accordance with the ASX Listing Rules. WAM Leaders provides to its shareholders on request, free of charge, a copy of statements released to the ASX of the net tangible asset backing of WAM Leaders Shares.

WAM Leaders and the WAM Leaders Investment Manager also release reports to the ASX on WAM Leaders' activities, the investment portfolio performance, and WAM Leaders Investment Manager's investment outlook. These reports are also available on the WAM Leaders website www.wilsonassetmanagement.com.au/lic/wam-leaders/.

(p) **Key service providers and custody**

The WAM Leaders Investment Manager is the key service provider to WAM Leaders, providing investment and administration services. WAM Leaders reviews the performance and quality of services on a quarterly basis to ensure performance standards are met and the services remain fit for purpose.

WAM Leaders delegates custody of its investments to external custodian Citigroup Pty Limited (AFSL no. 238098) in accordance with the terms of a custodial services arrangement. As a licensed custody provider, Citigroup Pty Limited must comply with all relevant requirements under the Corporations Act and ASIC Regulatory Guidance. WAM Leaders monitors Citigroup Pty Limited to ensure its ongoing compliance with the minimum standards of ASIC RG 133, and has a risk management policy in place to deal appropriately with any deficiencies that arise.

WAM Leaders retains custody of some of its assets such as cash and certain investments, where applicable.

(q) **Risk management philosophy and approach**

The WAM Leaders Investment Manager is primarily responsible for managing investment portfolio risk. The WAM Leaders Investment Manager is committed to robust corporate governance practices and has implemented risk policies and controls which are designed to be relevant to WAM Leaders' investment strategy and objectives, create value, and provide accountability and a control system commensurate with the risk involved. WAM Leaders Investment Manager continuously monitors the investment portfolio to ensure compliance with the investment strategy and investment guidelines, and fair allocation of trades between all relevant entities. This ensures, among other things, ongoing monitoring of net and gross exposure within the WAM Leaders portfolio.

WAM Leaders has adopted a corporate governance charter (available on its website) which sets out the practices to which WAM Leaders and each director is committed to. The WAM Leaders Board is committed to operating effectively and in the best interests of WAM Leaders Shareholders. The WAM Leaders Board aims to ensure that all its directors and the WAM Leaders Investment Manager act with the utmost integrity, objectivity and endeavour to enhance the reputation of WAM Leaders. The WAM Leaders Board aims to act in a manner designed to create and build sustainable value for WAM Leaders Shareholders.

(r) **Financial overview of WAM Leaders**

This Section sets out summary historical information in relation to WAM Leaders. This information has been extracted from WAM Leaders' audited financial statements for the relevant financial periods and does not take into account the effects of the Scheme.

Basis of preparation

The historical financial information in this Section has been derived from WAM Leaders' audited financial statements for years ended 30 June 2021 and 30 June 2020, which were audited by Pitcher Partners and the reviewed financial information for the half year period to 31 December 2021, which was reviewed by Pitcher Partners.

The financial information in this Section is a summary only and is prepared for the purpose of this Scheme Booklet. The historical financial information of WAM Leaders is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual financial report prepared in accordance with the Corporations Act. WAM Leaders considers that for the purpose of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to AEG Shareholders.

Further detail on WAM Leaders' financial performance can be found in:

- the Appendix 4E and financial statements for the year ended 30 June 2020 (included in the Annual Financial Report released to the ASX on 26 August 2020);
- the Appendix 4E and financial statements for the year ended 30 June 2021 (included in the Annual Financial Report released to the ASX on 26 August 2021); and
- the Appendix 4D and the interim financial statements for the half-year ended 31 December 2021 (included in the Interim Financial Report released to the ASX on 23 February 2022),

each of which can be found on the WAM Leaders website at www.wilsonassetmanagement.com.au/lic/wam-leaders/ or the ASX website (www.asx.com.au). Shareholders without internet access can obtain these reports by contacting WAM Leaders.

WAM Leaders' historical income statements

Set out below are WAM Leaders' statement of financial performance, statement of financial position and statement of cash flows for the periods ended 31 December 2021 (six month period), 30 June 2021 and 30 June 2020 (each a twelve month period).

All amounts disclosed are presented in Australian dollars and rounded to the nearest dollar, except earnings per share which is disclosed in cents.

Statement of Financial Performance	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Net realised and unrealised gains/(losses) on financial assets	99,730,487	322,282,308	(2,032,761)
Other revenue from operating activities	27,958,440	27,119,883	30,474,574
Management fees	(7,610,478)	(14,961,743)	(14,768,023)
Performance fees	(14,918,239)	(11,228,651)	(9,935,314)
Directors fees	(62,500)	(125,000)	(125,000)
Brokerage expense on share purchases	(3,071,885)	(4,147,655)	(3,658,657)
Expenses paid on borrowed stock	(38,886)	(2,279)	(226,118)
Custody fees	(61,576)	(70,999)	(82,881)
ASX listing and chess fees	(112,416)	(154,456)	(148,083)
Share registry fees	(107,225)	(163,574)	(181,453)
Disbursements, mailing and printing	(87,383)	(117,085)	(155,258)
ASIC industry funding levy	(26,108)	(23,010)	(36,457)
Other expenses from ordinary activities	(148,998)	(319,949)	(312,859)
Profit/(loss) before income tax	101,443,233	318,087,790	(1,188,290)
Income tax (expense)/benefit	(24,825,994)	(89,153,179)	6,521,591
Profit after income tax attributable to members of the Company	76,617,239	228,934,611	5,333,301

Statement of Financial Performance	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Other comprehensive income			
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	76,617,239	228,934,611	5,333,301
Basic and diluted earnings per share	7.79 cents	27.79 cents	0.68 cents

Statement of Financial Position	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Current assets			
Cash and cash equivalents	38,869,551	28,332,038	68,074,457
Trade and other receivables	10,888,330	55,093,124	23,962,069
Financial assets	1,498,711,403	1,190,909,334	868,115,602
Total current assets	1,548,469,284	1,274,334,496	960,152,128
Non-current assets			
Deferred tax assets	392,705	67,987	189,165
Total non-current assets	392,705	67,987	189,165
Total assets	1,548,861,989	1,274,402,483	960,341,293
Current liabilities			
Trade and other payables	28,087,196	65,848,353	33,150,625
Current tax liabilities	24,294,453	32,198,444	7,582,789
Total current liabilities	52,381,649	98,046,797	40,733,414
Non-current liabilities			
Deferred tax liabilities	24,686,201	24,254,607	-
Total non-current liabilities	24,686,201	24,254,607	-
Total liabilities	77,067,850	122,301,404	40,733,414
Net assets	1,471,794,139	1,152,101,079	919,607,879

Statement of Financial Position	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Equity			
Issued capital	1,201,142,363	922,014,705	862,070,158
Profits reserve	336,165,640	295,600,238	123,051,585
Accumulated losses	(65,513,864)	(65,513,864)	(65,513,864)
Total equity	1,471,794,139	1,152,101,079	919,607,879

Statement of Cash Flows	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Cash flows from operating activities			
Proceeds from sale of investments	3,120,244,741	3,928,358,844	3,830,484,955
Payments for purchase of investments	(3,326,219,564)	(3,924,904,158)	(3,821,387,916)
Dividends received	30,959,533	21,373,711	29,137,398
Interest received	72,630	122,723	737,104
Other investment income received	1,187,316	2,947,519	3,685,837
Management fee (GST inclusive)	(7,881,359)	(11,791,979)	(10,707,597)
Performance fee (GST inclusive)	(16,056,505)	(15,848,610)	-
Brokerage expense on share purchases (GST inclusive)	(3,296,183)	(4,441,568)	(3,925,920)
Payments for administration expenses (GST inclusive)	(781,080)	(1,091,576)	(1,343,947)
Income tax paid	(32,250,000)	(40,116,669)	(16,938,631)
GST on brokerage expense on share sales	(224,812)	(312,354)	(295,107)
Net GST received from ATO	2,080,085	2,448,179	1,333,673
Net cash (used in)/provided by operating activities	(232,165,198)	(43,255,938)	10,779,849
Cash flows from financing activities			
Proceeds from issue of shares	277,212,446	55,964,651	-
Dividends paid – net of reinvestment	(33,266,035)	(52,300,899)	(45,992,247)
Share issue costs	(1,243,700)	(150,233)	-
Net cash provided by/(used in) financing activities	242,702,711	3,513,519	(45,992,247)

Statement of Cash Flows	31 Dec 2021	30 June 2021	30 June 2020
	\$	\$	\$
Net increase/(decrease) in cash and cash equivalents held	10,537,513	(39,742,419)	(35,212,398)
Cash and cash equivalents at beginning of financial year	28,332,038	68,074,457	103,286,855
Cash and cash equivalents at end of financial year	38,869,551	28,332,038	68,074,457
Non-cash transactions:			
Shares issued via dividend reinvestment plan	2,785,802	4,085,059	3,041,658

Material changes to WAM Leaders' financial position since 31 December 2021

As at the date of this Scheme Booklet, as far as the WAM Leaders' Directors are aware there have been no material changes in the financial position of WAM Leaders since 31 December 2021, other than as disclosed in this Scheme Booklet or otherwise disclosed to the ASX by WAM Leaders.

(s) Profit reserve and franking credits

As at 31 May 2022, WAM Leaders had a profits reserve balance of \$375,802,672 (or 36.3 cents per share), after the payment of the fully franked interim dividend of 4.0 cents per share paid on 29 April 2022. WAM Leaders' profits reserve forms part of the NTA of WAM Leaders.

WAM Leaders had a franking credit balance of \$57,618,576 (or 16.1 cents per share in a fully franked dividend) as at 30 June 2021, including current tax payable by WAM Leaders, the impact of the 3.5 cents per share fully franked final dividend paid on 29 October 2021 and before the fully franked interim dividend of 4.0 cents per share paid on 29 April 2022. The franking credit balance does not include the franking credits that would be generated from the deferred tax liability of WAM Leaders when realised.

(t) Dividend policy

The WAM Leaders Board has a clear dividend policy in place for its shareholders. The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided the Enlarged Group has sufficient profits reserves and franking credits and it is within prudent business practices. The Enlarged Group's ability to generate franking credits is dependent primarily upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies.

The table below sets out WAM Leaders' dividends declared and paid/payable from 2019 to 2022.

Cents per share	Type	% Franked	Date paid/payable
4.0	Final FY2022	100%	30 November 2022
4.0	Interim FY2022	100%	29 April 2022
13.5	Final FY202	100%	29 October 2021

Cents per share	Type	% Franked	Date paid/payable
13.5	Interim FY202	100%	26 April 2021
3.25	Final FY2020	100%	30 October 2020
3.25	Interim FY2020	100%	28 April 2020
3.0	Final FY2019	100%	25 October 2019
3.0	Interim FY2019	100%	26 April 2019

(u) **Further information**

As a company listed on the ASX and a “disclosing entity” under the Corporations Act, WAM Leaders is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. WAM Leaders’ most recent announcements are available from its website at www.wilsonassetmanagement.com.au/lic/wam-leaders/ and on the ASX website www.asx.com.au. Further announcements concerning WAM Leaders will continue to be made available on these websites after the date of this Scheme Booklet.

The ASX maintains publicly available information about entities listed on their exchange. Information about WAM Leaders is available for inspection at the ASX during normal business hours and is available from their website www.asx.com.au.

WAM Leaders is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by WAM Leaders may be obtained from, or inspected at, ASIC offices.

WAM Leaders will provide a copy of any of the following documents free of charge to any person who requests a copy:

- WAM Leaders’ Annual Financial Report for the period ended 30 June 2021;
- WAM Leaders’ Interim Financial Report for the period ended 31 December 2021; and
- any continuous disclosure notices given by the body after lodgement of WAM Leaders’ Annual Financial Report for the period ended 30 June 2021.

On 26 August 2021, WAM Leaders released its Annual Financial Report for the period ended 30 June 2021 and on 23 February 2022, WAM Leaders released its Interim Financial Report for the period ended 31 December 2021. A copy of the Annual Financial Report and Interim Financial Report can be found at www.wilsonassetmanagement.com.au/lic/wam-leaders/ and on the ASX website www.asx.com.au.

(v) **Funding of the Scheme Consideration**

WAM Leaders has entered into the Deed Poll to covenant in favour of the Scheme Participants to perform its obligations in relation to the Scheme.

One such obligation is to provide or procure the provision of the Scheme Consideration in accordance with the Scheme, by way of issuing all New WAM Leaders Shares required to be issued to Scheme Participants.

(w) **WAM Leaders’ interest and dealings in AEG shares**

Interest in AEG Shares

As at the date of this Scheme Booklet, WAM Leaders has a Relevant Interest in 1.4466% of AEG Shares.

The table below sets out WAM Leaders and its Associates' respective holdings in AEG Shares as at the date of this Scheme Booklet:

Holder of AEG Shares	Number of AEG Shares held	% of issued capital of AEG
Wilson Asset Management Group	1,305,796	1.4466%

WAM Leaders has advised AEG that the Wilson Asset Management Group members who hold AEG Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting.

Acquisition of AEG Shares in the previous four months

Other than as contemplated by the Scheme, none of WAM Leaders or any of its Associates has provided or agreed to provide consideration for any AEG Shares under any purchase, agreement or other transaction during the four months before the date of this Scheme Booklet.

Benefits to holders of AEG Shares

During the four months before the date of this Scheme Booklet, none of WAM Leaders or any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of AEG Shares,

where the benefit was not offered to all AEG Shareholders.

Benefits to AEG officers

None of WAM Leaders nor any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of AEG or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

For completeness, WAM Leaders notes that if the Scheme is implemented, AEG Chair Mr Marc Fisher will be invited to join the WAM Leaders Board, subject to the corporate governance processes and protocols of WAM Leaders, to ensure continuity for AEG Shareholders as part of the Enlarged Group.

(x) **Disclosure of interests**

Except as otherwise disclosed in this Scheme Booklet, no:

- WAM Leaders Director or proposed WAM Leaders director;
- person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of WAM Leaders;
- promoter of WAM Leaders or the Enlarged Group;
- underwriter to the issue of Scheme Consideration or promoter or financial services licensee named in the Scheme Booklet as a financial services licensee involved in the issue of Scheme Consideration,

(together, the **WAM Leaders Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- the formation or promotion of WAM Leaders or the Enlarged Group;
- property acquired or proposed to be acquired by WAM Leaders in connection with the formation or promotion of WAM Leaders or the Enlarged Group or the offer of Scheme Consideration under the Scheme; or
- the offer of Scheme Consideration under the Scheme.

(y) **Disclosure of fees and other benefits**

Except as otherwise disclosed in this Scheme Booklet, WAM Leaders has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- to a WAM Leaders Director or proposed WAM Leaders director to induce them to become or qualify as a WAM Leaders Director; or
- for services provided by any WAM Leaders Interested Person in connection with:
 - the formation or promotion of WAM Leaders or the Enlarged Group; or
 - the offer of Scheme Consideration under the Scheme.

(z) **WAM Leaders' rationale for the Proposed Transaction**

The following should be considered by AEG Shareholders from the perspective of becoming WAM Leaders Shareholders following implementation of the Scheme.

Should the Scheme proceed, WAM Leaders as a single listed entity will have net assets of approximately \$1,637 million and almost 25,000 shareholders. The WAM Leaders Board believes the Scheme will provide AEG and WAM Leaders Shareholders with appealing benefits. See Section 7 for more detail about the Enlarged Group.

6.2. SUMMARY OF KEY RIGHTS ATTACHING TO NEW WAM LEADERS SHARES

This Section summarises the key provisions of the WAM Leaders constitution in relation to rights attaching to WAM Leaders Shares, and which will apply to the New WAM Leaders Shares.

The rights and liabilities attaching to New WAM Leaders Shares that will be issued to participants in the Scheme as Scheme Consideration will be the same as those attaching to existing WAM Leaders Shares and will rank equally in all respects with all issued fully paid ordinary shares of WAM Leaders from the date of their issue. These rights and liabilities are detailed in the WAM Leaders constitution and are subject to the Corporations Act and the ASX Listing Rules.

The table below summarises some of the key rules in the WAM Leaders constitution in relation to the rights and liabilities currently attaching to WAM Leaders Shares, and which will apply to the New WAM Leaders Shares. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities attaching to WAM Leaders Shares. It must be read subject to the full text of the WAM Leaders' constitution. A copy of the WAM Leaders' constitution can be obtained through ASIC or from the WAM Leaders company secretary.

AEG Shareholders should obtain their own independent advice in relation to their rights and liabilities as potential holders of WAM Leaders Shares in specific circumstances.

Item	Description
Voting at a general meeting	Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of WAM Leaders or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid WAM Leaders Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.
Meeting of members	Each WAM Leaders Shareholder is entitled to receive notice of, attend and vote at meetings of WAM Leaders and to receive all notices, accounts and other documents required to be sent to WAM Leaders Shareholders under WAM Leaders' constitution, the Corporations Act and the ASX Listing Rules.
Dividends	The WAM Leaders Directors may authorise the payment of dividends to members as and when permitted by the Corporations Act. Dividends are payable on all WAM Leaders Shares in proportion to the amount of the total issue price paid or credited as paid for the WAM Leaders Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the WAM Leaders Shares. If a fully paid share is on issue for only part of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion that the part of that period for which the share is on issue and is fully paid is of the total period for which the dividend is payable.
Transfer of WAM Leaders Shares	<p>WAM Leaders Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the WAM Leaders Directors.</p> <p>The WAM Leaders Directors may only decline to register a transfer of WAM Leaders Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the ASX Listing Rules. If the WAM Leaders Directors refuse to register a transfer, WAM Leaders must, within five Business Days after the transfer is lodged with WAM Leaders, give the party lodging the transfer written notice of the refusal and the reason for refusal. The WAM Leaders Directors must decline to register a transfer of WAM Leaders Shares when required by the Corporations Act or the ASX Listing Rules.</p>
Issue of further WAM Leaders Shares	The WAM Leaders directors may allot, issue, grant options in respect of, or otherwise dispose of, further shares in WAM Leaders on terms as they see fit. However, the WAM Leaders Directors must act in accordance with the restrictions imposed by WAM Leaders' constitution, the Corporations Act, the ASX Listing Rules and any rights for the time being attached to the shares in any special class of those shares.
Winding-up	If WAM Leaders is wound up, the liquidator may, with the sanction of a special resolution, divide among the WAM Leaders Shareholders the whole or any part of the property of WAM Leaders and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the WAM Leaders Shareholders or different classes of WAM Leaders Shareholders.
Share buy-back	Subject to the provisions of the Corporations Act and the ASX Listing Rules, WAM Leaders may buy back WAM Leaders Shares on terms and at times determined by the WAM Leaders Directors.
Variation of class rights	<p>Unless otherwise provided by WAM Leaders' constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:</p> <ul style="list-style-type: none"> • with the consent in writing of the holders of three-quarters of the issued shares included in that class; or

Item	Description
	<ul style="list-style-type: none"> with the sanction of a special resolution passed at a separate meeting of the holders of those shares.
Dividend reinvestment plan	WAM Leaders' constitution authorises the WAM Leaders Directors to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by WAM Leaders be reinvested by way of subscription for shares in WAM Leaders).
Indemnities	To the extent permitted by law, WAM Leaders indemnifies every officer and former officer of WAM Leaders against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of WAM Leaders against any liability incurred in defending any civil or criminal proceedings in which judgment is given in favour of the officer, or in which the officer is acquitted or the proceedings are withdrawn before judgment.
Alteration of WAM Leaders' constitution	In accordance with the Corporations Act, WAM Leaders' constitution can only be amended by special resolution passed by at least 75% of WAM Leaders Shareholders present and voting at a general meeting of WAM Leaders. WAM Leaders must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

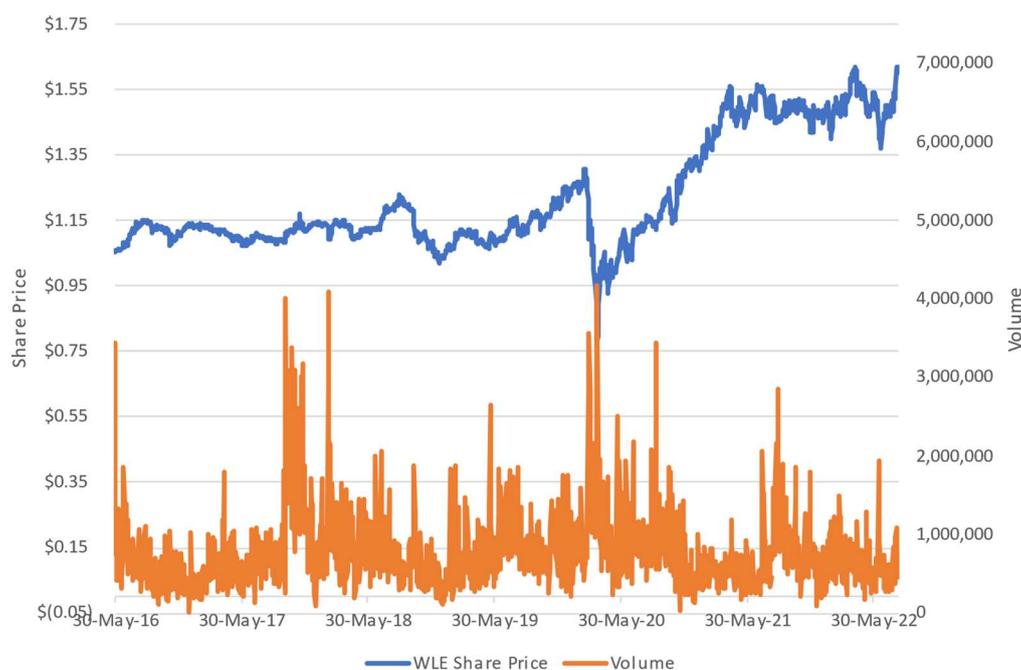
6.3. RECENT PRICE OF WAM LEADERS SHARES

The latest recorded sale price for WAM Leaders Shares on the Last Practicable Date was \$1.620 per share.

The highest and lowest recorded sale price for WAM Leaders Shares during the three months immediately before the Last Practicable Date was \$1.620 and \$1.370 respectively.

The latest recorded sale price for the WAM Leaders Shares immediately before announcement of the Scheme on 10 June 2022 was \$1.485 per share.

The below chart shows WAM Leaders Share price from inception to 31 May 2022.



The current price of WAM Leaders Shares on the ASX can be obtained from the WAM Leaders website at <https://wilsonassetmanagement.com.au/lic/wam-leaders/> or the ASX website (www.asx.com.au).

6.4. INTENTIONS IF THE SCHEME IS IMPLEMENTED

The statements set out in this Section are statements of current intentions only, which may change as new information becomes available or circumstances change. Decisions will only be reached after implementation when all material facts and circumstances are known to the board of the Enlarged Group.

If the Scheme is implemented, AEG will become a wholly owned subsidiary of WAM Leaders. The Scheme will create a single listed structure with a larger capital and shareholder base.

(a) AEG to be delisted and removed from the ASX

If the Scheme becomes Effective and is implemented so that AEG becomes a wholly owned subsidiary of WAM Leaders, AEG will apply to the ASX for the termination of the official quotation of AEG Shares and removal of AEG from the official list of the ASX with effect on and from a date after the Implementation Date.

(b) Board of the Enlarged Group

If the Scheme is implemented, AEG Chair Mr Marc Fisher will be invited to join the WAM Leaders Board to ensure continuity for AEG Shareholders as part of the Enlarged Group, subject to the corporate governance processes and protocols of WAM Leaders. The WAM Leaders Board would then comprise:

- Geoff Wilson AO
- Kate Thorley
- Melinda Snowden
- Ross Finley
- Lindsay Mann
- Marc Fisher (subject to WAM Leaders' corporate governance processes and protocols and the acceptance of this invitation)

If the Scheme is approved, the board of the Enlarged Group will consider as soon as practicable issues such as whether WAM Leaders will form a tax consolidated group with AEG and the management of the assets held within AEG.

Although the WAM Leaders Board expects that all the assets of the Enlarged Group will be managed in a similar way to those of WAM Leaders, the board of the Enlarged Group will only be able to make definitive decisions once it has all the necessary information available to it and upon implementation of the Scheme.

(c) Management of the Enlarged Group

The WAM Leaders Investment Manager will continue as the investment manager of the Enlarged Group and there will be no substantive changes to WAM Leaders' existing management arrangements already in place.

The WAM Leaders Investment Manager is entitled to a performance fee as part of its role as investment manager of the Enlarged Group. A similar performance fee exists in the AEG Management Agreement, however a different performance benchmark is utilised. The WAM Leaders Investment Manager's performance fee is calculated on 20% (plus GST) of WAM Leaders' outperformance of the investment portfolio against the S&P/ASX 200 Accumulation Index (subject to the recoupment of prior underperformance, where applicable), whereas the performance fee payable by AEG under the AEG Management Agreement is calculated on 20% (plus GST) of the amount (if any) by which the net asset value of the AEG Portfolio before all

taxes on the last day of the current performance calculation period exceeds the 'High Watermark' as defined in the AEG Management Agreement.

(d) **No employees**

Neither WAM Leaders nor AEG have any employees, meaning that implementation of the Scheme has no impact on either entity's employment arrangements.

(e) **Dividend policy**

The WAM Leaders Board has a clear dividend policy in place for its shareholders.

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided the Enlarged Group has sufficient profits reserves and franking credits and it is within prudent business practices. The Enlarged Group's ability to generate franking credits is dependent primarily upon the receipt of franked dividends from investments and the payment of tax on profits.

7. OVERVIEW OF ENLARGED GROUP

The information contained in this Section 7 has been prepared by WAM Leaders. The information concerning the Enlarged Group and the intentions, views and opinions contained in this Section 7 are the responsibility of WAM Leaders (except to the extent that the Enlarged Group information is based on information provided by AEG, for which AEG takes responsibility).

AEG and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information (except to the extent that the Enlarged Group information is based on information provided by AEG).

7.1. THE ENLARGED GROUP

If the Scheme is implemented, AEG Shareholders will hold New WAM Leaders Shares, and AEG will become a wholly owned subsidiary of WAM Leaders. Post implementation of the Scheme WAM Leaders (the Enlarged Group) will be a listed investment company, with a larger capital and shareholder base, managed by Wilson Asset Management. It is expected that the Enlarged Group will deliver the following benefits:

- continued access to Wilson Asset Management's commitment to shareholder engagement;
- increased net assets of approximately \$1,637 million and more than 25,000 shareholders, expected to deliver shareholders access to greater on-market liquidity;
- a stable and clearly articulated investment strategy and a proven investment manager with a track record of delivering investment portfolio outperformance for shareholders since May 2016;
- a share price trading at, or at a premium to, the Enlarged Group's pre-tax NTA. The greater liquidity of a larger shareholder and net asset base helps mitigate the risk of discounts that can occur with securities that are less frequently traded on market;
- a history of paying fully franked dividends to shareholders;
- the potential for AEG Shareholders to exit their investment in AEG at close to the AEG's pre-tax NTA and at a premium to the share price of AEG; and
- scrip-for-scrip CGT rollover relief, subject to their own individual circumstances, for AEG Shareholders.

In addition, the majority of costs currently incurred by AEG and duplicated by WAM Leaders are expected to be eliminated or reduced.

Duplicated costs which the boards of AEG and WAM Leaders expect to be reduced once the Scheme is implemented include, but are not limited to:

- directors' and company secretarial fees;
- audit and tax fees;
- share registry fees;
- securities exchange listing fees; and
- general and operating expenses.

The cost savings relate principally to the cessation of AEG operating as a separately listed entity and, therefore, a reduction in the costs of compliance and ongoing operating costs.

These cost savings coupled with the increased size of the portfolio are expected to lead to a reduction in the management expense ratio of the Enlarged Group.

7.2. PROSPECTS FOR THE ENLARGED GROUP

The operation and financial performance of AEG and WAM Leaders (as standalone entities) within the Enlarged Group are subject to various risks, some of which are summarised in this Scheme Booklet and some of which may be beyond the control of the Enlarged Group. As a result, the actual results of the Enlarged Group's operations, earnings and investment portfolio performance following implementation of the Scheme and the actual advantages of the Scheme may differ from those that are anticipated or may not be achieved.

WAM Leaders has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Enlarged Group. The WAM Leaders Board has concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance.

The Enlarged Group will continue to pursue investment activities – primarily investing in listed equities – to achieve its stated objectives.

The future performance of the Enlarged Group is dependent on the performance of its investment portfolio. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments. As such, the WAM Leaders Board does not believe it is possible or appropriate to predict the future performance of the Enlarged Group's investments and, therefore, its performance.

7.3. UNAUDITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

Set out below is the unaudited pro forma statement of financial position of WAM Leaders, on the basis that the implementation of the Scheme had occurred as at 31 December 2021 (**Pro Forma Historical Financial Information**). The Pro Forma Historical Financial Information is to be read in conjunction with the accompanying notes to and forming part of the pro forma statement of financial position as set out in Section 7.5. All amounts disclosed are presented in Australian dollars and are rounded to the nearest thousand dollars.

7.4. PRO FORMA HISTORICAL FINANCIAL INFORMATION – 31 DECEMBER 2021

		WAM Leaders	Pro forma Adjustments	Enlarged Group Pro Forma
	Notes	31-Dec-21		31-Dec-21
		\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents		38,869,551	-	38,869,551
Trade and other receivables		10,888,330	-	10,888,330
Financial assets		1,498,711,403	-	1,498,711,403
Financial assets - investment in controlled entity at FVTPL (AEG)	1	-	104,555,672	104,555,672

		WAM Leaders	Pro forma Adjustments	Enlarged Group Pro Forma
	Notes	31-Dec-21		31-Dec-21
		\$	\$	\$
Total Current Assets		1,548,469,284	104,555,672	1,653,024,956
Non-Current Assets				
Deferred tax assets		392,705	-	392,705
Total non-current assets		392,705	-	392,705
Total assets		1,548,861,989	104,555,672	1,653,417,661
LIABILITIES				
Current liabilities				
Trade and other payables		28,087,196	-	28,087,196
Current tax liabilities	2	24,294,453	111,030	24,405,483
Total current liabilities		52,381,649	111,030	52,492,679
Non-Current liabilities				
Deferred tax liabilities		24,686,201	-	24,686,201
Total non-current liabilities		24,686,201	-	24,686,201
Total liabilities		77,067,850	111,030	77,178,880
Net assets		1,471,794,139	104,444,642	1,576,238,781
EQUITY				
Issued capital	3	1,201,142,363	104,185,572	1,305,327,935
Profits reserve	4	336,165,640	259,070	336,424,710
Accumulated losses		(65,513,864)	-	(65,513,864)
TOTAL EQUITY		1,471,794,139	104,444,642	1,576,238,781

Notes:

1. WAM Leaders' recognition of the investment in AEG. The value of AEG has been recognised utilising the AEG NTA after transaction costs as at 31 December 2021.
2. In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments, the tax effect of the transaction is recognised for the Enlarged Group as part of the recognition of the investment in AEG.
3. Forming part of the pro forma adjustments to the 31 December 2021 statement of financial position for WAM Leaders is the issue of WAM Leaders Shares to AEG Shareholders in accordance with the terms of the Scheme. It is expected that WAM Leaders would issue approximately 71,116,432 New WAM Leaders Shares as part of the Scheme in this example. The value of the New WAM Leaders Shares has been determined based on the WAM Leaders Share price as at 31 December 2021, being \$1.4650 per WAM Leaders Share.
4. In recognising the acquisition of AEG in the Enlarged Group, the identifiable fair value of AEG, being the AEG NTA as at 31 December 2021 is recognised in consideration for the issue of New WAM Leaders Shares as part of the Scheme. The difference between the value of the New WAM Leaders Shares issued when compared to the identifiable fair value of AEG is recognised through the statement of financial performance and resulting equity reserves.

7.5. SUMMARY OF INFORMATION

The Pro Forma Historical Financial Information is to be read in conjunction with the accompanying notes to and forming part of the pro forma statement of financial position as set out in this Section.

The Pro Forma Historical Financial Information is provided for illustrative purposes and is prepared on the assumption that the Scheme had been implemented on 31 December 2021 and AEG becomes a wholly owned subsidiary of WAM Leaders, adjusted for transaction costs relating to the Scheme.

The WAM Leaders Board has assessed the requirements of AASB 10 Consolidated Financial Statements and has applied the criteria set out in that standard to the operations of WAM Leaders. WAM Leaders is therefore considered to be an investment entity and as a result, the investment in AEG (being a wholly owned entity of WAM Leaders) would not be consolidated into the financial statements of WAM Leaders, but rather is accounted for as a financial asset at fair value through profit and loss (**FVTPL**). After acquisition, subsequent movements in the fair value of the identifiable net assets of the controlled entity are recorded as fair value gains or losses through the statement of comprehensive income.

The Pro Forma Historical Financial Information does not represent what the Enlarged Group would look like on a combined consolidated basis since it is not possible to produce this information from publicly available information and due to the accounting policies of WAM Leaders. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Historical Financial Information does reflect the issue of New WAM Leaders Shares to Scheme Participants, and other adjustments required as a result of the Scheme.

The Pro Forma Historical Financial Information has been prepared by the management of WAM Leaders with input from the management of AEG. WAM Leaders does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of information relating to AEG or input from the management of AEG. The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards and in accordance with WAM Leaders' accounting policies, as set out in WAM Leaders' annual report for the financial year ended 30 June 2021 and the interim financial report for the period ended 31 December 2021. The accounting policies of WAM Leaders and AEG are not considered materially different.

The Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of WAM Leaders and AEG.

The information provided in this Section is presented on a pro forma basis only and is based on numerous assumptions that may or may not reflect the actual financial position of the Enlarged Group after completion of the Scheme and, as a result, it is likely that this information will differ from the actual financial information of the Enlarged Group.

The Pro Forma Historical Financial Information presented in this Section should also be read in conjunction with risks set out in Section 8, other information contained in this Scheme Booklet, and the accounting policies of WAM Leaders and AEG as disclosed in their most recent audited financial reports.

8. RISK FACTORS

8.1. INTRODUCTION

This Section 8 describes (1) the risks to which you are currently exposed as a AEG Shareholder (see Section 8.2), (2) the risks to which you will be exposed as an New WAM Leaders Shareholder if the Scheme is implemented (see Sections 8.3, 8.4 and 8.5) and (3) the risks associated with the Scheme (see Section 8.6).

You should note that this Section is not an exhaustive list of the risks associated with AEG, WAM Leaders, the Enlarged Group or the Scheme and it should be considered in conjunction with all other information disclosed in this Scheme Booklet.

You should carefully consider these risks in light of your personal circumstances and seek professional advice from your independent legal, financial, accounting or other professional advisers before deciding how to vote.

8.2. RISK FACTORS FACED BY AEG

The risks specific to AEG that are set out below, as well as others described elsewhere in this Scheme Booklet, should be carefully considered in evaluating the Scheme.

If the Scheme does not proceed, AEG will continue to be subject to the risks below.

(a) **AEG Portfolio management risk**

The success and profitability of AEG depends almost entirely on the ability of the AEG Investment Manager to construct a portfolio comprised of Long Positions, exposed to well managed businesses that have the ability to increase in value over time, while minimising the AEG Portfolio's exposure to market direction via Short Positions.

Should the AEG Investment Manager be unable to perform investment management services for AEG, if Sam Shepherd (who has primary responsibility for implementing the AEG investment strategy) ceases to be involved with the AEG Investment Manager or there are other significant key personnel changes at the AEG Investment Manager, AEG's investment activities may be disrupted, and its performance negatively impacted.

Even if the AEG Portfolio does not perform well, the AEG Management Agreement may not be terminated, and the AEG Investment Manager may not be removed, unless specific termination rights under the agreement are triggered.

(b) **Key Investment strategy risks**

These risks include:

- **Short Selling Risks:** There are inherent risks associated with Short Positions. Short Positions involve borrowing securities and then immediately selling those borrowed securities. Because the AEG Investment Manager must first borrow a security to establish a Short Position, there is a risk that a security will not be available at a particular time or an acceptable price and therefore the AEG Investment Manager may not be able to implement its investment strategy.

Short Positions expose the AEG Portfolio to leverage risk (see below). As noted above, the AEG Investment Manager may also be obligated to cover its Short Position at a higher price than the short price, resulting in a loss. Put differently, there is a risk that the securities lender may request return of the borrowed securities, and a position may need to be liquidated at a loss or not at a time of the AEG Investment Manager's choosing. Losses on short sales are potentially unlimited as a loss occurs when the value of a security sold short increases (and there is no limit on how much the price of a security may appreciate).

Until the AEG Investment Manager replaces a borrowed security, AEG will be required to maintain assets with the lending broker as collateral. In this way, Short Positions involve credit exposure to the entity that lends the securities. In the event of the lender's insolvency, AEG may be unable to recover the collateral.

- **Leverage Risk:** Short Positions will be used to increase the scale of the AEG Portfolio and create leverage. Short Positions can enlarge the fluctuations in the value of the AEG Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the AEG Investment Manager's choosing.
- **Market Risk:** Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment.

The AEG Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

In a strong share market, the AEG Portfolio may underperform the market indices, as the AEG Portfolio will have limited exposure to market risk.

- **Interest Rate Risk:** Interest rate movements may adversely affect the value of the AEG Portfolio through their effect on the price of a security and the cost of borrowing.
- **Derivative Risk:** The AEG Investment Manager may use various derivative instruments, including options and forward contracts, which may be volatile and speculative.

AEG enters into a derivatives arrangement that requires it to deliver collateral or other credit support to the derivatives counterparty. AEG will be exposed to the following additional risks in respect of that collateral. AEG:

- may be required to post upfront margin/collateral with the derivatives counterparty (whether cash or other securities). AEG will need to have sufficient liquid assets to satisfy this obligation; and
- may, from time to time if the value of the derivatives arrangements moves against it, be required to post additional collateral with the derivatives counterparty on an ongoing basis.

AEG needs to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the derivatives counterparty may have the right to terminate such derivatives arrangements.

AEG is subject to credit risk on the counterparty. In the event the derivatives counterparty becomes insolvent at a time it holds margin/collateral posted with it by AEG, AEG will be an unsecured creditor of the derivatives counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law (for example, employees).

- **Default Risk:** Investment in securities and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the AEG Portfolio.

AEG outsources key operational functions including investment management, custody, execution, administration and valuation to third party service providers. There is a risk

that third party service providers may intentionally or unintentionally breach their obligations to AEG or provide services below expected standards, causing loss to AEG.

- **Concentration Risk:** The AEG Portfolio is typically expected to hold between 50 to 80 securities, representing moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

(c) **AEG Share value risks**

The prices at which AEG Shares trade on the ASX are subject to a number of risks, including:

- **Market Risk:** The value of AEG Shares may rise or fall depending on a range of factors beyond the control of AEG.
- **Liquidity Risk:** The ability to sell AEG Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of AEG and also the cumulative investment intentions of all current and possible investors in AEG at any one point in time.
- **Discount to NTA:** AEG will be listed on the ASX and may not trade in line with the underlying value of the AEG Portfolio. AEG has traded at a persistent discount to NTA in the last three years and may trade at a discount or a premium to its NTA in the future.

8.3. RISK FACTORS ASSOCIATED WITH WAM LEADERS AND THE ENLARGED GROUP

In considering the Scheme, you should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of WAM Leaders, the value of WAM Leaders Shares and future dividends, and in respect of the Enlarged Group. These risks will only be relevant to you if the Scheme is approved and implemented and you remain an AEG Shareholder.

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether WAM Leaders Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, it is recommended that you consult your independent legal, financial, accounting or other professional advisers before deciding how to vote.

This Section describes the potential risks associated with WAM Leaders' and the Enlarged Group's business and risks associated with WAM Leaders Shares. It does not purport to list every risk that may be associated with an investment in WAM Leaders Shares now or in the future, and the occurrence of consequences of some of the risks described in this Section are partially or completely outside the control of WAM Leaders and the WAM Leaders Board.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the WAM Leaders Board as at the date of this Scheme Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

(a) **Key risks: Investment strategy and WAM Leaders Investment Manager performance**

The success and profitability of the Enlarged Group will largely depend on the WAM Leaders Investment Manager's continued ability to manage the Enlarged Group's investment portfolio in a manner that complies with the Enlarged Group's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Enlarged Group and

its securities. There are risks inherent in the investment strategy that the WAM Leaders Investment Manager will employ for the Enlarged Group, including the risks identified in this Section.

The past performance of portfolios managed by the WAM Leaders Investment Manager, and persons associated with the WAM Leaders Investment Manager, are not necessarily a guide to future performance of the Enlarged Group, and the success and profitability of the Enlarged Group depends almost entirely on the WAM Leaders Investment Manager's performance. The WAM Leaders Investment Management Agreement has an initial term of 10 years and may be continually extended for additional terms of five years. Even if the Enlarged Group does not perform well, it may be difficult to remove the WAM Leaders Investment Manager.

(b) **Other risks specific to investing in WAM Leaders, which also apply to the Enlarged Group**

The following risks should be carefully evaluated before voting on the Scheme. Consideration must also be given to the speculative nature of WAM Leaders' or the Enlarged Group's investments. The following is not an exhaustive list of the risks of investing in WAM Leaders or the Enlarged Group.

- **Key person risk:** WAM Leaders' investment strategy has been developed by Wilson Asset Management, and leverages the WAM Leaders Investment Manager's significant experience in identifying, investing in and realising opportunities. Geoff Wilson is WAM Leaders' Chairman and the Chairman and Chief Investment Officer of the WAM Leaders Investment Manager, with Matthew Haupt as Lead Portfolio Manager of WAM Leaders' investment portfolio, supported by the broader Wilson Asset Management investment team. If Geoff Wilson ceased his role with Wilson Asset Management, there is a risk to the successful execution of the investment strategy going forward. WAM Leaders has no right to terminate the WAM Leaders Investment Management Agreement in the event of a change of control of Wilson Asset Management or in the event of a material change to the composition of the Wilson Asset Management investment team. The risks associated with Geoff Wilson leaving Wilson Asset Management are mitigated by the depth of experience across both the Wilson Asset Management investment team, and the broader management team. Notably, excluding Geoff Wilson, the Wilson Asset Management investment team still has over 150 years' collective investing experience which WAM Leaders' investment strategy leverages. The risk of Geoff Wilson leaving the WAM Leaders Investment Manager is further mitigated by the fact that Geoff Wilson is the sole director and indirect owner of 100% of the ordinary (voting) shares on issue in the WAM Leaders Investment Manager.
- **Listed investment companies:** A listed investment company's share price may trade at a premium or discount to NTA backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including but not limited to domestic and international economic and market conditions, political events, and relevant regulations.
- **Market risk and equity risk:** Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The WAM Leaders Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Enlarged Group shares may fall in value over short or extended periods of time. Historically, shares have outperformed other traditional asset classes over the long term. Share markets tend to move in cycles and individual share prices may fluctuate and underperform other asset classes over extended periods of times. Shareholders

in the Enlarged Group are exposed to this risk both through their holding in the Enlarged Group's shares as well as through the Enlarged Group's investment portfolio.

- **Business risk:** The success of the Enlarged Group is highly dependent on the ability of its directors and the WAM Leaders Investment Manager to assess business risks and make appropriate investment decisions. No guarantee can be given in respect of the future earnings of the Enlarged Group or the performance of its investment portfolio.
- **Compensation fee structure risk:** Performance fee arrangements may create an incentive for the WAM Leaders Investment Manager to make more speculative or higher risk investments than might otherwise be the case.
- **Foreign issuer and market risk:** WAM Leaders (and the Enlarged Group) is not focused on, but may invest in, global listed securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.
- **Short selling risk:** Selling securities short involves borrowing stock and selling these borrowed securities. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the securities lender may request return of the securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the WAM Leaders Investment Manager's choosing.
- **Leverage risk:** While the Enlarged Group and the WAM Leaders Investment Manager do not currently intend to use debt or derivatives to increase the scale of the Enlarged Group's investment portfolio, the use of short selling does create leverage. Short selling can enlarge the fluctuations in the portfolio value of the Enlarged Group in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the WAM Leaders Investment Manager's choosing.
- **Default risk:** Investment in securities and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of the Enlarged Group.

The Enlarged Group will outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Enlarged Group or provide services below standards that are expected by the Enlarged Group, causing loss to the Enlarged Group.

8.4. GENERAL RISKS WHICH ALSO APPLY TO THE ENLARGED GROUP

(a) Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations, especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Enlarged Group holds investments.

(b) Interest rate risk

Interest rate movements may adversely affect the value of the Enlarged Group through their effect on the price of a security and the cost of borrowing.

(c) **Changes in accounting policies**

Changes in accounting policies arising from amended accounting standards by the Australian Accounting Standards Board may affect the reported earnings of the Enlarged Group and its financial position from time to time.

(d) **COVID-19 and its impacts on the global economy and financial markets**

The ongoing COVID-19 pandemic and associated uncertainty continues to impact the global economy and financial markets, including Australian and international equity markets. There is minimal consensus on the outlook for economic recovery and a return to the levels of economic activity preceding the pandemic, and the social, economic and financial impacts once government support is withdrawn are unknown. As a result, there is increased risk associated with making investment decisions in this environment.

The full nature and extent of the impact of the COVID-19 pandemic on the global economy is as yet unknown, as is any future effect on the Enlarged Group. The Enlarged Group's portfolio and share price may be adversely affected as a result of this uncertainty and may continue to be affected under the ongoing impact of the COVID-19 pandemic on the global economy and financial markets. In addition, measures taken by any government agency or regulatory body in response to the COVID-19 pandemic are likely to be outside of the control of the Enlarged Group. If COVID-19 outbreaks and associated lockdowns and other restrictive interventions continue to occur in Australia (or elsewhere globally), there may be associated impacts for the Australian and global economy, the Enlarged Group's portfolio, and the market for the Enlarged Group's securities.

(e) **Share price movements**

An investment in the Enlarged Group will be subject to fluctuations in share price which are normal and expected for ASX listed entities. These fluctuations are due to a wide variety of factors, some of which the Enlarged Group will seek to mitigate, while others are outside the control of the Enlarged Group.

(f) **Litigation risk**

The Enlarged Group may become exposed to litigation brought by third parties such as investors, regulators, employees or business associates, which could negatively impact operations and financial performance through increased costs, payment of damages and damage to reputation.

The WAM Leaders Board is not currently aware of any impending litigation.

(g) **General economic conditions**

Material adverse changes in general economic conditions may have an adverse impact on the operations and performance of the Enlarged Group. The various general domestic and international economic factors that shareholders in WAM Leaders and the Enlarged Group are exposed to include, but are not limited to:

- economic growth;
- interest rates;
- inflation;
- currency exchange rates;
- employment levels;
- consumer and business sentiment; and

- financial market volatility.

(h) **Other risks**

Before deciding to accept Scheme Consideration, AEG Shareholders should consider whether shares are a suitable investment.

There may be tax implications arising from the application for New WAM Leaders Shares, the receipt of dividends (both franked and unfranked) from WAM Leaders, participation in any dividend reinvestment plan of WAM Leaders and on the disposal of shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in WAM Leaders as a medium-to-long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should vote in favour of the Scheme, you should seek advice on the matters contained in this Scheme Booklet from your independent legal, financial, accounting or other professional advisers.

8.5. RISKS SPECIFIC TO THE ENLARGED GROUP

The risks that are set out above will also be applicable to the Enlarged Group. Risks specific to an investment in the Enlarged Group include, but are not limited to that: success of the Enlarged Group is dependent on the performance of its investment portfolio, no guarantee can be given in respect of the future earnings of the Enlarged Group or the Enlarged Group's investment portfolio performance, and no guarantee can be provided that the Enlarged Group will be able to meet its investment objectives as this will depend on the extent of the investment portfolio performance.

8.6. RISKS SPECIFIC TO THE SCHEME

(a) **Scheme Consideration is not a fixed number**

AEG Shareholders are not offered a fixed number of New WAM Leaders Shares per AEG Share as the Scheme Consideration.

AEG Shareholders who participate in the Scheme will receive a number of New WAM Leaders Shares based on a ratio of AEG's pre-tax NTA to WAM Leaders' pre-tax NTA at 5.00pm (Sydney time) on the Calculation Date. The Calculation Date is aligned with the Effective Date and is expected to occur on 22 September 2022.

The final Scheme Consideration will be announced on the Business Day before the Implementation Date¹⁸. Accordingly, the number of New WAM Leaders Shares to be issued for each AEG Share will not be known until immediately before the Scheme is implemented.

A worked example of the Scheme Consideration, based on AEG's pre-tax NTA per AEG Share and WAM Leaders' pre-tax NTA per New WAM Leaders Share on 31 May 2022 (the last published NTA prior to the Announcement Date), is provided in Sections 1.2(b) and 3.2(c).

¹⁸ The timing of the Implementation Date depends on the process to Confirm the AEG and WAM Leaders pre-tax NTA figures required to calculate the number of New WAM Leaders Shares to be issued per AEG Share.

If the AEG and WAM Leaders pre-tax NTA figures are Confirmed by the parties, the Implementation Date is currently expected to be 3 October 2022, in which case, New WAM Leaders Shares are expected to commence trading on ASX on 4 October 2022. However, if either the AEG or WAM Leaders pre-tax NTA figure is referred to an auditor for Confirmation, the Implementation Date will be slightly delayed, and is expected to occur on 7 October 2022. In these circumstances, the New WAM Leaders Shares are expected to commence trading on ASX on 10 October 2022.

AEG Shareholders will also be provided with updated worked examples of the Scheme Consideration (based on the latest published pre-tax NTAs available at the time of each announcement) via the ASX announcement platform before the Scheme Meeting. See the Important Dates at the front of this Scheme Booklet for further details.

(b) Fluctuation of AEG's NTA affecting the Scheme Consideration

The number of New WAM Leaders Shares to which each Scheme Participant will be entitled if the Scheme becomes Effective, will be determined based on the pre-tax NTA value for AEG and WAM Leaders as at 5.00pm (Sydney time) on the Calculation Date.

The NTA of AEG may fluctuate relative to the NTA of WAM Leaders, which would affect the number of New WAM Leaders Shares to which Scheme Participants will be entitled. Relevantly, a decrease in AEG's pre-tax NTA relative to WAM Leaders' pre-tax NTA between the date of the Scheme Booklet and the Calculation Date will result in Scheme Participants being entitled to a smaller number of New WAM Leaders Shares as Scheme Consideration.

Fluctuations in AEG's pre-tax NTA relative to WAM Leaders' pre-tax NTA prior to the Calculation Date do not change the value proposition for the Scheme. Adverse movements in the relative pre-tax NTA values of AEG and WAM Leaders after the Calculation Date may impact the value of the Scheme Consideration. AEG has sought to minimise this risk by limiting the timeframe between calculation of the Scheme Consideration and implementation of the Scheme.

(c) The value of the Scheme Consideration is not fixed or certain

The implied value of the Scheme Consideration will vary over time depending on the prevailing WAM Leaders Share price and as a result, the implied value of the Scheme Consideration is likely to change, including between the date of this Scheme Booklet, the date of the Scheme Meeting and the date on which the Scheme Consideration is issued to Scheme Participants on the Implementation Date. Following implementation of the Scheme, the price of New WAM Leaders Shares will continue to rise or fall based on market conditions and the Enlarged Group's financial and operating performance.

If the Scheme is implemented, a number of additional WAM Leaders Shares (being the New WAM Leaders Shares issued as Scheme Consideration) will be available for trading in the public market (see Section 7 for details of the capital structure of the Enlarged Group if the Scheme is implemented). The increase in the number of WAM Leaders Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, WAM Leaders Shares.

Further, some Scheme Participants who receive New WAM Leaders Shares may not wish to retain their shareholding and may sell their New WAM Leaders Shares soon after receiving them. This may have an adverse impact on the market price of WAM Leaders Shares traded on the ASX in the short term.

In addition, the process to be undertaken by the Sale Nominee of selling the New WAM Leaders Shares that would otherwise be issued to Ineligible Overseas Shareholders after the Implementation Date may place short-term downward pressure on the market price for WAM Leaders Shares by creating additional selling volumes.

(d) Transaction costs

Certain transaction related costs will be incurred by AEG irrespective of whether or not the Scheme is implemented. These costs include financial advisory, legal, accounting, Independent Expert, tax and administration fees, Scheme Booklet design and distribution, registry and other expenses.

WAM Leaders has agreed to reimburse AEG in respect of these transaction related costs under the Scheme Implementation Agreement if the Scheme does not proceed due to:

- a Scheme Condition that WAM Leaders was responsible for not being satisfied or waived; or
- WAM Leaders materially breaching a term of the Scheme Implementation Agreement,

provided when the Scheme Implementation Agreement is terminated, WAM Leaders is not also entitled to terminate due to the non-satisfaction or waiver of a Scheme Condition for which AEG is responsible or AEG's material breach.

(e) **Conditions not met**

The Scheme is subject to a number of Scheme Conditions which are summarised in Section 3.3.

At the date of this Scheme Booklet, neither AEG nor WAM Leaders is aware of any circumstances which could cause the Scheme Conditions not to be satisfied or (if applicable) waived. However, there is a possibility that one or more of the Scheme Conditions will not be met or waived and that the Scheme does not proceed as a result.

(f) **AEG Share price and discount to NTA**

If the Scheme is not implemented, AEG Shares will remain quoted on the ASX and will continue to be subject to the risk factors in Section 8.2. There is a risk of that the price at which AEG Shares trade will fall in these circumstances.

There is also a risk that AEG Shares will continue to trade at a discount to NTA if the Scheme is not implemented.

(g) **Integration risks and realisation of synergies**

The Scheme may deliver cost savings in operating synergies following its implementation. However, it is possible that the integration of AEG and WAM Leaders will be more difficult or take more time than currently anticipated, and could delay the realisation of synergy benefits expected to result from the Scheme.

The accounting, company secretarial and general administrative expenses are fixed, and are not expected to increase. It is therefore expected that the Enlarged Group should, following transition, realise the benefits of scale.¹⁹ Failure to achieve targeted synergies may have an adverse effect on the operations and financial performance and position of the Enlarged Group and the value of WAM Leaders Shares. Further information about the potential synergies is detailed in Section 7.1 of the Scheme Booklet.

(h) **Investment risks**

Scheme Participants who receive New WAM Leaders Shares will become shareholders in the Enlarged Group. Risks specific to an investment in the Enlarged Group are detailed in Sections 8.3 to 8.5 (inclusive).

¹⁹ There is no certainty that cost savings and synergies will be realized as part of the Enlarged Group.

9. TAXATION CONSIDERATIONS

9.1. INTRODUCTION

This Section provides a general overview of the Australian taxation consequences if the Scheme proceeds. The overview provided in this section does not take into account your specific circumstances. It should not be used as the basis upon which you make a decision to vote in favour of the Scheme.

This Section provides a summary of some of the Australian income tax implications of the Scheme applicable to AEG Shareholders that hold their AEG Shares on capital account for Australian income tax purposes. This Section therefore does not apply to AEG Shareholders who hold their AEG Shares as either trading stock or on revenue account, are not subject to Australian income tax, are subject to the Taxation of Financial Arrangements (**TOFA**) rules under the Australian income tax law, or hold their AEG Shares in connection with a permanent establishment in Australia.

The information in this section is based on the Australian income tax legislation, public taxation rulings, determinations and administrative practice as at the date of this Scheme Booklet. These laws can change at any time, which may have adverse taxation consequences. It is recommended that AEG Shareholders seek their own professional advice, specific to their circumstances, of the taxation implications of the Scheme.

9.2. AUSTRALIAN INCOME TAX IMPLICATIONS

(a) Capital Gains Tax

The transfer of AEG Shares held by AEG Shareholder to WAM Leaders will constitute a disposal for Australian income tax purposes.

If the AEG Shares are held on capital account, the disposal will result in a capital gains tax (**CGT**) event A1 and may result in a capital gain or loss for an Australian income tax resident AEG Shareholder, subject to any scrip for scrip roll-over relief that may be available and chosen by an AEG Shareholder (discussed below).

TIMING OF THE CGT EVENT

The timing of the CGT event will be when the AEG Shareholder transfers its AEG Shares to WAM Leaders under the Scheme (i.e. the Implementation Date).

CALCULATION OF CAPITAL GAIN OR CAPITAL LOSS

AEG Shareholders will make:

- a capital gain, if the capital proceeds from the disposal of their AEG Shares are more than the cost base of those AEG Shares; or
- a capital loss, if the capital proceeds are less than the reduced cost base of those AEG Shares.

Subject to scrip for scrip roll-over relief, the capital gain or loss on disposal of AEG Shares will need to be included in the calculation of the AEG Shareholder's total net capital gain or loss for that income year.

If there is a net capital gain, it will need to be included in the AEG Shareholder's assessable income and will be potentially subject to income tax.

If there is a net capital loss, it will not be deductible against any other income for income tax purposes but may be carried forward to be offset against future capital gains. Where an AEG

Shareholder is a company, certain specific loss testing rules apply. These rules may limit the ability to offset capital losses in a current or later income year.

COST BASE OF AEG SHARES

The cost base of AEG Shares will be the amount paid, and the market value of any property given, to acquire the AEG Shares. The cost base may also include certain incidental costs incurred in relation to the acquisition and disposal (e.g. brokerage fees).

The reduced cost base will be determined in a similar manner to the cost base, although some differences could exist depending on the specific circumstances of each AEG Shareholder.

CAPITAL PROCEEDS ON DISPOSAL OF AEG SHARES

The capital proceeds arising to an AEG Shareholder on disposal of their AEG Shares will be the Scheme Consideration. Since the Scheme Consideration comprises of New WAM Leaders Shares, the capital proceeds will be equal to the market value of the New WAM Leaders Shares received under the Scheme, determined on the Implementation Date.

CGT DISCOUNT

Individuals, complying superannuation entities or trusts that have held their AEG Shares for at least 12 months before the CGT event i.e. the Implementation Date may be entitled to benefit from the CGT discount to reduce the amount of the capital gain from the disposal of their AEG Shares by:

- 50% in the case of individuals and trusts; or
- 33 $\frac{1}{3}$ % in the case of complying superannuation entities.

The CGT discount is applied on the net capital gain after application of any available capital losses.

No CGT discount will be available to an AEG Shareholder that is a company.

SCRIP FOR SCRIP ROLL-OVER RELIEF

AEG Shareholders who make a capital gain on disposal of their AEG Shares under the Scheme may choose to apply scrip for scrip roll-over relief. The scrip for scrip roll-over relief is not available where a capital loss is made upon the disposal of AEG Shares.

WAM Leaders will not make an election under subsection 124-795(4) of the ITAA 1997 to deny scrip for scrip roll-over relief to eligible AEG Shareholders. As such, AEG Shareholders will be able to apply scrip for scrip roll-over if they make the choice.

If scrip for scrip roll-over relief is available and chosen by an AEG Shareholder, the capital gain realised from the disposal of AEG Shares will be disregarded and will not be included in the calculation of the net capital gain or loss for that income year.

Whether an AEG Shareholder has made the choice to apply scrip for scrip roll-over is evidenced by the way in which that AEG Shareholder prepares their income tax return. There is no need to lodge a separate notice with the ATO.

Where an AEG Shareholder has chosen scrip for scrip roll-over relief, the following should apply:

- The first element of the cost base of the New WAM Leaders Shares received as Scheme Consideration should be equal to the cost base of their original AEG Shares that were exchanged for Scheme Consideration and for which the roll-over has been chosen.

- For the purpose of application of CGT discount on any future disposals, the New WAM Leaders Shares should be taken to be acquired at the time their AEG Shares were originally acquired.

The benefit of choosing scrip for scrip roll-over relief will depend upon the individual circumstances of each AEG Shareholder.

WHERE SCRIP FOR SCRIP ROLL-OVER RELIEF IS NOT AVAILABLE OR NOT CHOSEN

Where scrip for scrip roll-over relief is not chosen by an AEG Shareholder, the following should apply:

- The first element of the cost base of each New WAM Leaders Share received should be an amount equal to the market value of the AEG Shares given in respect of acquiring the New WAM Leaders Shares, determined on the Implementation Date.
- For the purpose of application of CGT discount on any future disposals, the acquisition date of the New WAM Leaders Shares should be the Implementation Date.

(b) WAM Leaders Permitted Dividend

On 3 August 2022 WAM Leaders declared a 4 cent FY2022 fully franked final dividend which AEG Shareholders who participate in the Scheme will be eligible to receive if they continue to hold their New WAM Leaders Shares at 18 November 2022, the WAM Leaders Permitted Dividend record date.

Those AEG Shareholders who receive the WAM Leaders Permitted Dividend will need to hold their New WAM Leaders Shares at-risk for at least 45 days during the qualification period in order to obtain a tax offset in respect of any franking credits attached to their WAM Leaders Permitted Dividend. The qualification period should generally commence from the day after the New WAM Leaders Shares are acquired by an AEG Shareholder up to the day before that particular shareholder disposes of those shares.

For completeness, in certain situations, the 45 day rule does not apply where the franking credit tax offset does not exceed \$5,000 (i.e. the small shareholder exemption).

9.3. AUSTRALIAN NON-RESIDENT SHAREHOLDERS

(a) Capital Gains Tax

A capital gain or loss arising for an AEG Shareholder who is not an Australian income tax resident on disposal of their AEG Shares should be disregarded if the AEG Shares are not taxable Australian property (TAP).

Generally, the AEG Shares should not be TAP since the sum of the market values of AEG's assets which are TAP (being direct and indirect interests in Australian real property, for example: land and property) does not exceed the sum of the market values of AEG's assets which are not TAP. As such, any capital gain or loss arising on disposal of AEG Shares by non-resident AEG Shareholders should be disregarded for Australian income tax purposes.

However, in specific circumstances, AEG Shares could be TAP for certain non-resident AEG Shareholders.

(b) WAM Leaders Permitted Dividend

The non-resident AEG Shareholders should not be subject to Australian income tax on WAM Leaders Permitted Dividend. However, there may be potential dividend withholding tax consequences if the dividend is not fully franked.

9.4. LANDHOLDER DUTY (TRANSFER DUTY)

No Australian landholder duty (transfer duty) should be payable by AEG Shareholders in relation to the disposal of their AEG Shares to WAM Leaders under the Scheme.

9.5. GOODS AND SERVICES TAX (GST)

AEG Shareholders should not be liable for GST in respect of a disposal of their AEG Shares. AEG Shareholders may be charged GST on costs that they may incur (such as tax or legal advisor fees) in relation to the Scheme. AEG Shareholders who are registered for GST may be entitled to claim input tax credits for such amounts of GST paid.

10. ADDITIONAL INFORMATION

10.1. INTRODUCTION

This Section 10 provides you with additional information required for the purposes of section 412(1) of the Corporations Act.

10.2. INTERESTS OF AEG DIRECTORS

As at the Last Practicable Date, the AEG Board held the following relevant interests in AEG Shares and WAM Leaders Shares:

Director	Position	AEG Shares	WAM Leaders Shares
Mr Marc Fisher	Chair	124,083	-
Mr William Harrison	Non-Executive Director	-	-
Mr Daniel Liptak	Non-Executive Director	-	-

10.3. INTERESTS OF WAM LEADERS BOARD

As at the date of this Scheme Booklet, the WAM Leaders Board held the following interests in AEG Shares and WAM Leaders Shares:

Director	Position	AEG Shares	WAM Leaders Shares
Mr Geoff Wilson	Chairman	-	12,561,332
Mr Ross Finley	Non-Executive Director	-	75,060
Mr Lindsay Mann	Non-Executive Director	-	242,000
Ms Melinda Snowden	Non-Executive Director	-	17,040
Ms Kate Thorley	Non-Executive Director	-	298,292

10.4. INTERESTS OF WILSON ASSET MANAGEMENT

(a) Wilson Asset Management's voting power in AEG

As at the date of this Scheme Booklet, Wilson Asset Management has a Relevant Interest in 1.4466% of AEG Shares.

The table below sets out Wilson Asset Management and its Associates' respective holdings in AEG shares as at the date of this Scheme Booklet:

Holder of AEG Shares	Number of AEG Shares held	% of issued capital of AEG
Wilson Asset Management Group	1,305,796	1.4466%

WAM Leaders has advised AEG that the Wilson Asset Management Group members who hold AEG Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting.

(b) **No trading in AEG Shares in the last four months**

None of WAM Leaders, Wilson Asset Management nor any associate of WAM Leaders or Wilson Asset Management, has acquired or disposed of a relevant interest in any AEG Shares in the four month period prior to the date of this Scheme Booklet.

(c) **No collateral benefits**

Neither WAM Leaders or an associate of WAM Leaders has given, offered to give or agreed to give any AEG Shareholder or an associate of any AEG Shareholder in the four month period prior to the date of this Scheme Booklet any benefit (not offered to all AEG Shareholders) which is likely to induce them to vote in favour of the Scheme, or dispose of AEG Shares.

10.5. ARRANGEMENTS WITH AEG DIRECTORS

(a) **Arrangement with Perma Capital Pty Ltd**

AEG's Chair, Mr Marc Fisher is a director and shareholder of Perma Capital Pty Ltd (**Perma Capital**). Perma Capital manages AEG's day-to-day operations. Perma Capital is remunerated for its services by the AEG Investment Manager from management fees paid to it under the AEG Management Agreement at no additional cost to AEG.

If the Scheme becomes Effective, Perma Capital's entitlement to be remunerated in respect of AEG following implementation is dependent upon payments being made to the AEG Investment Manager under or in respect of the AEG Management Agreement. The AEG Investment Manager's entitlement to such payments is likely to cease upon any termination of the AEG Management Agreement.

Perma Capital will not receive any fees from AEG regardless of whether the Scheme proceeds.

(b) **Consultancy agreement with Harrison & Co Legal Consulting (Asia-Pacific) Pty Limited**

AEG Director, Mr William Harrison has through a consulting company, Harrison & Co Legal Consulting (Asia-Pacific) Pty Limited (**Harrison & Co**) provided legal consultancy services to AEG, including in relation to the Scheme and its implementation. Mr Harrison is a director and shareholder of Harrison & Co. Harrison & Co has been remunerated for his services on a time spent basis.

No on-going retainer is in place that would require termination following implementation of the Scheme. Consultancy fees payable to Harrison & Co in respect of the Scheme of approximately \$110,000 (ex GST) have been included as transaction related costs.

(c) **Invitation of Mr Marc Fisher to join the WAM Leaders Board**

If the Scheme becomes effective, Mr Marc Fisher will be invited to join the WAM Leaders Board (subject to WAM Leaders' corporate governance processes and protocols and the acceptance of this invitation).

The seat on the WAM Leaders Board was considered by the AEG Board only in relation to the benefit that it would bring to AEG Shareholders by providing continuity of management of the Enlarged Group. The AEG Board does not consider that it materially interferes with the independent exercise of Mr Fishers' judgement in assessing the Scheme and determining whether it is in the best interests of AEG Shareholders, in the absence of a Superior Proposal.

(d) **No agreement or arrangement connected to the outcome of the Scheme**

Other than as outlined above, no AEG Director or its associates has entered into, or otherwise has any interest in, any contract, agreement or arrangement with another person connected with or conditional on the outcome of the Scheme.

(e) **No retirement benefits AEG Directors**

No payment or other benefit is proposed to be made or given in connection with the Scheme to any AEG Director or other officer of AEG, or of any related body corporate of AEG, as compensation for loss of, or as consideration for, or in connection with, their retirement from office in AEG or in any related body corporate of AEG, other than any payments or benefits arising from any applicable redundancy entitlements.

AEG pays premiums in respect of a directors and officers (**D&O**) insurance policy for the benefit of its directors and intends to put in place suitable arrangements for run-off D&O insurance for the benefit of its directors, as contemplated by the Scheme Implementation Agreement.

Marc Fisher is AEG's managing director. AEG does not have any other executive officers or employees.

10.6. MATERIAL AGREEMENTS

Section 5.4(b) contains a summary of the AEG Management Agreement and Section 6.1(l) contains a summary of the WAM Leaders Management Agreement.

Key terms of the Scheme Implementation Agreement is summarised in Section 3.2 to 3.3, 3.6, 3.9 and 3.10. Annexure B contains a copy of the Scheme and Annexure C contains a copy of the Deed Poll.

10.7. FOREIGN SELLING RESTRICTIONS

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. AEG disclaims all liabilities to such persons. If you are an AEG Shareholder who is a nominee, trustee or custodian, you are advised to seek independent advice as to how you should proceed.

No action has been taken to register or qualify this Scheme Booklet, the Scheme or the New WAM Leaders Shares, or otherwise permit a public offering of the New WAM Leaders Shares, in any jurisdiction outside of Australia.

10.8. CONSENTS AND DISCLAIMERS OF ADVISERS

Each of the parties named in this Section 10 as consenting parties:

- has given and has not, before lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to be named in this Scheme Booklet in the form and context in which it is named;
- has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names in this Section 10.8, and the references to those statements and reports in the form and context in which they are included in this Scheme Booklet;
- has not authorised or caused the issue of this Scheme Booklet;

- does not make, or purport to make, any statement in this Scheme Booklet other than those statements referred to in this Section 10.8 in respect of that person's name (and as consented to by that person); and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any statements in or omissions from this Scheme Booklet, other than a reference to its names and the statements (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 10.

Role	Consenting Party	Statements
Acquiring entity	WAM Leaders Limited	WAM Leaders Information
WAM Leaders Investment Manager	MAM Pty Limited	
Australian taxation adviser	PPNSW Services Pty Ltd	Australian taxation considerations in Section 9
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd	Independent Expert's Report in Annexure A and to the references to the Independent Expert's Report in this Scheme Booklet
AEG Registry	Boardroom	
Australian legal adviser to AEG	Mont Lawyers Pty Limited	
Australian legal adviser to WAM Leaders	Mills Oakley	

10.9. DISCLOSURE OF FEES AND BENEFITS RECEIVED BY CERTAIN PERSONS

In aggregate, if the Scheme is implemented AEG expects to pay approximately \$570,000 (excluding GST) in transaction related costs. See Section 5.9(c) for further details.

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are those persons listed in Section 10.8.

Except as disclosed in this Scheme Booklet, no:

- AEG Director;
- WAM Leaders Director;
- person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- promoter of the Enlarged Group,

(together the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- the formation or promotion of the Enlarged Group;

- property acquired or proposed to be acquired by WAM Leaders in connection with the formation or promotion of the Enlarged Group or the offer of New WAM Leaders Shares under the Scheme; or
- the offer of New WAM Leaders Shares under the Scheme.

Except as disclosed elsewhere in this Scheme Booklet, neither AEG or WAM Leaders has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:

- a proposed director of WAM Leaders to induce them to become or qualify as a director of WAM Leaders; or
- any Interested Person for services provided by that person in connection with:
 - the formation or promotion of the Enlarged Group; or
 - the offer of New WAM Leaders Shares under the Scheme.

10.10. DOCUMENTS AVAILABLE

An electronic version of this Scheme Booklet including the Independent Expert's Report, can be viewed and downloaded online on AEG's website www.aepfund.com.au and ASX's website at www.asx.com.au.

10.11. NO UNACCEPTABLE CIRCUMSTANCES

The AEG Board believes that the Scheme does not involve any circumstances in relation to the affairs of AEG that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

10.12. NO LITIGATION

At the date of this Scheme Booklet, neither AEG nor WAM Leaders is involved in any legal disputes and is not party to any litigation.

10.13. OTHER MATERIAL INFORMATION KNOWN TO AEG

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme being information that is within the knowledge of any of the AEG Directors, or any director of any related body corporate of AEG, which has not previously been disclosed to AEG Shareholders.

10.14. OTHER MATERIAL INFORMATION KNOWN TO WAM LEADERS

Except as set out in Sections 6 and 7 of this Scheme Booklet, there is no other information regarding WAM Leaders, or its intentions regarding AEG that is material to the making of a decision by an AEG Shareholder on whether or not to vote in favour of the Scheme, being information that is within the knowledge of any WAM Leaders Director, or any director of any related body corporate of WAM Leaders, which does not relate to the value of the New WAM Leaders Shares that has not previously been disclosed to AEG Shareholders.

10.15. SUPPLEMENTARY INFORMATION

AEG will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Effective Date:

- a material statement in this Scheme Booklet is or becomes false or misleading;
- a material omission from this Scheme Booklet;

- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, AEG may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to AEG Shareholders at their address as shown on the AEG Share Register; or
- posting the supplementary document on AEG's website,

as AEG, in its absolute discretion, considers appropriate.

10.16. DIRECTORS' STATEMENT

The issue of this Scheme Booklet has been authorised by the AEG Board, and this Scheme Booklet has been signed by or on behalf of the AEG Directors. The AEG Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

11. GLOSSARY OF TERMS

11.1. DEFINITIONS

In this Scheme Booklet (including the annexures), unless the context requires otherwise:

AEG	means Absolute Equity Performance Fund Limited (ACN 608 552 496).
AEG Board	means the board of AEG, made up of the AEG Directors.
AEG Director	means a director of AEG.
AEG Investment Strategy	means the market neutral investment strategy focused on Pair Trades detailed in Section 5.2 and employed by the AEG Investment Manager in the management of the AEG Portfolio.
AEG Investment Manager	means the investment manager of the AEG Portfolio appointed under the terms of the AEG Management Agreement, being Bennelong Long Short Equity Management Pty Ltd (ABN 63 118 724 173).
AEG Management Agreement	means the investment management agreement between AEG and the AEG Investment Manager dated on or about 9 November 2015.
AEG Portfolio	means AEG's portfolio of investments.
AEG Registry	means Boardroom Pty Limited (ABN 14 003 209 836).
AEG Share	means a fully paid ordinary share in the capital of AEG.
AEG Shareholder	means a person who is registered in the AEG Share Register as the holder of an AEG Share.
AEG Share Register	means the share register of AEG maintained by the AEG Registry.
Announcement Date	means 14 June 2022, the date the Scheme Implementation Agreement was first announced to the market.
ASIC	means the Australian Securities and Investments Commission.
Associates	has the meaning given in the Corporations Act.
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.
ASX Listing Rules	means the official listing rules of the ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.
ATO	means the Australian Taxation Office.
Business Day	means Monday to Friday and excludes New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and another day ASX declares is not a business day.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Limited (ACN 008 504 532).
CGT	means capital gains tax.

Calculation Date	means 5.00pm on the Effective Date (currently expected to be 22 September 2022), being the date and time at which the pre-tax NTA for WAM Leaders and AEG is calculated.
Competing Transaction	<p>means a proposal, transaction or arrangement (including a takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, or joint venture) which, if completed, would mean a person (other than WAM Leaders, the WAM Investment Manager, their respective related bodies corporate and any entities they manage) whether alone or together with its associates would, directly or indirectly:</p> <ul style="list-style-type: none"> • acquire an interest or Relevant Interest in or become the holder of 20% or more of the AEG Shares on issue (other than as custodian, nominee or bare trustee); • acquire control of AEG, within the meaning of section 50AA of the Corporations Act; • directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by AEG; • otherwise acquire or merge with AEG (including by a reverse takeover bid); or • cause the Scheme to be required to be abandoned or otherwise fail to proceed.
Confirmed	<p>means, in respect of the pre-tax NTA per AEG Share or WAM Leaders Share:</p> <ul style="list-style-type: none"> • the amounts agreed between the parties in writing; or • if the parties cannot agree a pre-tax NTA amount within the two Business Days permitted under the Scheme Implementation Agreement, the amount certified by the AEG auditor (in respect of the pre-tax NTA per AEG Share) or the WAM Leaders auditor (in respect of the pre-tax NTA per WAM Leaders Share) as calculated to the standard prescribed by Accounting Standard on Review Engagements ASRE 2410 "Review of a Financial Report Performed by the Independent Auditor of the Entity".
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Court	means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by AEG and WAM Leaders.
D&O Run-Off Insurance	means directors' and officers' liability run-off insurance that will apply for seven years from the Implementation Date and cover the AEG Directors and other AEG officers (if relevant) on terms which are no less favourable than AEG's D&O policy in force prior to the Implementation Date.
Deed Poll	means the deed poll by WAM Leaders in favour of the Scheme Participants and AEG, a copy of which is included as Annexure C to this Scheme Booklet.
Derivative	means a security whose value depends on the performance of an underlying asset.

End Date	is defined in the Scheme Implementation Agreement and means 30 November 2022 or such other date agreed by WAM Leaders and AEG in writing.
Effective	means, when used in relation to this Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective, currently expected to be 22 September 2022.
Enlarged Group	means the enlarged group of WAM Leaders and AEG that will exist after implementation of the Scheme.
Explanatory Statement	means the statement under section 412 of the Corporations Act that has been registered by ASIC in relation to the Scheme, and forms part of this Scheme Booklet.
First Court Date	means the day on which the Court heard an application for orders under section 411(1) of the Corporations Act convening the Scheme Meeting.
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Implementation Date	means the: <ul style="list-style-type: none"> • 5th Business Day following the Record Date; or • 2nd Business Day after the pre-tax NTA per AEG Share and WAM Leaders Share are both Confirmed, whichever date occurs last, or such other date as AEG and WAM Leaders agree in writing or as may be required by ASX. See 'Important Dates' at the front of the Scheme Booklet for further details.
Ineligible Overseas Shareholder	is defined in the Scheme as any person who: <ul style="list-style-type: none"> • holds AEG Shares and to whom WAM Leaders would be prohibited from issuing Scheme Consideration pursuant to any act, rule or regulation of Australia which prohibits WAM Leaders from issuing Scheme Consideration to foreign persons; • holds AEG Shares and does not have a registered address in Australia, or such other jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that registered shareholder to receive an offer under or to participate in this Scheme and receive Scheme Consideration in compliance with applicable laws; or • is acting on behalf of or for the account of a person who holds AEG Shares beneficially and resides in a jurisdiction outside of Australia, except, with the consent of AEG and WAM Leaders, such a beneficial shareholder residing in another jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that beneficial holder to receive an offer under or to participate in this Scheme and receive Scheme Consideration in compliance with applicable laws.
Independent Expert	means BDO Corporate Finance (East Coast) Pty Ltd (ACN 050 038 170).
Independent Expert's Report	means the report prepared by the Independent Expert, providing an opinion as to whether the Scheme is fair and reasonable and therefore in the best interests of AEG Shareholders, included in Annexure A.
ITAA	means the <i>Income Tax Assessment Act 1997</i> (Cth).

Last Practicable Date	means 9 August 2022, being the last practicable Business Day before the finalisation of the Scheme Booklet.
Long Position	means holding a positive amount of an asset in the expectation that the value of that asset will appreciate.
New WAM Leaders Share	means a WAM Leaders Share to be issued to a Scheme Participant as Scheme Consideration.
NTA	means net tangible assets. When used in the context of the Scheme Consideration or 'pre-tax NTA', refer to 'pre-tax NTA' defined below.
Pair Trades	means Long and Short Positions that have a relevant statistical correlation or a 'common sense' relationship and typically have equal dollar values.
Performance Calculation Period	means in relation to WAM Leaders Investment Management Agreement, the 12 month period ending on 30 June each year.
pre-tax NTA	<p>means the net tangible asset backing of AEG or WAM Leaders (as the context requires) per AEG Share or WAM Leaders Share (as the case may be) before current and deferred tax balances calculated as at 5.00pm (Sydney time) on the Calculation Date (currently expected to be 22 September 2022) in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations.</p> <p>For the purpose of calculating the Scheme Consideration, each pre-tax NTA will:</p> <ul style="list-style-type: none"> • be reviewed and Confirmed in accordance with the Scheme Implementation Agreement; • include a liability provision for costs associated with implementing the Scheme that have been incurred by WAM Leaders or AEG (as applicable) but remain unpaid as at the Calculation Date (including in respect of AEG, D&O Run-Off Insurance costs, otherwise in respect of both parties, registry, court and other filing fees, fees for financial, taxation, legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit); • be calculated based on the relevant position's last sale price on the Calculation Date (quoted by Refinitiv); and • include a liability provision equal to 0.20% (or 20 basis points) multiplied by the gross exposure of the portfolio positions (long positions plus the absolute value of short positions) to account for the costs of selling (such as brokerage costs) that would be incurred if all portfolio positions held on the Calculation Date were disposed, or if the borrowed short positions were closed or repaid, on the Calculation Date.
Prescribed Occurrence	<p>means unless otherwise agreed between the parties, WAM Leaders or AEG doing any of the following (or authorising, agreeing to do, or making any representation or warranty regarding doing, authorising or agreeing to do, any of the following):</p> <ul style="list-style-type: none"> • converting shares into a larger or smaller number of shares, resolving to reduce capital in any way or resolving to reclassify, combine, split or redeem or repurchase directly or indirectly any of its securities or entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under the Corporations Act; • other than the WAM Leaders Permitted Dividend (in respect of WAM Leaders), directly or indirectly, making or declaring, or announcing an

	<p>intention to make or declare, any distribution, (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);</p> <ul style="list-style-type: none"> • issuing shares, securities or other instruments convertible into shares or debt securities, granting an option over its shares or agreeing to make such an issue or grant such an option; • adopting a new constitution or modifying or repealing its constitution or a provision of it; • disposing, or agreeing to dispose of the whole or a substantial part of its business or property; • acquiring or disposing of, agreeing to acquire or dispose of; or offering, proposing, announcing a bid or tenders for, any business, assets, entity or undertaking the value of which exceeds \$100,000 other than as permitted under the WAM Leaders Investment Management Agreement (in respect of WAM Leaders) or the AEG Management Agreement (in respect of AEG); • creating, or agreeing to create, any encumbrance over or declaring itself the trustee of the whole or a substantial part of its business or property; • increasing the remuneration of, or otherwise varying the arrangements with, any of its directors; or otherwise: <ul style="list-style-type: none"> ○ accelerating the rights of any of its directors to compensation or benefits of any kind (including under any executive or employee share plans); or ○ paying any of its directors a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement); • either: <ul style="list-style-type: none"> ○ entering into, terminating or amending in a material manner, any contract or commitment involving revenue or expenditure of more than \$100,000 over the term of the contract or commitment; or ○ waiving any material third party default; or ○ accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$100,000) less than the full compensation due to it or a subsidiary; • it or any of its related bodies corporate becomes insolvent.
Pro Historical Financial Information	Forma means the unaudited pro forma statement of financial position of WAM Leaders, on the basis that the implementation of the Scheme had occurred as at 31 December 2021, provided in Section 7.4 of this Scheme Booklet.
Proxy Form	means the personalised form for appointing a proxy in respect of the Scheme Meeting accompanying this Scheme Booklet.
Record Date	means 5.00pm (Sydney time) on the second Business Day after the Effective Date (currently expected to be 22 September 2022) or such other time and date as the parties agree in writing or as may be required by ASX.
Regulatory Authority	includes (1) ASX, ASIC and the Takeovers Panel; (2) any government or governmental, semi-governmental or judicial entity or authority, including the ATO; (3) any minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (4) any regulatory organisation established under statute.

Relevant interest	has the meaning given in section 608 of the Corporations Act.
Related Corporate Bodies	has the meaning given in the Corporations Act.
Requisite Majorities	<p>mean approval of the Scheme Resolution by:</p> <ul style="list-style-type: none"> • (headcount test) unless the Court orders otherwise, a majority in number (i.e. more than 50%) of AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, attorney or, in the case of corporate shareholders, by corporate representative); and • (voting test) at least 75% of the total number of votes cast on the Scheme Resolution by AEG Shareholders present and voting at the Scheme Meeting (either in person, virtually, or by proxy, attorney or, in the case of corporate shareholders, body corporate representative).
Sale Nominee	the agent appointed by WAM Leaders (acting reasonably and in good faith) to sell the New WAM Leaders Shares that are attributable to Ineligible Overseas Shareholders in accordance with the terms of the Scheme (or any nominee of such person).
Sale Proceeds	means the proportion of the Total Cash Proceeds (rounded down to the nearest cent) to which an Ineligible Overseas Shareholder is entitled to under the Scheme. See Section 3.8(b) for details.
Scheme	means scheme of arrangement under Part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders, on the terms set out in Annexure B together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by AEG and WAM Leaders.
Scheme Booklet	means this document.
Scheme Conditions	means the conditions precedent as stated under clause 3.1 of the Scheme and detailed in Section 3.3 of this Scheme Booklet.
Scheme Consideration	<p>means for each Scheme Share, that number of New WAM Leaders Shares determined and issued in accordance with Schedule 1 and clause 5 the Scheme.</p> <p>The relevant Scheme provisions are summarised and explained in Section 3.2 of this Scheme Booklet and set out in full in Annexure B.</p>
Scheme Implementation Agreement	means the scheme implementation agreement between AEG and WAM Leaders dated 13 June 2022 relating to (among other things) the implementation of the Scheme, key terms of which are summarised in Sections 3.2, 3.3, 3.6, 3.9 and 3.10 of this Scheme Booklet, and a full copy of which can be obtained from the ASX website (www.asx.com.au).
Scheme Meeting	means the meeting of AEG Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act, at which AEG Shareholders will consider the Scheme Resolution.
Scheme Participant	means each person who is an AEG Shareholder as at 5.00pm (Sydney time) on the Record Date (other than WAM Leaders and includes any custodian of WAM Leaders to the extent it is acting in that capacity).
Scheme Resolution	means the resolution to approve the Scheme that AEG Shareholders are asked to vote on at the Scheme Meeting, on the terms set out in the notice contained in Annexure D.

Scheme Share	means an AEG Share held by a Scheme Participant as at 7.00pm (Sydney time) on the Record Date (currently expected to be 26 September 2022).
Scheme Transfer Form	means the share transfer form for the transfer of all of the Scheme Shares to WAM Leaders pursuant to the Scheme.
Second Court Date	means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard. The Second Court Date is currently expected to be 21 September 2022.
Shareholder Information Line	means the shareholder information line hosted by the AEG Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.
Short Position	means borrowing an asset (security) and then immediately selling it in the expectation that the value of the relevant security will depreciate. The Short Position is covered by buying back the asset, theoretically at a lower price thereby locking in a profit. The borrowed relevant security is then returned.
Superior Proposal	<p>means a bona fide Competing Transaction which the AEG Board (acting in good faith, and after taking written advice from its legal and financial advisers) determines:</p> <ul style="list-style-type: none"> • is reasonably capable of being completed, taking into account all aspects of the Competing Transaction and the person making it, within a reasonable timeframe and substantially in accordance with its terms; and • would, if so completed, result in a more favourable outcome for AEG Shareholders as a whole than would result from implementation of the Scheme, taking into account all the terms and conditions of the Competing Transaction.
Total Cash Proceeds	means the total proceeds of the sales of New WAM Leaders Shares issued to the Sale Nominee under the Scheme (after deducting any applicable fees, reasonable brokerage or other selling costs, taxes and charges). See Section 3.8(b) for details.
Transition Plan	means a transition plan adopted by WAM Leaders with the consent of AEG in accordance with the Scheme Implementation Agreement.
Value of the Portfolio	means in relation to WAM Leaders, the gross assets of WAM Leaders from time to time.
VWAP	means volume weighted average price.
WAM Leaders	means WAM Leaders Limited (ACN 611 053 751).
WAM Leaders Board	means the board of directors of WAM Leaders.
WAM Leaders Directors	means any director of WAM Leaders comprising part of the WAM Leaders Board.
WAM Leaders Information	means the information concerning WAM Leaders and the Enlarged Group provided by WAM Leaders to AEG in writing for inclusion in this Scheme Booklet.

WAM Leaders Investment Management Agreement	means the investment management agreement between WAM Leaders and the WAM Leaders Investment Manager.
WAM Leaders Investment Manager	means the investment manager of the WAM Leaders' portfolio appointed under the terms of the WAM Leaders Investment Management Agreement, MAM Pty Limited (ACN 100 276 542). MAM Pty Limited is a wholly owned subsidiary of Wilson Asset Management (International) Pty Ltd (ACN 081 047 118).
WAM Leaders Permitted Dividend	means the 4 cent fully franked dividend that WAM Leaders (in its absolute discretion) has determined to pay to its shareholders in respect of the financial year ended 30 June 2022 announced on 3 August 2022.
WAM Leaders Share	means a fully paid ordinary share in WAM Leaders.
WAM Leaders Shareholder	means a person who is registered in the WAM Leaders Share Register as the holder of a WAM Leaders Share.
WAM Leaders Share Register	means the register of members maintained by the WAM Leaders Share Registry in accordance with the Corporations Act.
WAM Leaders Share Registry	Boardroom Pty Limited (ABN 14 003 209 836).
Wilson Asset Management	means Wilson Asset Management (International) Pty Ltd (ACN 081 047 118) and its wholly owned subsidiary MAM Pty Limited (ACN 100 276 542)
Wilson Asset Management Group	means Wilson Asset Management and its Related Bodies Corporate.

11.2. INTERPRETATION

In this Scheme Booklet (including the annexures) unless the context otherwise requires:

- a number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet;
- except where otherwise stated, all references to times in this Scheme Booklet are references to Sydney time;
- all references to "\$", "dollar" and "cent" are references to Australian currency, unless stated otherwise;
- words and phrases not otherwise defined in this Scheme Booklet (excluding the annexures) have the same meaning (if any) as is given to them by the Corporations Act;
- the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet; and
- a reference to a Section is to a Section in this Scheme Booklet unless stated otherwise.

ANNEXURE A- INDEPENDENT EXPERT'S REPORT

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INDEPENDENT EXPERT REPORT

ABSOLUTE EQUITY PERFORMANCE FUND LIMITED

In relation to the proposed acquisition of 100% of the shares in Absolute Equity Performance Fund Limited by WAM Leaders Limited

18 July 2022



FINANCIAL SERVICES GUIDE

Dated: 18 July 2022

This Financial Services Guide ('FSG') helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd ('BDO Corporate Finance, we, us, our').

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$40,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

SUMMARY OF FINDINGS



The Independent Directors
Absolute Equity Performance Fund Limited
C/- Boardroom Limited
Level 12, Grosvenor Place
225 George St
Sydney, NSW 2000

18 July 2022

Dear Independent Directors

PROPOSED ACQUISITION OF 100% THE SHARES IN ABSOLUTE EQUITY PERFORMANCE FUND LIMITED BY WAM LEADERS LIMITED VIA A SCHEME OF ARRANGEMENT

1. INTRODUCTION AND PURPOSE

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been engaged by the Independent Directors (**Directors**) of Absolute Equity Performance Fund Limited (**AEG** or **the Company**) to prepare an independent expert's report (**Report** or **IER**), setting out our opinion as to whether the proposed scheme of arrangement, pursuant to which WAM Leaders Limited (**WLE**) will acquire 100% of the issued shares in AEG, is fair and reasonable and as a result in the best interests of AEG shareholders (**AEG Shareholders**), in the absence of a superior offer (**Proposed Scheme**).

AEG is a listed investment company (**LIC**), listed on the Australian Securities Exchange (**ASX**) with a market neutral portfolio of predominantly S&P/ASX 100 companies. AEG is managed by Bennelong Long Short Equity Management Pty Ltd (**BLSEM**), a subsidiary of Bennelong Funds Management, and is a boutique market neutral asset manager, managing investments on behalf of both fund-of-funds and private investors.

The Proposed Scheme is subject to shareholder approval and will be executed by a scheme of arrangement whereby AEG Shareholders will receive new WLE shares (**New WLE Shares**) as consideration for their AEG shares (**Scheme Consideration**). The number of New WLE Shares to be offered for each AEG share will be determined by a formula based on the ratio of the net tangible assets (**NTA**) of WLE before tax (**pre-tax NTA**) to the pre-tax NTA of AEG on the Calculation Date currently expected to be 22 September 2022 (**Conversion Ratio**).

The Proposed Scheme is subject to several conditions, including:

- ▶ Regulatory approvals;
- ▶ Shareholder approval;
- ▶ Court approval;
- ▶ No prescribed occurrences; and
- ▶ No material adverse changes.

Further details of the Proposed Scheme are provided in the scheme booklet that has been prepared for AEG Shareholders by the Directors (**Scheme Booklet**).

All dollar amounts are in Australian dollars (**A\$** or **AUD**) unless otherwise indicated.

2. PURPOSE OF REPORT

The Directors have engaged us to prepare a Report in relation to the Proposed Scheme to satisfy the requirements of:

- ▶ Corporations Act 2001 (Cth) (Corporations Act or the Act), specifically Section 411; and
- ▶ Australian Securities and Investments Commission's (ASIC) Regulatory Guide 60 'Schemes of Arrangement (RG 60)

The regulatory requirements relevant to this IER are summarised below.

Section 411 of the Corporations Act and RG 60

The Proposed Scheme is to be implemented pursuant to section 411 of the Corporations Act and RG 60. Part 3 of Schedule 8 to the Act prescribes the information to be sent to AEG Shareholders in relation to schemes of arrangement pursuant to section 411 of the Act.

In terms of the provisions of RG 60.74 as well as paragraph 8303 of Schedule 8 of the Act, the Scheme Booklet is to be accompanied by an independent expert report in a situation where any party to the scheme of arrangement has a prescribed shareholding in the company, or where there are common directors in the entities involved in the scheme of arrangement.

WLE does not currently hold any shares in AEG and there are no common directors. Therefore, an independent expert's report is not specifically required in relation to the Proposed Scheme. However, the directors of AEG have requested that BDOCF prepare this Report as if it were an independent expert's report pursuant to section 411 of the Act, and to provide an opinion as to whether the Scheme is fair and reasonable, and in the best interests of the AEG Shareholders.

3. APPROACH

In preparing our IER, we have considered the requirements of:

- ▶ ASIC Regulatory Guide 60 Schemes of Arrangement (RG 60);
- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111); and
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

3.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- ▶ a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

Based on our interpretation of RG111.11, we have compared:

- ▶ The fair market value (FMV) of an AEG share pre-transaction on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
- ▶ The FMV of the estimated Scheme Consideration on a minority basis (being the offer price or consideration per RG111.11).

3.2. Reasonableness

In accordance with paragraph 60 of RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons to vote for the proposal.

When deciding whether a transaction is 'reasonable', factors an expert might consider include:

- ▶ the financial situation and solvency of the entity;
- ▶ the alternative options available to the entity;
- ▶ the entity's bargaining position;
- ▶ whether there is selective treatment of any shareholder; and
- ▶ any special value of the transaction to the purchaser.

4. SUMMARY OF OPINION

We have concluded that the Proposed Scheme is fair and reasonable to AEG Shareholders.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

In undertaking our assessment of fairness, we have had regard to the ASIC RG 111.

The Proposed Scheme will be fair if the Scheme Consideration is equal to or greater than the FMV of an AEG share prior to the Proposed Scheme.

We have assessed the FMV of an AEG share pre-Proposed Scheme and the estimated Scheme Consideration using two valuation methodologies:

- ▶ the quoted market price (QMP) method; and
- ▶ the net asset value method less cost of liquidation (NRV).

4.1. Fairness assessment

In undertaking our assessment of fairness, we have had regard to the ASIC’s RG 111. The Proposed Scheme is ‘fair’ if the value of the financial benefit being received by the entity is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

As the substance of the Proposed Scheme is that WLE is acquiring 100% of the shares in AEG, whereby AEG Shareholders will receive New WLE Shares as consideration for their AEG shares, our analysis has been performed by comparing:

- ▶ The FMV of an AEG share pre-Proposed Scheme on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
- ▶ The FMV of the estimated Scheme Consideration on a minority basis (being the offer price or consideration per RG 111.11).

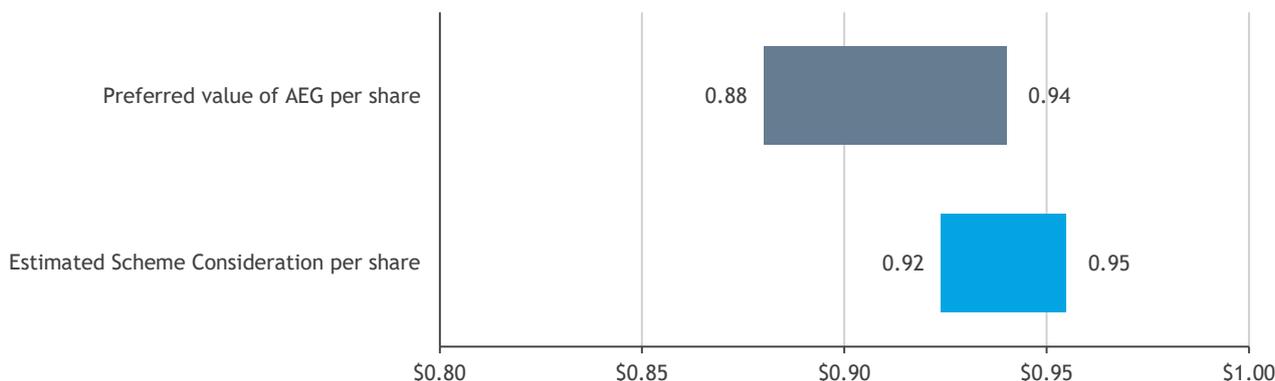
Our conclusion is based on the valuation date of 13 June 2022 (Valuation Date), being the day prior to the announcement of the Proposed Scheme on the ASX. The results of our valuation analysis are summarised below.

Table 1: Valuation summary

A\$	Ref.	Low	High
Preferred value of AEG per share prior to the Proposed Scheme	6.3	0.88	0.94
Estimated Scheme Consideration per share	7.5	0.92	0.95

Source: BDOCF analysis

Figure 1: Valuation summary



Source: BDOCF analysis

As set out above, the estimated Scheme Consideration per share is above the assessed value range for AEG per share pre-Proposed Scheme, as at the Valuation Date. Therefore we conclude that the Proposed Scheme is fair to the Shareholders.

4.2. Reasonableness assessment

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to the AEG Shareholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting AEG Shareholders in deciding whether to vote in favour of the Proposed Scheme.

Table 2: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Scheme is fair	Our analysis concluded that the Proposed Scheme is fair to AEG Shareholders. RG 111 states that an offer is reasonable if it is fair.
WLE has historically traded at a premium to NTA, whereas AEG has traded at a discount	<p>As at 31 May 2022, WLE was trading at a premium of 2.6% to its pre-tax NTA (post-tax premium of 5.1%). Over the 12 months to 31 May 2022, WLE has traded at an average premium of 3.10% to its pre-tax NTA.</p> <p>At the same date, AEG was trading at a discount of 9.8% to its pre-tax NTA (post-tax discount of 14.1%).</p> <p>The proposed Conversion Ratio will be calculated based on the pre-tax NTAs of AEG and WLE at the Calculation Date which is currently expected to be 22 September 2022.</p> <p>AEG shareholders will exchange a share that is currently trading at a significant discount to pre-tax NTA for a share that is trading close to its pre-tax NTA. This is a benefit to AEG shareholders.</p>
Increased Liquidity	<p>In the one month to 13 June 2022, a total of \$2.6 million of AEG shares were traded on the ASX. During the same period, \$14.8 million WLE shares traded on the ASX.</p> <p>WLE shares are significantly more liquid than AEG shares, and if the Proposed Scheme is approved, AEG shareholders will benefit from the increase in liquidity.</p>
Lower Management Fees	<p>WLE pays a management fee equivalent to 1% per annum of gross assets of WLE's portfolio. The fee is calculated and paid monthly.</p> <p>In contrast, AEG pays a monthly management fee equivalent to 1.50% per annum of the net asset value of the AEG Portfolio, before all taxes.</p> <p>If the Proposed Scheme is approved, AEG Shareholders will hold New WLE Shares and benefit from the lower management fee.</p>
Economies of scale in relation to operating costs	<p>If AEG Shareholders approve the Proposed Scheme and it becomes effective, AEG Shareholders will receive New WLE Shares.</p> <p>WLE's operating costs (directors fees, accounting, legal, ASX, share registry etc) for FY21 were circa \$1.0 million. AEG's operating costs for FY21 were circa \$0.5 million.</p> <p>As at 30 June 2021, WLE had net assets of circa \$1.1 billion (which increased to c.\$1.5 billion as at 31 May 2022), and AEG has net assets of \$110,036k.</p> <p>WLE's net assets are approximately 10 times those of AEG as at 30 June 2021, however the operating costs are only double those of AEG.</p> <p>AEG Shareholders will benefit from these economies of scale if the Proposed Scheme is approved.</p>

Disadvantages	
WLE will bear the risk of claims for compensation from the AEG Investment Manager for termination of the AEG Investment Management Agreement	<p>Under the AEG Management Agreement, BLSEM is entitled to a management fee of 1.5% of the pre-tax net asset value of the AEG Portfolio, together with a performance fee if certain criteria are met. Ordinarily, the AEG Management Agreement remains in place until December 2025. Prior to that date, AEG has limited rights to terminate the agreement.</p> <p>There is a risk that BLSEM may claim for compensation. Any compensation will be payable by WLE.</p> <p>Post the Proposed Scheme, AEG Shareholders will hold New WLE Shares, which may be impacted by any compensation claim. However, after the Proposed Scheme, the impact of these claims will be significantly diluted as compared to the AEG shareholders bearing such costs alone.</p>
Loss of the potential benefit of income tax losses	<p>AEG currently has accumulated tax losses c. \$4.3 million.</p> <p>Provided AEG meets the relevant tax loss recoupment test, these income tax losses may be carried forward to later income tax years and recouped against future taxable income. The value of these losses is contingent on future profits being available, against which the prior year's income tax losses may be recouped.</p> <p>Post-implementation of the Proposed Scheme, it is expected that AEG's prior year income tax losses will not be available for recoupment given the likely and expected failure of the loss recoupment tests under Australian income tax law.</p>
Other considerations	
Change in investment approach	<p>AEG and WLE employ different investment strategies. The AEG Portfolio of is managed by BLSEM, using a market neutral investment strategy focused on Pair Trades.</p> <p>WLE aims to provide its shareholders with exposure to large-cap, undervalued companies using Wilson Asset Management's Research Driven and Market Driven investment processes.</p>
Tax consequences	<p>We have not considered the specific taxation implications that may be relevant for individual Shareholders in connection with the Proposed Scheme. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Shareholder.</p> <p>Please refer to Section 9 of the Scheme Booklet for further details on potential tax implications for Shareholders. This guide is expressed in general terms only and AEG Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.</p>

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Scheme to be reasonable to the AEG Shareholders.

4.3. Overall conclusion

Based on the fairness analysis at Section 4.1 and the reasonableness analysis at Section 4.2, we conclude that the Proposed Scheme is fair and reasonable

5. OTHER MATTERS

5.1. Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Scheme on the particular circumstances of individual AEG Shareholders. Some individual AEG Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in this IER. Accordingly, individual AEG Shareholders may reach different conclusions as to whether or not the Proposed Scheme is fair and reasonable considering their individual circumstances.

The decision of an individual AEG Shareholder in relation to the Proposed Scheme may be influenced by their particular circumstances and accordingly AEG Shareholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Scheme is a matter for individual AEG Shareholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. AEG Shareholders should carefully consider the Scheme Booklet. AEG Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their professional adviser.

5.2. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Scheme. In preparing the IER we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the past, between BDO Services Pty Ltd or BDOCF and any of the parties to the Proposed Scheme;
 - BDOCF acted as an independent expert in relation to the proposed voluntary liquidation of AEG. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 16 November 2020.
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ that we have relied on information provided by the Directors, management and representatives of AEG (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- ▶ that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

5.3. Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the Valuation Date that subsequently becomes known to us.

5.4. Glossary

Capitalised terms used in this IER have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

5.5. Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by AEG.

Under the terms of our engagement, AEG has agreed to indemnify BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

5.6. Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Directors and AEG Shareholders to assist them in their decision to approve or reject the Proposed Scheme. This IER is to accompany the Scheme Booklet to be sent to the Shareholders to consider the Proposed Scheme and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Directors and the Shareholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Scheme Booklet. Apart from this IER, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Scheme. We acknowledge that this IER may be lodged with regulatory authorities.

5.7. Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

5.8. Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD



David McCourt
Director



Sebastian Stevens
Director



INDEPENDENT EXPERT REPORT



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1. PURPOSE AND BACKGROUND

1.1. Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been engaged by the Independent Directors (**Directors**) of Absolute Equity Performance Fund Limited (**AEG** or **the Company**) to prepare an independent expert's report (**Report** or **IER**), setting out our opinion as to whether the proposed scheme of arrangement, pursuant to which WAM Leaders Limited (**WLE**) will acquire 100% of the issued shares in AEG, is fair and reasonable and as a result in the best interests of AEG shareholders (**AEG Shareholders**), in the absence of a superior offer (**Proposed Scheme**).

AEG is a listed investment company (**LIC**), listed on the Australian Securities Exchange (**ASX**) with a market neutral portfolio of predominantly S&P/ASX 100 companies. AEG is managed by Bennelong Long Short Equity Management Pty Ltd (**BLSEM**), a subsidiary of Bennelong Funds Management, and is a boutique market neutral asset manager, managing investments on behalf of both fund-of-funds and private investors.

1.2. Proposed Scheme

The Proposed Scheme is subject to shareholder approval and will be executed by a scheme of arrangement whereby AEG Shareholders will receive new WLE shares (**New WLE Shares**) as consideration for their AEG shares (**Scheme Consideration**). The number of New WLE Shares to be offered for each AEG share will be determined by a formula based on the ratio of the net tangible assets (**NTA**) of WLE before tax (**pre-tax NTA**) to the pre-tax NTA of AEG on the Calculation Date which is currently expected to be 22 September 2022 (**Conversion Ratio**).

The Proposed Scheme is subject to several conditions, including:

- ▶ Regulatory approvals;
- ▶ Shareholder approval;
- ▶ Court approval;
- ▶ No prescribed occurrences; and
- ▶ No material adverse changes.

Further details of the Proposed Scheme are provided in the scheme booklet that has been prepared for AEG Shareholders by the Directors (**Scheme Booklet**).

All dollar amounts are in Australian dollars (\$) or **AUD** unless otherwise indicated.

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Scheme is fair, reasonable and in the best interests of the AEG Shareholders and has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value (**FMV**) of various securities, assets and liabilities. For the purposes of our opinion, the term fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2. Basis of assessment

In determining whether the Proposed Scheme is fair and reasonable to the AEG Shareholders, we have had regard to:

- ▶ RG 111 'Content of expert reports'
- ▶ RG 112 'Independence of experts'

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- ▶ Is the offer 'fair'?
- ▶ Is it 'reasonable'?

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

2.2.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- ▶ a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

Based on our interpretation of RG 111.11, we have compared:

- ▶ The FMV of an AEG share pre-transaction on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
- ▶ The FMV of the estimated Scheme Consideration on a minority basis (being the offer price or consideration per RG 111.11).

2.2.2. Reasonableness

In accordance with paragraph 12 of RG 111, an offer is 'reasonable' if it is 'fair'. An offer could be considered 'reasonable' if there are valid reasons to approve it (in the absence of any higher bid before the close of the offer), notwithstanding that it may not be regarded as 'fair'.

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- ▶ the bidder's pre-existing voting power in securities in the target;
- ▶ other significant security holding blocks in the target;
- ▶ the liquidity of the market in the target's securities;
- ▶ taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- ▶ any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc.;
- ▶ the likely market price if the offer is unsuccessful; and
- ▶ the value to an alternative bidder and likelihood of an alternative offer being made.

Further, RG 111.26 states that an issue of shares for cash may have other benefits that should be considered in deciding whether the transaction is reasonable. These benefits may include:

- ▶ The provision of new capital to exploit business opportunities;
- ▶ A reduction in debt and interest payments; or
- ▶ A needed injection of working capital.

2.2.3. General requirements in relation to the IER

In preparing the IER ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Scheme. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Services Pty Ltd or BDOCF and any of the parties to the Proposed Scheme;
 - BDOCF acted as an independent expert in relation to the proposed voluntary liquidation of AEG. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 16 November 2020.
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ that we have relied on information provided by the Directors, management and representatives of AEG (**Management**) and that we have not carried out any form of audit or independent verification of the information provided; and
- ▶ that we have received representations from the Directors of AEG in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.3. Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

2.4. Reliance on information

This IER is based upon financial and other information provided by the Directors, Management and other representatives of AEG. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Scheme is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, AEG has agreed to indemnify BDOCF and BDO Services Pty Ltd, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.5. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Scheme Booklet to be sent to AEG Shareholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Scheme Booklet and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of AEG and WLE. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of the Shareholders and no opinion has been provided in relation to same. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Scheme is fair and reasonable. An individual Shareholder’s decision in relation to the Proposed Scheme may be influenced by their particular circumstances and, therefore, Shareholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Scheme Booklet or any other document. We have provided consent for inclusion of the IER in the Scheme Booklet. Our consent and the Scheme Document acknowledge that we have not been involved with the issue of the Scheme Document and that we accept no responsibility for the Scheme Booklet apart from the IER.

2.6. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- ▶ assumptions outlined in the valuation sections;
- ▶ that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ information sent out in relation to the Proposed Scheme to the AEG Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- ▶ publicly available information relied on by us is accurate, complete and not misleading;

- ▶ if the Proposed Scheme is implemented, that it will be implemented in accordance with the stated terms;
- ▶ the legal mechanisms to implement the Proposed Scheme are correct and effective; and
- ▶ there are no undue changes to the terms and conditions of the Proposed Scheme or material issues unknown to us.

3. PROFILE OF AEG

3.1. Overview

AEG is a Sydney based LIC. Founded and listed on the ASX in 2015 (ASX:AEG), AEG was established to invest in a diversified portfolio of Australian listed equities. Investments are actively managed by BLSEM with the aim of achieving positive returns regardless of market movements and wider macroeconomic factors through an ‘equity market neutral’ style of investing.

The Company, with BLSEM as the Investment Manager, aims to limit market risk by constructing a long/short market neutral portfolio predominantly comprised of a series of paired long and short positions in S&P/ASX100 companies, with company selection based on fundamental analysis. The portfolio is diversified and typically comprises 30 to 35 pairs of stocks. As at 31 May 2022, AEG had an adjusted pre-tax NTA of \$86.0 million with gross market exposure of \$345.1 million.

3.2. Investment Management Agreement

The Investment Management Agreement (IMA) between AEG and BLSEM commenced on or around 16 December 2015 and had an initial term of 5 years with automatic 5 year extensions, unless terminated earlier via Shareholders passing an ordinary resolution, in accordance with ASX Listing Rule 15.16(b). AEG applied to the ASX and was granted a waiver from this rule to extend the initial term to 10 years. The waiver noted that an initial term of 10 years provides an appropriate balance between the desire of managers to protect their products for long enough to recoup their initial investment and the right of security holders to end a management agreement after a reasonable fixed term. Under the terms of the IMA, BLSEM may terminate the IMA after the initial term on three months written notice.

BLSEM charges AEG a monthly management fee equivalent to 1.5% per annum (plus GST) of the NAV of the portfolio before all taxes calculated on the last business day of each calendar month. The management fees relating to the financial year ending 30 June 2021 (FY21) were \$1,776,343 (FY20: \$1,763,595). In addition to the monthly Management Fee, BLSEM is entitled to a performance fee of 20% (plus GST) of the amount by which the NAV of the portfolio before all taxes on the last day of the current performance fee calculation period exceeds the ‘High Watermark’, being the net assets value of the AEG Portfolio, before all taxes, on the last performance calculation period in relation to which performance fee was paid. For FY21, the performance fee was \$150,050 (FY20: \$4,535,827).

3.3. Relationship with Perma Capital

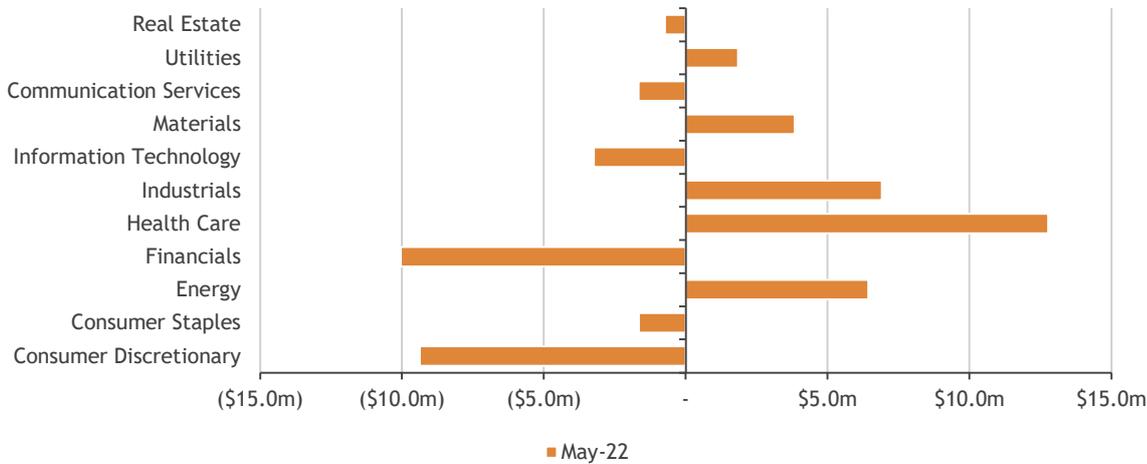
Perma Capital was the advisor to AEG during the Company’s initial public offering in 2015 and was then outsourced the management of the Company’s day to day operations. Under the direction of the Board and Company Secretary of AEG and the Investment Manager, Perma Capital provides, or procures the provision of, administrative support services reasonably required by the Company to conduct its business. Mr Marc Fisher, the Chairman of AEG, is a director and shareholder of Perma Capital.

Perma Capital is remunerated with respect to both the initial advisory and ongoing outsourcing arrangements by BLSEM, from management fees under the Investment Management Agreement, at no additional cost to AEG. We note the agreement with Perma Capital is between BLSEM and Perma Capital, and does not involve AEG.

3.4. Investment portfolio

AEG’s net investment portfolio exposure by sector as at 31 May 2022 is shown below

Figure 2: AEG net investment portfolio exposure by sector as at 31 May 2022



Source: Management information

As at 31 May 2022, AEG’s investment portfolio held positions in 60 companies, with investments in the following sectors: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials and Utilities. As at 31 May 2022, approximately 22% of the Company’s net exposure was based upon value traded in the Health Care sector, 17% in Financials & Banks and 16% in Consumer Discretionary.

3.5. Investment performance

In the 12 months to 31 May 2022, the portfolio delivered a -12.03% return. The latest performance results for the portfolio as at 31 May 2022 is shown in the table below.

Table 3: AEG NTA performance as at 31 May 2022

AEG NTA Performance as at 31 May 2022	
1 month	-0.19%
3 months	-1.86%
12 months	-12.03%
Since inception (compound p.a.)	1.48%

Source: ASX Monthly NTA and Performance Update as at 31 May 2022

The performance of AEG’s portfolio against the S&P 500 and S&P/ASX 200 benchmark indices for the 12 months to 31 May 2022 is shown in the chart below.

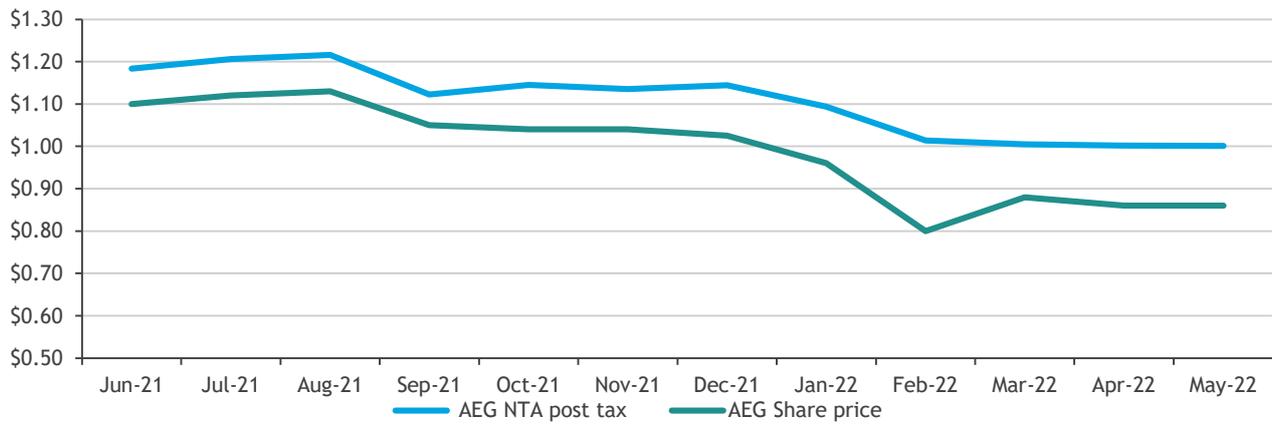
Figure 3: Rebased performance of AEG share price versus Benchmarks - 12 months to 31 May 2022



Source: Capital IQ

Historically, AEG has traded at a discount to the NTA, with an average discount of approximately 10.8% to the post-tax NTA over the last 12 months, and an average discount of approximately 6.9% over the last 3 years. As at 31 May 2022, AEG traded at a discount to post-tax NTA of 14.1%.

Figure 4: AEG share price and post-tax NTA movement - 12 months to 31 May 2022



Source: Capital IQ, ASX releases

3.6. Directors

The current board of directors are listed below.

Table 4: Directors of AEG

Name	Position	Brief resume
Marc Fisher	Chairman & Non-Independent Director	<p>Marc Fisher's career in financial markets began in 1997. Currently, he is a co-founder of a global fintech risk management specialist. Marc previously worked for FRM in Hong Kong (now Man Group PLC's multi-manager business) where he was a Management Committee member and Chairman of their Asia Pacific business excluding Japan and Korea. Additionally, Marc ran FRM's Private Client product range and served as Product Head for their Managed Futures fund.</p> <p>Previously, Marc was a Managing Director at Citigroup in London, where he founded and managed a global fund-linked product development and marketing business. Prior to Citigroup, Marc started his career at Deutsche Bank in London, where he held a number of trading, marketing and product development positions with an emphasis on multi asset class derivatives. He holds a Bachelor of Veterinary Medicine (BVSc) (Hons) degree from Bristol University.</p>
David William (Will) Harrison	Independent Director (appointed 30 November 2021)	<p>Will Harrison is a lawyer with more than 20 years' experience in London, Hong Kong and Australia advising financial services clients in relation to regulatory and dispute resolution matters. Will commenced his career at "Magic Circle" law firm Clifford Chance in London, before moving with the firm to Hong Kong. Will became a partner at DLA Piper Hong Kong in 2007 until 2014, when he moved to Perth with his family and joined Minter Ellison. In 2018, Will founded a consultancy firm advising clients across Asia Pacific on regulatory and strategic matters.</p>
Daniel Liptak	Independent Director (appointed 27 January 2022)	<p>Daniel Liptak was responsible for identifying BLSEM's market neutral pairs strategy as a suitable candidate for a Listed Investment Company and played a pivotal role in bringing AEG to market back in 2015 thanks to his relationship with the investment strategy's founder, Richard Fish.</p> <p>Daniel has 26 years' of significant experience across Investment Banking and Funds Management, encompassing mergers and acquisitions, capital raising, equity markets, derivatives, and risk management, wealth management, and financial advice. He has provided focused advice to many investors and their advisors concerning all asset types, including fixed income, listed and unlisted equities, private equity, venture capital, and derivatives. In addition, Daniel has provided retail financial research and presented to retail financial advisors at professional development conferences.</p>

Source: Management information

3.7. Financial performance

The audited income statements for the financial years ended 30 June 2019 (FY19), 30 June 2020 (FY20), 30 June 2021 (FY21), and the half year ended 31 December 2021 (1H22) are set out in the table below.

Table 5: Summary of AEG's financial performance

\$'000	Audited FY19	Audited FY20	Audited FY21	Audited 1H22
Net realised (losses)/gains on disposal of investments	140	(3,429)	30,553	7,176
Net unrealised gains/ (losses) on fair value movement of investments	(3,639)	44,938	(21,525)	(6,021)
Interest income received	1,232	325	24	6
Dividend income received	7,501	6,769	5,565	2,654
Investment income from ordinary activities	5,234	48,604	14,618	3,816
Management fees	(1,695)	(1,764)	(1,776)	(832)
Performance fees	-	(4,536)	(150)	-
Administration fees	(44)	(51)	(52)	(26)
Prime broker fees	(10)	(9)	(10)	(2)
Stock loan fees	(1,119)	(1,143)	(1,184)	(479)
Dividends paid on borrowed stock	(13,447)	(11,033)	(9,358)	(5,443)
Legal fees	-	(3)	(209)	(130)
Brokerage commission	(360)	(624)	(516)	(5)
Interest expense	-	-	(293)	(195)
Accounting fees	(50)	(19)	(90)	(15)
Share registry fees	(53)	(49)	(44)	(42)
Tax fees	(14)	(16)	(37)	(9)
Directors' fees	(94)	(95)	(95)	(48)
Secretarial fees	(29)	(34)	(33)	(14)
ASX fees	(62)	(56)	(57)	(52)
Audit fees	(28)	(68)	(75)	(45)
Other expenses	(283)	(107)	(85)	(70)
Total Expenses	(17,289)	(19,608)	(14,066)	(7,408)
Profit/ (Loss) before income tax	(12,054)	28,996	552	(3,593)
Income tax (expense)/ benefit	2,943	(5,188)	888	1,430
Profit/ (Loss) for the period after income tax	(9,111)	23,808	1,440	(2,163)
Other comprehensive income/ (loss) for the period, net of tax	-	-	-	-
Total comprehensive income for the year	(9,111)	23,808	1,440	(2,163)

Source: Absolute Equity Performance Fund Limited Annual Reports for the period ended 30 June 2020 and 30 June 2021, and Absolute Equity Performance Fund Limited Financial Report for the six-month period ended 31 December 2021

3.8. Financial position

The audited statements of financial position of AEG as at FY19, FY20, FY21, 1H22 and the management accounts as at 31 May 2022 are set out below.

Table 6: AEG's Statement of Financial Position

\$'000	Audited FY19	Audited FY20	Audited FY21	Audited 1H22	Mgmt. Accounts 31-May-22
Cash and cash equivalents	96,796	118,093	102,100	96,914	81,113
Trade and other receivables	1,814	2,510	1,151	167	107
Financial assets at fair value through profit or loss	237,739	258,721	240,805	222,243	169,523
Deferred tax asset	16,751	20,772	-	-	15,156
Total Assets	353,101	400,096	344,057	319,324	265,900
Trade and other payables	649	5,170	1,072	685	(6,312)
Financial liabilities at fair value through profit or loss	231,820	257,539	230,670	214,083	164,418
Deferred tax liability	14,730	23,938	2,279	849	17,435
Total Liabilities	247,199	286,647	234,020	215,617	175,542
Net Assets	105,902	113,449	110,036	103,707	90,358
Shares Outstanding ('000)	101,629	92,153	92,096	90,380	90,265
Gross Market Exposure (\$'000)	469,559	516,260	471,476	436,325	333,942

Source: Absolute Equity Performance Fund Limited Annual Reports for the period ending 30 June 2020 and 30 June 2021, Absolute Equity Performance Fund Limited Financial Report for the six-month period ended 31 December 2021, and management accounts as at 31 May 2022

AEG's statement of financial position reflects the movement in the gross market exposure of the investment portfolio, recorded at fair value at the reporting date, as well as additional cash resources. The NTA calculated on a pre- and post-tax basis according to the financial statements is shown in the table below.

Table 7: Calculation of AEG's pre and post-tax NTA

\$'000	FY19	FY20	FY21	1H22	31-May-22
Tangible Assets	353,101	400,096	344,057	319,324	265,900
Tangible Liabilities	(247,199)	(286,647)	(234,020)	(215,617)	(175,542)
Net Tangible Assets (Post-Tax), per financial statements	105,902	113,449	110,036	103,707	90,358
Adjustments	179	(3,437)	(1,087)	(312)	(2)
Net Tangible Assets (Post-Tax), per ASX announcements	106,081	110,012	108,949	103,395	90,355
Net Tangible Assets per Share (Post-Tax) (\$)	1.04	1.19	1.18	1.14	1.00
Tangible Assets (Excl. Deferred Tax Assets)	336,350	379,325	344,057	319,324	250,743
Total Liabilities (Excl. Deferred Tax Liabilities)	(232,469)	(262,709)	(231,742)	(214,768)	(158,107)
Net Tangible Assets (Pre-Tax), per financial statements	103,881	116,616	112,315	104,556	92,636
Adjustments (Tax benefit of current year losses)	-	-	-	46	(6,634)
Net Tangible Assets (Pre-Tax), per ASX announcements	103,881	116,616	112,315	104,602	86,003
Net Tangible Assets per Share (Pre-Tax) (\$)	1.02	1.27	1.22	1.16	0.95

Source: Absolute Equity Performance Fund Limited Annual Reports for the period ending 30 June 2020 and 30 June 2021, Absolute Equity Performance Fund Limited Financial Report for the six-month period ended 31 December 2021, and management accounts as at 31 May 2022, and ASX website

The adjustments made to calculate post-tax NTA per share as reported to the ASX (noted in Table 7 above) include the following adjustments:

- ▶ Reducing the value of investments by costs expected to be incurred in realising the proceeds of disposing the investments (portfolio realisation costs);
- ▶ Reducing the value of investments by any applicable intangible assets;
- ▶ Provisions for tax on realised income and gains;
- ▶ Provisions for tax on estimated unrealised income and gains;
- ▶ Provisions for declared, but unpaid dividends, or distributions; and
- ▶ Provisions for unpaid management fees paid.

3.9. Capital structure

A summary of AEG's ordinary shares on issue as at 31 May 2022 is shown below.

Table 8: AEG's ordinary shares on issue

Security	Number of Securities
Fully Paid Ordinary Shares	90,264,949
Total Securities	90,264,949

Source: AEG Monthly NTA and Performance Update as at 31 May 2022

3.10. Ownership

As at 16 June 2022, the top 10 shareholders collectively owned c. 20.1% of the equity interest in AEG. The largest shareholder, HSBC Custody Nominees (Australia) Limited, owned c. 3.5%.

The top 10 AEG Shareholders as at 16 June 2022 are shown below.

Table 9: AEG top 10 shareholders

Rank	Shareholder	Current Shares	% of Total Shares
1	HSBC Custody Nominees (Australia) Limited	3,163,225	3.5%
2	National Nominees Limited	2,462,319	2.7%
3	Bnp Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd Drp	2,215,692	2.5%
4	R W Kirby Pty Ltd	2,172,512	2.4%
5	Netwealth Investments Limited (Wrap Services A/C)	1,945,522	2.2%
6	Perpetual Corporate Trust Ltd (Affluence Lic Fund)	1,525,000	1.7%
7	Citicorp Nominees Pty Limited	1,329,490	1.5%
8	Gold Tiger Investments Pty Limited	1,210,110	1.3%
9	JP Morgan Nominees Australia Pty Limited	1,165,178	1.3%
10	Mr Peter Michael Wilmshurst & Ms Gabrielle Rosa Baron (Maj Superannuation Fund A/C)	985,784	1.1%
Sub-total		18,174,832	20.1%
Remaining shareholders		72,090,117	79.9%
Total		90,264,949	100.0%

Source: Management Information, Shareholder information as at 16 June 2022

The distribution of the shareholders by size of holding is shown below.

Table 10: AEG Shareholder distribution

Holding	No. of shareholders	Shares	% of Total Shares
1 - 1,000	122	30,927	0.0%
1,001 - 5,000	199	641,785	0.7%
5,001 - 10,000	287	2,282,390	2.5%
10,001 - 100,000	1,338	46,094,079	51.1%
100,001 and over	126	41,215,768	45.7%
Total	2,072	90,264,949	100.0%

Source: Management Information, Shareholder information as at 17 June 2022

4. PROFILE OF WLE

4.1. Overview

WAM Leaders Limited (ASX:WLE) is a listed investment company. It is primarily an investor in equities listed on the ASX. WLE listed on the ASX in May 2016. WLE provides investors with exposure to an active investment process focussed on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WLE’s investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. As at 13 June 2022, WLE had a market capitalisation of \$1.5 billion.

4.2. Management costs

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited is paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$12,050,260 in FY21 inclusive of GST (2020: \$10,662,288).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

For the year ended 30 June 2021, a performance fee of \$16,056,505 inclusive of GST was payable to the Manager (2020: \$15,848,610).

4.3. Investment portfolio

WLE’s investment allocation as at 31 May 2022 is summarised as follows.

Figure 5: WLE portfolio overview

■ Financials: 28.2%
■ Materials: 26.5%
■ Health care: 13.1%
■ Energy: 6.7%
■ Consumer discretionary: 6.1%
■ Consumer staples: 5.4%
■ Industrials: 4.1%
■ Real estate: 3.8%
■ Communication services: 2.7%



Source: Management information

As at 31 May 2022, WLE’s Investment portfolio was spread over 10 industry categories including Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials and Utilities.

4.4. Portfolio performance WLE vs S&P/ASX 200 vs S&P 500

The performance of the WLE portfolio as at 31 May 2022 is shown in the table below.

Table 11: WLE portfolio performance

Performance at 31 May 2022	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (May-16)
WLE Investment Portfolio	10.8%	17.6%	19.1%	19.9%	16.8%	15.6%
S&P/ASX200 Accumulation Index	1.4%	2.5%	4.8%	7.8%	8.8%	9.2%
Investment Portfolio Outperformance	9.4%	15.1%	14.3%	12.1%	8.0%	6.4%

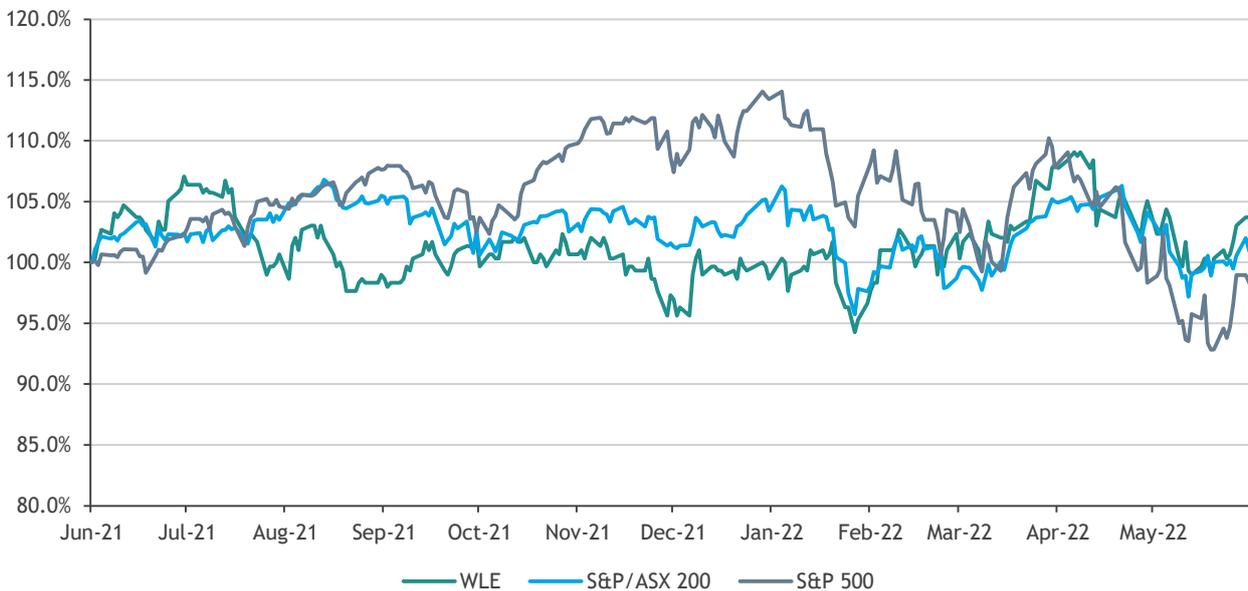
Source: Management information and WLE website

Note - Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

WLE’s investment portfolio increased a record 19.1% in the 12 months to 31 May 2022. It has consistently outperformed the S&P/ASX200 Index.

The performance of WLE against the S&P 500 and S&P/ASX 200 benchmark indices for the 12 months to 31 May 2022 is shown in the chart below.

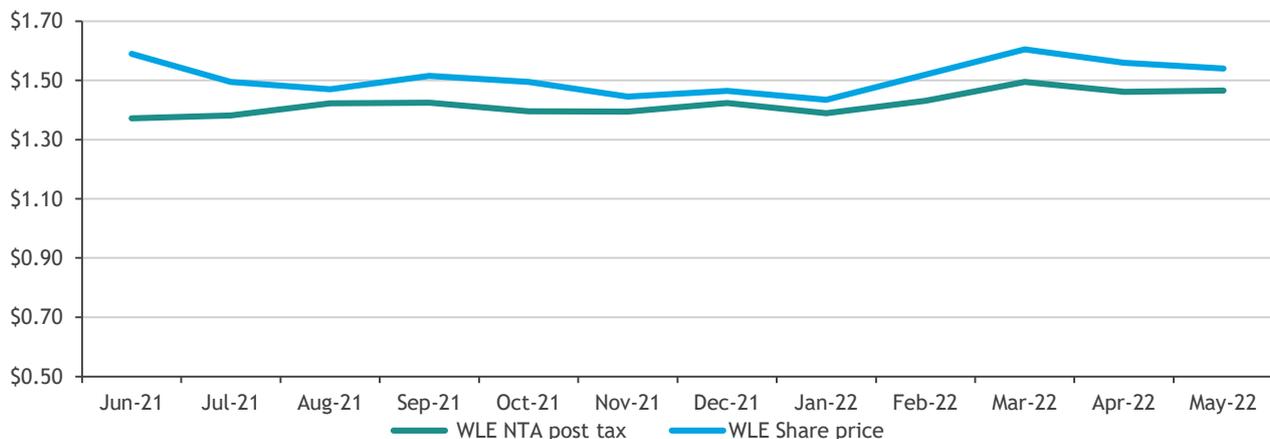
Figure 6: Rebased performance of WLE share price versus Benchmarks - 12 months to 31 May 2022



Source: Capital IQ

Historically, WLE has traded at a premium to the NTA, with an average premium of approximately 6.3% to the post-tax NTA over the last 12 months. As at 31 May 2022, WLE traded at a premium to pre-tax NTA of 2.6%.

Figure 7: WLE share price and post-tax NTA movement



Source: Capital IQ, ASX releases

4.5. Directors and management

The current directors and key management personnel of WLE are listed below.

Table 12: WLE Directors

Name	Position	Brief resume
Geoff Wilson	Chairman - non-independent	Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD). Geoff has been Chairman of the Company since March 2016.
Kate Thorley	Director - non-independent	Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WLE Capital Limited, WLE Active Limited, WLE Research Limited, WLE Microcap Limited, WLE Global Limited and WLE Strategic Value Limited. Kate is a Director and the Acting CEO of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD). Kate has been a Director of the Company since March 2016.
Lindsay Mann	Director - non-independent	Lindsay Mann has more than 45 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD. Lindsay has been a Director of the Company since March 2016.
Melinda Snowden	Director - independent	Melinda Snowden's qualifications and accreditations include: Bachelor of Economics and Bachelor of Laws, Graduate Diploma in Applied Finance and Investment, Graduate of the AICD and Fellow of FINSIA. Melinda has 27 years' experience in financial markets and was an investment banker with Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York. Melinda is a former non-executive director of Mercer Investments (Australia) Limited, MLC Limited, Vita Group Limited, Kennards Self Storage Pty Ltd and SANE Australia. Melinda has been a Director of the Company since March 2016.
Ross Finley	Director - independent	Ross Finley has over 42 years of experience in the Australian financial markets with a focus of Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996, as an Executive Vice President of the funds management division from 1984, and as a member of the Asset Allocation Committee with prime responsibility for Australian Equities and Property within the wholesale investment area. Ross Finley has been a Director of the Company since April 2019, following the acquisition of Century Australia Investments, for which Ross served as a director.

Source: WLE Annual Report 30 June 2021

4.6. Financial performance

The income statements for WLE for the financial year ended FY19, FY20 and FY21, and the half year ended 1H22 are set out in the table below.

Table 13: Summary of financial performance

\$'000	Audited FY19	Audited FY20	Audited FY21	Audited 1H22
Net realised and unrealised gains/(losses) on financial assets	64,997	(2,033)	322,282	99,730
Other revenue from operating activities	38,315	30,475	27,120	27,958
Investment income from ordinary activities	103,312	28,442	349,402	127,689
Performance fees	-	(14,768)	(14,962)	(7,610)
Management fees	(8,927)	(9,935)	(11,229)	(14,918)
Directors fees	(90)	(125)	(125)	(63)
Brokerage expense on share purchases	(3,320)	(3,659)	(4,148)	(3,072)
Expenses paid on borrowed stock	(51)	(226)	(2)	(39)
Custody fees	(83)	(83)	(71)	(62)
ASX listing and chess fees	(134)	(148)	(154)	(112)
Share registry fees	(137)	(181)	(164)	(107)
Disbursements, mailing and printing	(118)	(155)	(117)	(87)
ASIC industry funding levy	(66)	(36)	(23)	(26)
Other expenses from ordinary activities	(289)	(313)	(320)	(149)
Total Expenses	(13,216)	(29,630)	(31,314)	(26,246)
Profit/(loss) before income tax	90,095	(1,188)	318,088	101,443
Income tax (expense)/benefit	(18,585)	6,522	(89,153)	(24,826)
Profit after income tax attributable to members of the Company	71,510	5,333	228,935	76,617
Profit/ (Loss) for the year	71,510	5,333	228,935	76,617
Other comprehensive income/ (loss) for the period, net of tax	-	-	-	-
Total comprehensive income for the year	71,510	5,333	228,935	76,617

Source: WLE Leaders Limited Financial Report for the years ended 30 June 2019, 30 June 2020, 30 June 2021 and WLE Leaders Limited Financial Report for the six-month period ended 31 December 2021

4.7. Financial position

The statements of financial position for FY19, FY20 and FY21, and the half year ended 1H22 are set out in the table below.

Table 14: Statement of financial position

\$'000	Audited 30-Jun-19	Audited 30-Jun-20	Audited 30-Jun-21	Audited 1H22
Cash and cash equivalents	103,287	68,074	28,332	38,870
Trade and other receivables	20,593	23,962	55,093	10,888
Financial assets	916,087	868,116	1,190,909	1,498,711
Deferred tax assets	499	189	68	393
Total Assets	1,040,466	960,341	1,274,402	1,548,862
Trade and other payables	(37,748)	(33,151)	(65,848)	28,087
Current tax liabilities	(11,838)	(7,583)	(32,198)	24,294
Financial liabilities	(11,098)	-	-	-
Deferred tax liabilities	(19,514)	-	(24,255)	24,686
Total Liabilities	(80,199)	(40,733)	(122,301)	77,068
Net Assets	960,267	919,608	1,152,101	1,471,794
Shares Outstanding ('000)	783,891	786,732	837,543	1,031,931
Gross Market Exposure (\$'000)	927,185	868,116	1,190,909	1,498,711
Unadjusted Net Tangible Assets per Share (Pre-Tax) (\$)	1.22	1.17	1.37	1.42

Source: WLE Leaders Limited Financial Report for the years ended 30 June 2019, 30 June 2020, 30 June 2021 and WLE Leaders Limited Financial Report for the six-month period ended 31 December 2021

WLE's statement of financial position reflects the movement in the gross market exposure of the investment portfolio, recorded at fair value at the reporting date, as well as additional cash resources.

Table 15: Adjusted WLE NTA per ASX listing requirements

\$	30-Jun-19	30-Jun-20	30-Jun-21	31-Dec-22	31-May-22
Net Tangible Assets per Share (Post-Tax)	1.22	1.17	1.37	1.42	1.45
Net Tangible Assets per Share (Pre-Tax)	1.26	1.18	1.44	1.47	1.50

Source: ASX website

Table 16: WLE NTA as at 31 May 2022

	Post-tax	Pre-tax
Net Tangible Assets of WLE (\$'000)	1,500,399	1,551,378
Total securities on issue (no. in '000)	1,034,045	1,034,045
Net Tangible Assets per share (\$)	1.4510	1.5003

Source: ASX website

4.8. Capital structure

A summary of WLE ordinary shares on issue as at 31 May 2022 is shown below.

Table 17: WLE securities on issue

Security	Number of Securities
Securities on issue	1,034,044,884
Total Securities	1,034,044,884

Source: ASX

4.9. Ownership

As at 31 July 2021, the top 20 shareholders collectively owned c. 11.6% of the equity interest in WLE. The largest shareholder, HSBC Custody Nominees (Australia) Limited, owned c. 2.2%.

The top 20 WLE Shareholders as at 31 July 2021 are shown below.

Table 18: WLE top 20 shareholders

Rank	Shareholder	Current Shares	% of Total Shares
1	HSBC Custody Nominees (Australia) Limited	22,837,875	2.2%
2	Netwealth Investments Limited	14,158,919	1.4%
3	Entities associated with Mr Geoff Wilson	9,970,148	1.0%
4	Australian Investors Pty Limited	6,912,954	0.7%
5	Navigator Australia Limited	6,274,968	0.6%
6	Gold Tiger Equities Pty Limited	5,250,800	0.5%
7	BNP Paribas Nominees Pty Limited	4,398,457	0.4%
8	Lekk Pty Limited	4,366,250	0.4%
9	Sysha Pty Limited	3,242,000	0.3%
10	Jorlyn Pty Limited	3,168,000	0.3%
11	Resthaven Incorporated	2,614,391	0.3%
12	Federation University Australia	2,049,410	0.2%
13	Worple Investments Pty Limited	2,000,000	0.2%
14	Mr RJ Watson & Mrs LL Townend	1,743,616	0.2%
15	Greybox Holdings Pty Limited	1,582,775	0.2%
16	Securities & Estates Pty Limited	1,511,519	0.1%
17	Takita Exploration Pty Limited	1,500,000	0.1%
18	Citicorp Nominees Pty Limited	1,392,779	0.1%
19	Australian Executor Trustees Limited	1,301,909	0.1%
20	Keofferam Investments Pty Limited	1,270,000	0.1%
Sub-total		97,546,770	97,546,770
Remaining shareholders		739,996,445	936,498,114
Total		1,034,044,884	100.0%

Source: WLE Annual Report, Shareholder information as at 31 July 2021

The distribution of the shareholders by size of holding is shown below.

Table 19: WLE Shareholder distribution

Holding	No. of shareholders	% of Total Shares
1 - 1,000	989	0.1%
1,001 - 5,000	2,841	1.1%
5,001 - 10,000	2,890	2.8%
10,001 - 100,000	12,173	52.0%
100,001 and over	1,346	44.0%
Total	20,239	100.0%

Source: WLE Annual Report, Shareholder information as at 31 July 2021

5. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

5.1. Fairness assessment overview

The Proposed Scheme is fair if the Scheme Consideration offered is equal to or greater than the FMV of an AEG Share prior to the Proposed Scheme on a control basis.

Accordingly, we have undertaken an assessment of the value of an AEG Share prior to the Proposed Scheme (on a control basis), and an assessment of the estimated Scheme Consideration (on a minority basis). The Scheme Consideration will comprise New WLE Shares. The number of New WLE Shares to be issued per AEG share will be determined based on the Pre-Tax NTAs of WLE and AEG calculated at 22 September 2022 (**Conversion Ratio**).

We have assessed the fairness of the Proposed Scheme using the latest available information as at the date of this report. We have calculated an indicative Conversion Ratio based on the Pre-Tax NTAs of WLE and AEG at 31 May 2022. We note that the actual NTAs and Conversion Ratio at 22 September 2022 may differ to the indicative Conversion Ratio adopted in this report.

The valuation methods commonly used for the above analyses are considered below.

5.2. Valuation methods

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be used are as follows:

- ▶ Discounted cash flow (DCF)
- ▶ Capitalisation of maintainable earnings (COE)
- ▶ Net asset value (NAV)
- ▶ Net tangible assets on a realisation basis (NRV)
- ▶ Quoted market price basis (QMP).

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment.

5.3. Selected valuation methods for AEG pre-Proposed Scheme

In accordance with RG 111.15, we have considered the FMV of AEG on the basis of “a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid”. This approach does not take into account the particular circumstances of any specific transaction, and therefore we have not considered whether there is any premium in value attached to the strategic benefits or gains from synergies that may be inherent in an acquisition by a specific party, e.g. an industry competitor or supplier.

We have assessed the equity value of AEG before the Proposed Scheme using the QMP and NRV valuation methodologies. The QMP analysis has been performed for the 12 months to 13 June 2022, being the last trading day prior to the announcement of the Proposed Scheme. The NRV analysis has been performed as at 31 May 2022, which is the latest balance sheet date closest to the announcement date.

The QMP approach is a relevant methodology to consider as AEG’s shares are traded on the ASX, which is a regulated and observable market. In assessing AEG’ share price performance, we have had particular regard to the following:

- ▶ The level of trading activity of AEG securities, specifically:
 - Daily price activity;
 - Daily volume;
 - Value of securities traded; and
 - VWAP.
- ▶ Recent key developments, market announcements, and the timing and level of dissemination of information to the market.

NAV is generally considered an appropriate method for the valuation of LICs as all LICs release information related to NTA to the market on a monthly basis. The portfolio investments for each LIC are marked-to-market each month based upon the trading prices on the ASX for each security held. As such, AEG’s reported NTA per share effectively reflects the FMV NTA of the Company. The NRV methodology applies further adjustments to the reported NTA for investment portfolio realisation costs and estimated transaction costs as appropriate.

5.4. Selected valuation method for the Scheme Consideration

The Scheme Consideration comprises New WLE Shares. BDOCF has adopted the NRV methodology to value the New WLE Shares by assessing the NTA of AEG and WLE on a pro forma basis as at 31 May 2022.

We have also considered the QMP methodology to value the New WLE Shares. Given AEG is less than 10% of the market capitalisation of the WLE and AEG on a combined basis, we consider the trading of WLE shares pre-Proposed Scheme to be a reasonable valuation of the New WLE Shares.

The number of New WLE Shares to be issued per AEG Share will be determined based on a Conversion Ratio to be calculated at 22 September 2022. We have calculated an indicative Conversion Ratio based on the Pre-Tax NTAs of WLE and AEG as at 31 May 2022. The actual Conversion Ratio may differ to the indicative Conversion Ratio.

5.5. Other valuation considerations

5.5.1. Future events

The businesses of AEG and WLE that we have considered are those which existed as at the date our Report. We assume that the business will not materially change between the date of our Report and the Implementation Date of the Proposed Scheme. Growth potential, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of our assessment.

5.5.2. Premium for control

Investment fundamentals dictate that the value of 100% of an entity is normally greater than the sum of values attributable to the individual shares of that company based on transactions in minority shareholdings.

The difference between the value of 100% of a company and the total value of minority shareholdings is referred to as a “premium for control” taking into account control and synergistic benefits for the acquirer.

Control of a company by a shareholder gives that shareholder rights to which minority shareholders are not entitled, including control of the company’s policies and strategies, and use of cash flows of the company.

A premium for control is applicable when an acquisition would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;
- access to tax benefits; and
- control of the board of directors of the company.

Therefore, a transaction premium would typically include a premium for control as well as potential buyer specific synergies.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the company being acquired. In arriving at an appropriate premium for control to apply, we note that buyers would generally assess the following considerations:

- level of liquidity in the trade of the target’s securities;
- synergistic value;
- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited; and
- ability to integrate the target into the acquirer’s business.

An acquirer of the Company could potentially reduce corporate overheads and realise synergies through the integration into their business while, at the same time incurring one-off integration expenses.

In our assessment of an appropriate control premium for AEG, we reviewed Australian LIC acquisitions over the period from 2012 to 2022. We note the industry historically lacks an active M&A market. We reviewed the offer premium to the share price one trading day before the offer announcement, along with the offer premium to the pre-tax NTA of the target prior to the announcement. The details of the four transactions are set out below. We note one-day prior control premiums are in the range of 0.0% to 15.0%, with an average premium of c.7.3%, while premiums to NTA average c.1.0%.

Table 20: Control premiums

Transaction Announced Date	Target	Buyer	Offer Price	Target Share Price	Target NTA	1-Day Premium to Target Share Price	Premium to Target NTA
22/06/2021	Milton Corporation Limited	Washington H. Soul Pattinson and Company Limited	5.64	5.00	4.69	12.7%	0.0%
30/08/2018	Wealth Defender Equities Ltd.	WAM Capital Ltd.	1.00	0.87	0.97	15.0%	3.0%
13/11/2018	Century Australia Investments Ltd.	WAM Leaders Ltd.	0.94	0.93	0.94	1.0%	0.0%
14/09/2012	Premium Investors Ltd	WAM Capital Ltd	1.64	1.64	1.64	0.0%	0.0%
Min						0.0%	0.0%
Max						15.0%	3.0%
Mean						7.3%	1.0%
Median						7.3%	0.0%

Source: ASX announcements, Capital IQ and BDO analysis

Further, we have reviewed 29 LICs in the Australian market. We have determined the premium for control by comparing the NTA of the LIC to the traded price of the share. NTAs are generally considered controlling values, whilst market traded values are minority values (we note the data above supports our view that the NTA value of a LIC is a controlling value). We note that other factors may contribute to LICs trading below the NTA value such as the cost of funding management expenses.

In addition to the above, we do not believe that there is a significant premium to be paid for control due to the simplicity of recreating portfolios held by LICs as well as the low costs associated with replicating these portfolios.

Table 21: Average Australian LIC premiums/(discounts) to NTA

	FY21 Premium/(Discount)	FY20 Premium/(Discount)	FY19 Premium/(Discount)
Min	-53.3%	-38.5%	-24.8%
Max	36.7%	28.5%	13.9%
Mean	2.3%	-9.2%	-3.0%
Median	0.1%	-7.3%	-4.8%

Source: Capital IQ and BDO analysis

Our results indicate that there is a significant spread in relation to discounts and premiums to NTA in the market, with discounts of up to c.53.3% and premiums of up to c.36.7% at 30 June 2021. The mean and median share price of an LIC traded at a small premium to NTA at 30 June 2021. It must be noted that during FY20, significant volatility in equity markets contributed to share prices dropping below their NTA per share value as sell-offs rippled through the LIC sector.

Based on the above, we consider a control premium of between 2% and 5% to be appropriate for AEG. Refer to Appendix 3 for a list of LICs utilised in our analysis.

5.5.3. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

6. VALUATION OF AEG PRE-PROPOSED SCHEME

We have valued AEG pre-Proposed Scheme on a control basis. The value of an AEG share pre-Proposed Scheme is the value that could be realised by a shareholder by either selling their investment on the ASX at the current quoted market price, or the post-tax NTA per share that would be allocated to the shareholder in an orderly liquidation of AEG at the Valuation Date. The following sections show our valuation of AEG pre-Proposed Scheme, based upon the QMP method and adjusted NRV method.

6.1. FMV of AEG using the QMP method

RG 111.69 states that for the quoted market price methodology to be an appropriate methodology, there needs to be a ‘liquid and active’ market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- ▶ regular trading in a company’s securities;
- ▶ approximately 1% of a company’s securities are traded on a weekly basis;
- ▶ the spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- ▶ there are no significant and unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘liquid and active’. However, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

6.1.1. Trading analysis

Our analysis of the quoted market price of an AEG share is based on pricing prior to the Proposed Scheme.

We note that an outline of the Proposed Scheme was announced on 14 June 2022 however analysis of the trading and the price discount to NTA around this date suggests immaterial impact of the announcement upon trading of AEG share prices.

The following chart provides a summary of AEG’s share price movement over the 12 months to 13 June 2022, being the last trading day prior to announcement of the Proposed Scheme.

Figure 8: AEG NTA, closing share price and trading volume (14 June 2021 to 13 June 2022)



Source: Capital IQ

The Company’s closing share price has traded between a low close price of \$0.77 per share (12 May 2022) and a high close price of \$1.15 per share (4 August 2021).

The date with the highest level of trading over the assessed period was 14 February 2022 where 0.99 million shares were traded for between \$0.93 and \$0.95 per share. The ASX announcement for AEG on that date was the Unadjusted Net Tangible Assets and a Daily Share Buyback notice as part of the Company’s on-market share buy-back.

Set out below is a summary of the Company's announcements and releases in the twelve months prior to 31 May 2022. The price-sensitive announcements are highlighted.

Table 22: Summary of Company announcements/ ASX releases (14 June 2021 to 13 June 2022)

Date	Announcement	Close price before announcement \$	Close price after announcement \$	% Change
7/06/2022	Monthly NTA and Performance Update	0.82	0.81	-1.8%
31/05/2022	Update on Consultation Process	0.83	0.84	1.2%
20/05/2022	Update on Consultation Process	0.80	0.80	0.0%
6/05/2022	Monthly NTA and Performance Update	0.87	0.85	-2.3%
7/04/2022	Monthly NTA and Performance Update	0.89	0.88	-1.1%
7/03/2022	Update on Consultation Process	0.82	0.84	2.4%
7/03/2022	Monthly NTA and Performance Update	0.82	0.84	2.4%
25/02/2022	Half Yearly Report and Accounts	0.89	0.80	-9.6%
16/02/2022	AEG Shareholder Update	0.91	0.93	2.2%
7/02/2022	Monthly NTA and Performance Update	0.97	0.95	-1.6%
1/02/2022	Initial Director's Interest Notice - Daniel Liptak	0.96	0.95	-1.6%
1/02/2022	Final Director's Interest Notice - Raymond Da Silva Rosa	0.96	0.95	-1.6%
26/01/2022	Non-Executive Director Appointment & Resignation	0.98	0.99	1.5%
11/01/2022	Monthly NTA and Performance Update	1.03	1.02	-0.5%
15/12/2021	Notification of cessation of securities - AEG	1.00	1.00	0.0%
9/12/2021	Monthly NTA and Performance Update	1.01	0.99	-2.0%
7/12/2021	Initial Director's Interest Notice - Will Harrison	1.00	1.01	1.0%
7/12/2021	Final Director's Interest Notice - Andrew Reeve-Parker	1.00	1.01	1.0%
7/12/2021	Final Director's Interest Notice - Peter Lanham	1.00	1.01	1.0%
30/11/2021	Results of Meeting	1.04	0.99	-4.8%
30/11/2021	Appointment of Non-Executive Director	1.04	0.99	-4.8%
30/11/2021	AGM - Investor Presentation	1.04	0.99	-4.8%
30/11/2021	Appointment of Managing Director	1.04	0.99	-4.8%
24/11/2021	Notification of cessation of securities - AEG	1.02	0.98	-3.9%
4/11/2021	Monthly NTA and Performance Update	1.06	1.06	0.0%
28/10/2021	Notice of Annual General Meeting/Proxy Form	1.05	1.04	-1.0%
7/10/2021	Update - Dividend/Distribution	1.06	1.06	0.0%
7/10/2021	Monthly NTA and Performance Update	1.06	1.06	0.0%
29/09/2021	Appendix 4G	1.06	1.05	-0.9%
29/09/2021	Corporate Governance Statement	1.06	1.05	-0.9%
29/09/2021	2021 Annual Report	1.06	1.05	-0.9%
7/09/2021	Monthly NTA and Performance Update	1.13	1.12	-0.9%
30/08/2021	Dividend/Distribution - AEG	1.12	1.13	0.9%
30/08/2021	Preliminary Final Report	1.12	1.13	0.9%
5/08/2021	Monthly NTA and Performance Update	1.15	1.14	-0.9%
20/07/2021	Ceasing to be a substantial holder from WBC	1.12	1.11	-0.4%
12/07/2021	AEG Announces On-Market Share Buy-Back	1.10	1.10	0.5%
7/07/2021	Monthly NTA and Performance Update	1.04	1.09	4.8%
1/07/2021	Final share buy-back notice - Appendix 3F	1.10	1.08	-2.3%

Source: ASX Website, Capital IQ and BDOCF analysis

The share price has not exhibited any extreme sensitivity to any one specific announcement except the announcement of the 31 December 2021 half year report. A 9.6% change was noted after the announcement of the 31 December 2021 half yearly report. Most other significant changes in share price have been noted after share cancellations.

6.1.2. VWAP

We have calculated AEG's VWAP over various periods to 13 June 2022.

Table 23: VWAP analysis (14 June 2021 to 13 June 2022)

Period	Price (Low) \$	Price (High) \$	Price VWAP \$	Cumulative value \$m	Cumulative volume m	% of issued capital
1 day	0.82	0.84	0.83	0.1	0.1	0.1%
1 week	0.81	0.84	0.82	0.3	0.4	0.5%
1 month	0.77	0.86	0.82	2.6	3.2	3.5%
3 months	0.75	0.90	0.84	5.1	6.1	6.7%
6 months	0.75	1.03	0.89	9.5	10.7	11.9%
12 months	0.75	1.15	0.98	23.4	23.8	26.1%

Source: Capital IQ and BDOCF analysis

The above table indicates that AEG's shares display a moderate level of liquidity, with 26.1% of the Company's current issued capital being traded on the ASX over a 12 month period, and 3.5% over the past month.

We note the following with respect to the VWAP over the period;

- ▶ The AEG share price reached a high of \$1.15 on 4 August 2021, and a low of \$0.75 per share on the 12 May 2022);
- ▶ The VWAP over the 12-month period was \$0.98 with a cumulative trading volume of 23.8m shares and a cumulative value of c.\$23.4m;
- ▶ Approximately 26.1% of the issued capital was traded over the 12-month period;
- ▶ The share price decreased by 18% over the 12-month period; and
- ▶ Daily trading volume over the period was approximately \$95.5k shares on average.

Overall, we conclude that there exists a sufficiently liquid market for AEG shares, as there is regular trading of its shares. Investors appear to have responded to announcements and releases without extreme sensitivity and there are no significant unexplained price movements in the share price.

As AEG Shareholders are readily able to liquidate their investments in the Company on the ASX, we consider the value range indicated by the 1-month to 3-month VWAP of \$0.82 to \$0.84 to provide an appropriate value range for AEG per share, pre-Proposed Scheme, on a minority basis. Taking into consideration a control premium range of 2% to 5% as set out in Section 5.2.2, we consider the QMP value range on a control basis of \$0.84 to \$0.88.

Table 24: FMV of AEG using the QMP method

	Low	High
FMV of AEG pre-Proposed Scheme using the QMP method (minority) (\$)	0.82	0.84
Control premium (%)	2.0%	5.0%
FMV of AEG pre-Proposed Scheme using the QMP method (control) (\$)	0.84	0.88

Source: BDOCF analysis

6.2. FMV of AEG using the NRV method

We have also assessed the NRV of an AEG share.

The most recent audited financial statements are as at financial year end of 30 June 2021, however monthly NTA calculations are undertaken to provide AEG Shareholders with the monthly net tangible asset backing per share. The calculation of the NTA per share is made in accordance with the definition of net tangible asset backing in Chapter 19 of the Listing Rules, and is subject to review by the Company's external auditor.

BDOCF have been provided with management accounts by Management as at 31 May 2022. We have reviewed movements between the NTA of AEG as at 30 June 2021 and the NTA of AEG as at May 2022 and noted that the movement in NTA over the period has been consistent with the movement in the overall Investment Portfolio. We have therefore relied upon the most recent financial information available to assess the value the AEG pre-Proposed Scheme.

The NRV valuation has been undertaken on the basis of financial information to 31 May 2022.

Table 25: NRV Approach

\$'000	Ref.	Note	31-May-22
Net Tangible Assets (Post-Tax, 31 May 2022)	3.8		90,355
Elimination of excess deferred tax assets		1	(4,355)
Adjusted Net tangible assets (Post-tax)			86,000
Investment portfolio realisation costs		2	(668)
Estimated liquidation costs		3	(100)
Estimated AEG transaction costs		4	(715)
Equity Value on a 100% Basis			84,518
AEG Shares ('000)	3.9		90,265
Assessed Value per AEG Share (\$)			0.94

Source: AEG Management information as at 31 May 2022, Capital IQ, and BDOCF analysis

BDOCF took into consideration the following in applying the NAV methodology:

1 Elimination of excess deferred tax assets

AEG has deferred tax assets of \$21.8 million as at 31 May 2022. This includes the additional tax benefit of c.\$6.6 million on the current year losses. The total deferred tax liabilities as at 31 May 2022 are c.\$17.4 million.

In a wind up scenario, there is significant uncertainty that AEG may not be able to adjust the excess deferred tax assets over the deferred tax liabilities.

Therefore, we have not included the excess deferred tax assets of c.\$4.4 million for the valuation of AEG pre-Proposed Scheme under NRV approach.

Investment portfolio realisation costs

2 In order to realise the value of the investments, AEG would need to sell long positions and close short positions within the portfolio. We estimate brokerage fees as approximately 0.2% of the current gross portfolio value of \$333.9 million.

Estimated liquidation costs

3 As a LIC, AEGs assets are predominantly the investment portfolio of financial assets. Winding up the remaining shell after liquidation of the portfolio is unlikely to incur material liquidation costs. Estimated costs to liquidate under ordinary circumstances have been estimated by Management to be approximately \$100,000.

Estimated transaction costs

4 AEG is to incur costs associated with the Proposed Scheme (including registry, court and other filing fees, portfolio transaction costs, fees for AEG’s financial taxation, legal and other professional advisers, counsel fees, fees of the Independent Exert, costs associated with the D&O Run-Off Insurance, and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit).

The estimated transaction costs represent the costs that are yet to be incurred at 31 May 2022. These costs will be incurred irrespective of whether the Proposed Scheme is approved or rejected.

The adjustments noted under points 1 - 4 results in an implied NRV for AEG pre-Proposed Scheme of \$84.5 million. Based on the outstanding shares on issue at 16 June 2022, we have assessed a value per share of \$0.94 on a control basis. We consider a value of \$0.94 to be appropriate for AEG under the NRV methodology.

We note that the above analysis assumes that no compensation will be payable to BLSEM by AEG upon winding up of the Company. If compensation is payable, the NRV value would be lower.

Table 26: FMV of AEG using the NRV method

A\$	31-May-22
Assessed value of AEG pre-Proposed Scheme using the NRV method	0.94

Source: BDOCF analysis

6.3. Conclusion as to the FMV of an AEG Share, pre-Proposed Scheme

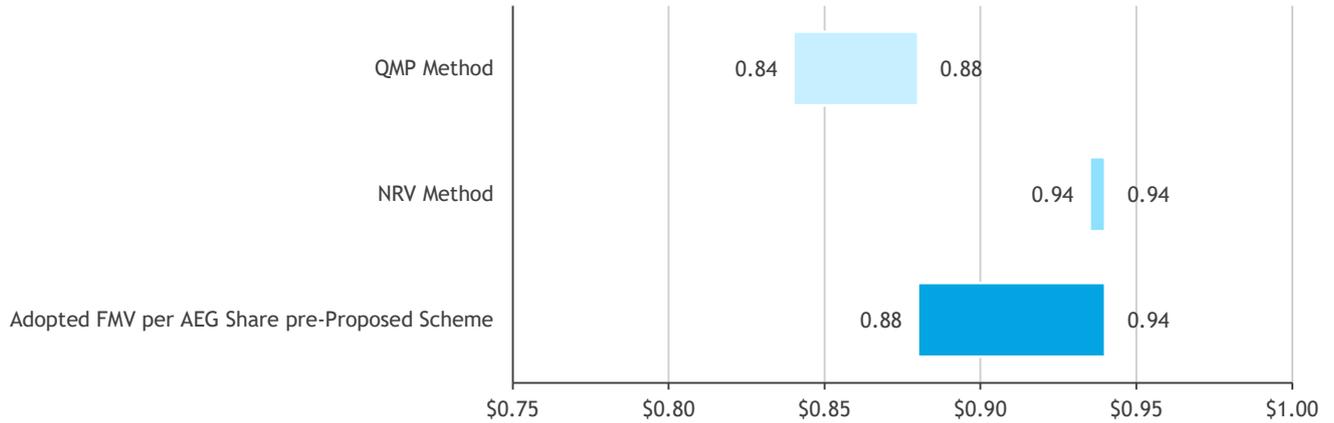
We have adopted a preferred value of an AEG Share pre-Proposed Scheme (on a control basis) using the high end of the QMP range and the NRV valuations set out above.

Table 27: AEG FMV Summary, pre-Proposed Scheme

A\$	Low	High
QMP method	0.84	0.88
NRV method	0.94	0.94
Adopted FMV per AEG Share pre-Proposed Scheme	0.88	0.94

Source: BDOCF analysis

Figure 9: Graphical FMV Summary of AEG per share pre-Proposed Scheme



Source: BDOCF analysis

The preferred FMV of an AEG Share prior to the Proposed Scheme (on a control basis) using the QMP and NRV valuation methodologies is between \$0.88 and \$0.94.

We note that the above analysis assumes that no compensation will be payable to BLSEM by AEG upon winding up of the Company. If compensation is payable, the NRV value would be lower.

7. VALUATION OF THE ESTIMATED SCHEME CONSIDERATION

The Scheme Consideration payable to AEG Shareholders under the Proposed Scheme will be New WLE Shares.

The valuation assessment of the New WLE Shares is based upon QMP and NRV methodology. New WLE shares have been valued on a minority basis.

The number of New WLE Shares to be issued per AEG Share will be determined based on the Conversion Ratio to be calculated on 22 September 2022.

We have valued an indicative Conversion Ratio based on the net assets of AEG and WLE at 31 May 2022. The actual Conversion Ratio may differ to the indicative Conversion Ratio calculated in this report.

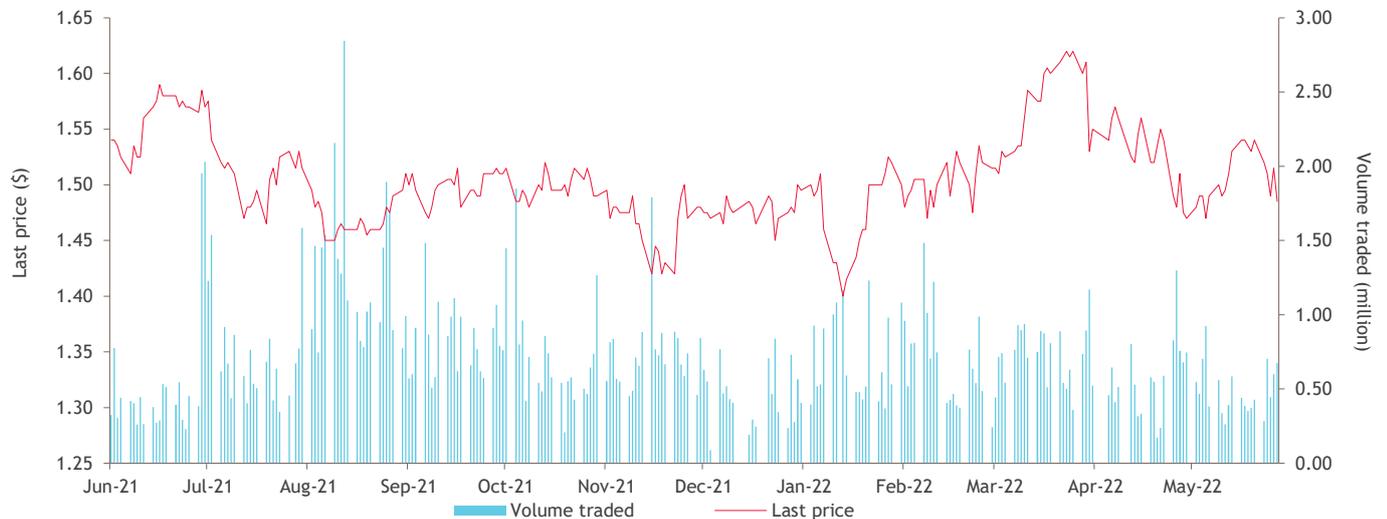
7.1. Valuation of New WLE Shares based on QMP

We have analysed the trading history of WLE for the 12 months up to 13 June 2022. This is consistent with the QMP analysis period for AEG shares. WLE's share price movements for the 12 months to 13 June 2022 are shown below.

7.1.1. Valuation of WLE based on QMP

Set out below is the trading history of WLE over the twelve months to 13 June 2022.

Figure 10: Monthly closing share price and trading volume (from 14 June 2021 to 13 June 2022)



Source: Capital IQ

We note the following key movements from the chart above:

1. WLE's share price reached a 52-week high close price of \$1.62 on 5 April 2022.
2. WLE's share price reached a 52-week low close price of \$1.40 on 27 January 2022.
3. The largest daily trading volume was 2.84 million shares with the total value of \$4.2 million on 26 August 2021.

Set out below is a summary of WLE's price-sensitive announcements in the twelve months prior to 13 June 2022.

Table 28: Summary of price-sensitive announcements for the 12 months ending 13 June 2022

Date	Announcement	Share price 1 day before (\$)	Share price 1 day after (\$)	Change (\$)	Change (%)
23/02/2022	Appendix 4D and Financial Report	1.47	1.48	0.01	0.68%
3/02/2022	WLE's strong outperformance drives 14.3% increase in FF div	1.46	1.50	0.04	2.74%
20/05/2022	Dividend/Distribution - WLE	1.47	1.50	0.03	2.04%
26/08/2021	Outperformance drives increased FF div and record TSR	1.47	1.46	(0.01)	(0.34%)
26/08/2021	Appendix 4E and Annual Report	1.47	1.46	(0.01)	(0.34%)
11/08/2021	Entitlement Offer closes fully subscribed, raising \$277.2m	1.53	1.52	(0.02)	(0.98%)
11/08/2021	Oversubscribed Shortfall Facility and additional placement	1.53	1.52	(0.02)	(0.98%)
10/08/2021	Trading Halt	1.53	1.52	(0.02)	(0.98%)
29/07/2021	WAM Leaders 14.3% increase in FY22 interim dividend guidance	1.48	1.50	0.02	1.01%
22/07/2021	WAM Leaders Entitlement Offer now open	1.52	1.51	(0.01)	(0.66%)
14/07/2021	Entitlement Offer Booklet	1.59	1.58	(0.01)	(0.63%)
13/07/2021	Entitlement Offer for WAM Leaders shareholders	1.57	1.57	0.01	0.32%
13/07/2021	Strong outperformance drives increased FF div and profit	1.57	1.57	0.01	0.32%
13/07/2021	Dividend/Distribution - WLE	1.57	1.57	0.01	0.32%

Source: ASX website, Capital IQ and BDOCF analysis

7.1.2. WLE VWAP

The table below summarises the trade results for the 12-month period ending 13 June 2022.

For the three months to 13 June 2022, the total value traded was \$57.3 million, representing 3.6% of issued capital.

Table 29: VWAP for the 12 months ending 13 June 2022

Period	Price (Low) \$	Price (High) \$	Price VWAP \$	Cumulative Value \$m	Cumulative Volume m	% of issued capital
1 day	1.48	1.51	1.49	1.0	0.7	0.1%
1 week	1.48	1.53	1.50	3.6	2.4	0.2%
1 month	1.45	1.55	1.50	14.8	9.8	1.0%
3 months	1.44	1.63	1.54	57.3	37.3	3.6%
6 months	1.38	1.63	1.51	113.6	75.3	7.3%
12 months	1.37	1.63	1.50	270.0	180.0	18.1%

Source: Capital IQ, BDO analysis

We consider the value range indicated by the 1-month to 3-month VWAP of \$1.49 to \$1.54 to provide an appropriate value range for WLE per share, pre-Proposed Scheme on a minority basis.

7.1.3. FMV of a New WLE Share under the QMP method

Table 30: QMP conclusion

Particulars	Ref	Low	High
Quoted market price of WLE - on minority basis (\$)	7.1.2	1.49	1.54
Quoted market price of WLE - on minority basis (\$)		1.49	1.54

Source: Capital IQ, BDO analysis

Based on above, we estimate the FMV of a New WLE Share per the QMP method to range between \$1.49 to \$1.54 on a minority basis.

We note that WLE shares exhibit a high level of liquidity, and therefore consider the QMP methodology to be a reliable measure of value.

7.2. FMV of the Pro Forma NRV of the New WLE Shares

We have utilised the NRV method to assess the estimated FMV of the New WLE Shares on the Implementation Date.

As noted earlier in Section 6.2, the most recent management accounts provided for AEG are as at 31 May 2022. We have used WLE's pre-tax NTA per its ASX announcement for 31 May 2022.

In order to estimate the value of a New WLE Share, adjustments have been made to the NAV as at 31 May 2022 to reflect the value on an NRV basis. The adjustments are discussed in more detail below.

Table 31: NRV method to estimate the Proposed Scheme Consideration

\$'000	Ref.	Note	Low	High
Post-tax NTA at 31 May 2022				
AEG post-tax NTA	6.2	1	86,000	86,000
WLE post-tax NTA	4.7	1	1,500,399	1,500,399
Investment portfolio realisation costs - AEG		2	(668)	(668)
Estimated WLE transaction costs		3	(175)	(175)
Estimated AEG transaction costs		3	(715)	(715)
Equity Value on a 100% Basis			1,584,842	1,584,842
Shares outstanding at 31 May 2022 ('000)				
WLE share outstanding ('000)	4.8		1,034,045	1,034,045
Consideration shares to be issued ('000)	7.4	4	55,964	55,964
Shares outstanding per the Proposed Scheme ('000)			1,090,009	1,090,009
Assessed value of a New WLE Share (\$)			1.45	1.45
Adjustment for minority discount to NAV (%)		5	(5.0%)	(2.0%)
Minority Value of a New WLE Share (\$)			1.38	1.43

Source: BDOCF analysis, ASX website and management information

BDOCF took into consideration the following in applying the NRV methodology:

1	<p>Post-tax NTA</p> <p>BDOCF has relied upon the post-tax NTA position of AEG and WLE as at 31 May 2022 as a proxy for the estimated NTA at the Implementation Date, and applied adjustments as noted below.</p> <p>The WLE post NTA is derived from the ASX announcements.</p>
2	<p>Investment portfolio realisation costs</p> <p>WLE can instruct AEG to realise the value of the investments, AEG would need to sell long positions and close short positions within the portfolio. We estimate brokerage fees as approximately 0.2% of the current gross portfolio value of \$333.9 million.</p>
3	<p>Estimated transaction costs</p> <p>AEG and WLE will incur costs associated with implementing the Proposed Scheme (including registry, court and other filing fees, portfolio transaction costs, fees for financial taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, costs associated with the D&O Run-Off Insurance, and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit).</p> <p>The estimated transaction costs represent the costs that are yet to be paid as at 31 May 2022.</p>
4	<p>Consideration shares</p> <p>Participating AEG Shareholders will receive New WLE Shares as consideration for their AEG Shares. The number of WLE Shares to be offered for each AEG Share will be determined by a formula based on the conversion ratio of the pre-tax NTA of WLE to the pre-tax NTA of AEG. We have considered the conversion ratio in Section 7.4.</p>
5	<p>Adjustment for minority discount to NRV (%)</p> <p>The NRV Valuation methodology results in the Scheme Consideration being on a control basis. To determine the Scheme Consideration on a minority basis, we have applied a minority discount based on the control premium for LICs of between 2% and 5%. Refer to Section 5.2.2 for details regarding the control premium. This resulted in a value per share range of \$1.43 and \$1.47 for the Scheme Consideration, on a minority basis.</p>

The adjustments noted under points 1 - 5 result in an implied NRV for WLE post Proposed Scheme on a pro forma basis between \$1.38 and \$1.43 on a minority basis.

7.3. Preferred Value of New WLE Shares Post Proposed Scheme

We have adopted a preferred value of New WLE Share on a minority basis based using the QMP valuations. We note that WLE Shares are frequently traded on the exchange, which implies reasonable liquidity. Further, WLE shares have consistently traded above the Post-tax NTA of the Company. As such, we consider the QMP value to better reflect the FMV of a New WLE Share.

Table 32: Preferred Value of new WLE Share Post Proposed Scheme summary

	Ref.	Low	High
Value of a WLE share using the QMP method (on a minority basis) (\$)	7.1.3	1.49	1.54
Value of a WLE share using the pro forma NRV method (on a minority basis) (\$)	7.2	1.38	1.43
Preferred value of the New WLE Share (on a minority basis) (\$)		1.49	1.54

Source: BDOCF analysis

We therefore consider the FMV range of a New WLE Share to be between \$1.49 to \$1.54.

7.4. Calculation of Conversion ratio

As per the Proposed Scheme, AEG Shareholders will receive New WLE Shares as consideration for their AEG shares. The number of New WLE Shares to be offered for each AEG share will be determined by a formula based on the ratio of the Pre-tax NTA of WLE to the Pre-tax NTA of AEG on 22 September 2022.

We have assessed the Proposed Scheme using the latest available information as at the date of this report. We have calculated an indicative Conversion Ratio based on the Pre-Tax NTAs of WLE and AEG at 31 May 2022. We note that the actual NTAs and Conversion Ratio at 22 September 2022 may differ to the indicative Conversion Ratio adopted in this report.

7.4.1. Pre-tax NTA of AEG

Presented below is AEG's reported pre-tax NTA after an adjustment for transaction costs. **Table 33: Pre-tax NTA per share of AEG at 31 May 2022**

\$'000	Ref.	Note	31-May-22
Pre-tax NTA at 31 May 2022	3.8		86,003
Investment portfolio realisation costs		1	(668)
Estimated AEG transaction costs		2	(715)
Equity Value on a 100% Basis			84,620
Shares outstanding at 31 May 2022 ('000)	3.9		90,265
Pre-tax NTA at 31 May 2022 (\$)			0.94

Source: ASX website, BDOCF analysis

Investment portfolio realisation costs

- 1 WLE can instruct AEG to realise the value of the investments, AEG would need to sell long positions and close short positions within the portfolio. We estimate brokerage fees as approximately 0.2% of the current gross portfolio value of \$333.9 million.

Estimated transaction costs

- 2 AEG is to incur costs associated with implementing the Proposed Scheme (including registry, court and other filing fees, portfolio transaction costs, fees for AEG's financial taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, costs associated with the D&O Run-Off Insurance, and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit).

The estimated transaction costs represent the costs that are to be incurred at 31 May 2022.

7.4.2. Pre-tax NTA of WLE

The pre-tax NTA per WLE Share at 31 May 2022 is set out below:

Table 34: Pre-tax NTA per share of WLE at 31 May 2022

\$'000	Ref.	Low
Pre-tax NTA at 31 May 2022		1,551,378
Estimated WLE transaction costs	7.2	(175)
Equity Value on a 100% Basis		1,551,203
Shares outstanding at 31 May 2022 ('000)	4.8	1,034,045
Pre-tax NTA per share at 31 May 2022 (\$)		1.50

Source: ASX website, management information

7.4.3. Conversion Ratio

The indicative Conversion Ratio as at 31 May 2022 is calculated below. The actual conversion ratio at 22 September 2022 may differ.

Table 35: Conversion ratio at 31 May 2022

	Ref	Note	\$
A) Pre-tax NTA per share of AEG at 31 May 2022 (\$)			0.94
B) Pre-tax NTA per share of WLE at 31 May 2022 (\$)			1.50
<i>New WLE Shares to be issued per AEG Share (Conversion Ratio)</i>		1	0.62
C) Number of AEG shares on issue at 31 May 2022 ('000)	3.9		90,265
D) Consideration shares to be issued (A / B * C) ('000)			55,964

Source: Proposed Scheme and BDOCF analysis

Rounding of new WLE Shares to be issued per AEG Shares

- 1 The calculated Conversion Ratio of a WLE Share to be issued per AEG Share is 0.6249. Per the Proposed Scheme, fractional entitlements of 0.5 (or greater) to a New WLE Share are to be rounded up, whereas fractional entitlements of 0.5 (or lower) to a New WLE Share are to be rounded down. We have adopted a rounded Conversion Ratio of 0.62.

Based on Table 35, if the Conversion Ratio was calculated at 31 May 2022, AEG Shareholders would receive 0.62 New WLE Shares for each AEG share held.

7.5. FMV of estimated Scheme Consideration

As the Scheme Consideration for the Proposed Scheme will be determined at a future date, we have implied a fair value for the Scheme Consideration per share Post Proposed Scheme. Our Scheme Consideration per AEG Share considers the Proposed Scheme's Conversion Ratio as set out in Section 7.4.1.

Table 36: Estimated Scheme Consideration

\$	Ref.	Low	High
Preferred value of a WLE Share	7.3	1.49	1.54
Conversion Ratio	7.4.1	0.62	0.62
Scheme Consideration per AEG Share		0.92	0.95

Source: BDOCF analysis

Based on the above, we consider a value per AEG Share between \$0.92 and \$0.95 to be an appropriate estimate for the Scheme Consideration of the Proposed Scheme.

8. ASSESSMENT OF FAIRNESS

In undertaking our assessment of fairness, we have had regard to the ASIC’s RG 111. The Proposed Scheme is ‘fair’ if the value of the financial benefit being received by the entity is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

As the substance of the Proposed Scheme is that WLE is acquiring 100% of the shares in AEG, whereby AEG Shareholders will receive New WLE Shares as consideration for their AEG shares, our analysis has been performed by comparing:

- ▶ The FMV of an AEG share pre-Proposed Scheme on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
- ▶ The FMV of the estimated Scheme Consideration on a minority basis (being the offer price or consideration per RG 111.11).

Our conclusion is based on the valuation date of 13 June 2022 (**Valuation Date**), being the day prior to the announcement of the Proposed Scheme on the ASX. The results of our valuation analysis are summarised below.

We have assessed the FMV of an AEG share pre-Proposed Scheme, and the estimated Scheme Consideration, by utilising the QMP and NAV valuation methodologies (refer to Sections 6 and 7).

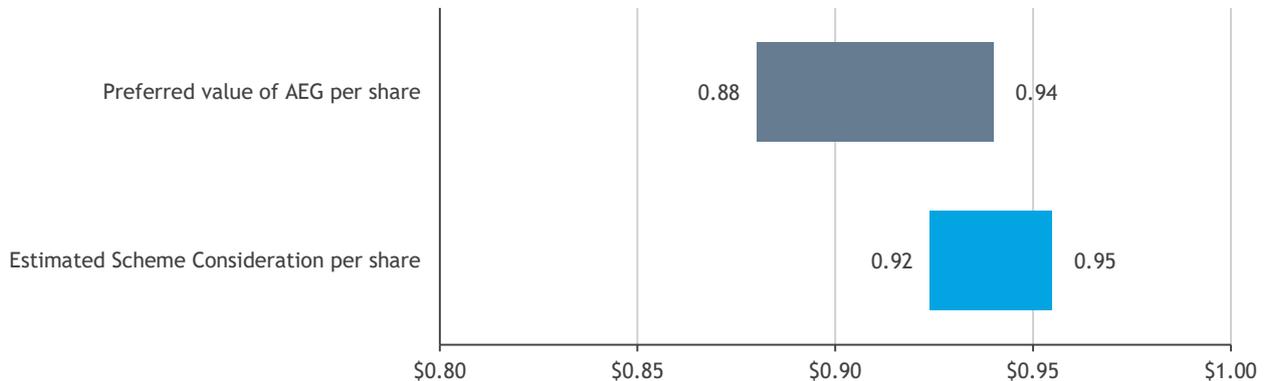
The result of our fairness analysis, under the guidance provided by ASIC, is summarised below.

Table 37: Summary of fairness assessment

\$	Ref.	Low	High
Preferred value of AEG per share	6.3	0.88	0.94
Estimated Scheme Consideration per AEG share	7.5	0.92	0.95

Source: BDOCF analysis

Figure 11: Graphical summary of fairness assessment



Source: BDOCF analysis

Based on our results, the valuation ranges noted above are:

- ▶ The value of an AEG share pre-Proposed Scheme ranges between \$0.88 and \$0.94, based on the NRV and QMP valuation methodologies (refer to Section 6).
- ▶ The estimated Scheme Consideration ranges between approximately \$0.92 and \$0.95, based on the NRV and QMP methodology (refer to Section 7).

We note that the estimated Scheme Consideration per share is above the assessed value range for AEG per share pre-Proposed Scheme, as at the Valuation Date. **Therefore, the Proposed Scheme is fair to AEG Shareholders.**

Our opinion is based on economic, market and other conditions prevailing at the Valuation Date and the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the Valuation Date that subsequently becomes known to us.

9. ASSESSMENT OF REASONABLENESS

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to AEG Shareholders.

Set out below is a summary of other factors we consider relevant in assisting AEG Shareholders in deciding whether to vote in favour of the Proposed Scheme.

Table 38: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Scheme is fair	Our analysis concluded that the Proposed Scheme is fair to AEG Shareholders. RG 111 states that an offer is reasonable if it is fair.
WLE has historically traded at a premium to NTA, whereas AEG has traded at a discount	<p>As at 31 May 2022, WLE was trading at a premium of 2.6% to its pre-tax NTA (post-tax premium of 5.1%). Over the 12 months to 31 May 2022, WLE has traded at an average premium of 3.10% to its pre-tax NTA.</p> <p>At the same date, AEG was trading at a discount of 9.8% to its pre-tax NTA (post-tax discount of 14.1%).</p> <p>The proposed Conversion Ratio will be calculated based on the pre-tax NTAs of AEG and WLE at the Calculation Date which is currently expected to be 22 September 2022.</p> <p>AEG shareholders will exchange a share that is currently trading at a significant discount to pre-tax NTA for a share that is trading close to its pre-tax NTA. This is a benefit to AEG shareholders.</p>
Increased Liquidity	<p>In the one month to 13 June 2022, a total of \$2.6 million of AEG shares were traded on the ASX. During the same period, \$14.8 million WLE shares traded on the ASX.</p> <p>WLE shares are significantly more liquid than AEG shares, and if the Proposed Scheme is approved, AEG shareholders will benefit from the increase in liquidity.</p>
Lower Management Fees	<p>WLE pays a management fee equivalent to 1% per annum of gross assets of WLE's portfolio. The fee is calculated and paid monthly.</p> <p>In contrast, AEG pays a monthly management fee equivalent to 1.50% per annum of the net asset value of the AEG Portfolio, before all taxes.</p> <p>If the Proposed Scheme is approved, AEG Shareholders will hold New WLE Shares and benefit from the lower management fee.</p>
Economies of scale in relation to operating costs	<p>If AEG Shareholders approve the Proposed Scheme and it becomes effective, AEG Shareholders will receive New WLE Shares.</p> <p>WLE's operating costs (directors fees, accounting, legal, ASX, share registry etc) for FY21 were circa \$1.0 million. AEG's operating costs for FY21 were circa \$0.5 million.</p> <p>As at 30 June 2021, WLE had net assets of circa \$1.1 billion (which increased to c.\$1.5 billion as at 31 May 2022), and AEG has net assets of \$110,036k.</p> <p>WLE's net assets are approximately 10 times those of AEG as at 30 June 2021, however the operating costs are only double those of AEG.</p> <p>AEG Shareholders will benefit from these economies of scale if the Proposed Scheme is approved.</p>

Disadvantages	
WLE will bear the risk of claims for compensation from the AEG Investment Manager for termination of the AEG Investment Management Agreement	<p>Under the AEG Management Agreement, BLSEM is entitled to a management fee of 1.5% of the pre-tax net asset value of the AEG Portfolio, together with a performance fee if certain criteria are met. Ordinarily, the AEG Management Agreement remains in place until December 2025. Prior to that date, AEG has limited rights to terminate the agreement.</p> <p>There is a risk that BLSEM may claim for compensation. Any compensation will be payable by WLE.</p> <p>Post the Proposed Scheme, AEG Shareholders will hold New WLE Shares, which may be impacted by any compensation claim. However, after the Proposed Scheme, the impact of these claims will be significantly diluted as compared to the AEG shareholders bearing such costs alone.</p>
Loss of the potential benefit of income tax losses	<p>AEG currently has accumulated tax losses c.\$4.3 million.</p> <p>Provided AEG meets the relevant tax loss recoupment test, these income tax losses may be carried forward to later income tax years and recouped against future taxable income. The value of these losses is contingent on future profits being available, against which the prior year's income tax losses may be recouped.</p> <p>Post-implementation of the Proposed Scheme, it is expected that AEG's prior year income tax losses will not be available for recoupment given the likely and expected failure of the loss recoupment tests under Australian income tax law.</p>
Other considerations	
Change in investment approach	<p>AEG and WLE employ different investment strategies. The AEG Portfolio of is managed by BLSEM, using a market neutral investment strategy focused on Pair Trades.</p> <p>WLE aims to provide its shareholders with exposure to large-cap, undervalued companies using Wilson Asset Management's Research Driven and Market Driven investment processes.</p>
Tax consequences	<p>We have not considered the specific taxation implications that may be relevant for individual Shareholders in connection with the Proposed Scheme. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Shareholder.</p> <p>Please refer to Section 9 of the Scheme Booklet for further details on potential tax implications for Shareholders. This guide is expressed in general terms only and AEG Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.</p>

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Scheme to be reasonable to AEG Shareholders.

10. OVERALL OPINION

Based on the fairness analysis at Section 8 and the reasonableness analysis at Section 9, we conclude that the Proposed Scheme is fair and reasonable to AEG Shareholders.

11. QUALIFICATIONS, DECLARATIONS AND CONSENTS

11.1. Qualifications

BDOCF is the licensed corporate finance arm of BDO Services Pty Ltd, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF. Mr McCourt is also a partner of BDO Services Pty Ltd. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO Services Pty Ltd.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

11.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF acted as an independent expert in relation to the proposed voluntary liquidation of AEG. This transaction did not proceed and our IER was not finalised. Our final draft IER for this transaction was dated 16 November 2020.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for AEG in relation to the Proposed Scheme. Further, BDO has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with AEG that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

BDOCF will receive a fee of up to \$40,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Scheme, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Scheme.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the AEG Shareholders as a result of issuing the draft IER.

11.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Shareholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Shareholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, Management, and representatives of the Company.

APPENDIX 1: GLOSSARY

Term	Definition
<i>1Hxx</i>	Half year ended/ing 31 December 20xx
<i>Act</i>	Corporations Act 2001 (Cth)
<i>AEG or the Company</i>	Absolute Equity Performance Fund Limited
<i>AEG Shareholders</i>	Shareholders of AEG (Non-associated)
<i>APES 225</i>	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
<i>AEG Shares</i>	A fully paid ordinary share in the capital of AEG
<i>ASIC</i>	Australian Securities and Investments Commission
<i>ASX</i>	Australian Securities Exchange
<i>AUASB</i>	Australian Auditing And Assurance Standards Board
<i>AUD</i>	Australian Dollar
<i>Benchmark</i>	S&P 500, S&P/ASX 200 Indices
<i>BDOCF, we, us or our</i>	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
<i>BLSEM</i>	Bennelong Long Short Equity Management Pty Ltd
<i>BMNF</i>	Bennelong Market Neutral Fund
<i>COE</i>	Capitalisation of future maintainable earnings method
<i>Conversion Ratio</i>	The ratio of Pre-Tax NTA of AEG to the Pre-Tax NTA of AEG
<i>DCF</i>	Discounted cash flow method
<i>Directors</i>	Independent Directors of AEG
<i>EGM</i>	Extraordinary General Meeting
<i>FMV</i>	Fair market value
<i>FUM</i>	Funds Under Management
<i>FYxx</i>	Financial year ended/ing 30 June 20xx
<i>Implementation Date</i>	Expected to be 3 or 7 October 2022
<i>Investment Manager</i>	BLSEM under the Investment Management Agreement
<i>IMA</i>	Investment Management Agreement between AEG and BLSEM
<i>LIC</i>	Listed Investment Company
<i>Management</i>	Management of AEG
<i>NAV</i>	Net asset value
<i>New WLE Shares</i>	AEG Shareholders will receive new WLE shares as consideration for their AEG shares
<i>NPAT</i>	Net profit after tax
<i>NTA</i>	Net Tangible Asset
<i>Perma Capital</i>	Perma Capital Pty Ltd
<i>Proposed Scheme</i>	Proposed Scheme which BLSEM under which AEG disposes of all of its portfolio and distributes proceeds to shareholders on an equal basis and terminates the IMA with BLSEM.
<i>QMP</i>	Quoted market price
<i>Report or IER</i>	Independent expert's report
<i>RG 60</i>	ASIC Regulatory Guide 60: Schemes of Arrangement
<i>RG 111</i>	ASIC Regulatory Guide 111: Content of expert reports
<i>RG 112</i>	ASIC Regulatory Guide 112: Independence of experts
<i>Scheme Booklet</i>	AEG's Notice of Meeting in relation to the Proposed Scheme, dated 12 August 2022
<i>Scheme Consideration</i>	Consideration to be received by AEG Shareholders per AEG Share held.
<i>Shareholders</i>	An individual who owns an interest in AEG
<i>Valuation Date</i>	13 June 2022
<i>VWAP</i>	Volume Weighted average Price
<i>WLE</i>	WAM Leaders Limited
<i>WLE Share</i>	A fully paid ordinary share in the capital of WLE
<i>YTD</i>	Year-to-date

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ▶ AEG Notice of Meeting
- ▶ Absolute Equity Performance Fund Limited Appendix 4E Financial Reports for the years ended 30 June 2019, 30 June 2020 and 30 June 2021
- ▶ Absolute Equity Performance Fund Limited Half Yearly Report and Accounts for the six months ended 31 December 2021
- ▶ WAM Leaders Limited Appendix 4E Financial Reports for the years ended 30 June 2019, 30 June 2020 and 30 June 2021
- ▶ WAM Leaders Limited Half Yearly Report and Accounts for the six months ended 31 December 2021
- ▶ Monthly NTA and Performance Updates from ASX
- ▶ Holdings reports for AEG as at 31 May 2022
- ▶ ASX announcements
- ▶ Discussions with the legal representatives, directors and management of AEG and BMNF
- ▶ Information sourced from Capital IQ
- ▶ ASIC guidance notes and regulatory guides as applicable
- ▶ Other generally available public information

APPENDIX 3: LIC CONTROL PREMIUM RESEARCH

Ticker	FY21			FY20			FY19		
	Share Price (\$)	NTA per share (\$)	Premium / (Discount)	Share Price (\$)	NTA per share (\$)	Premium / (Discount)	Share Price (\$)	NTA per share (\$)	Premium / (Discount)
ASX:AFI	7.8	6.2	26%	6.1	5.2	18%	6.3	5.5	13%
ASX:AMH	1.2	1.1	9%	0.9	0.9	2%	0.9	0.9	-3%
ASX:ARG	8.9	7.8	15%	7.2	6.6	10%	8.1	7.4	10%
ASX:AUI	10.2	8.8	16%	8.1	7.5	8%	9.1	8.4	8%
ASX:BKI	1.6	1.6	2%	1.4	1.4	-3%	1.6	1.6	-1%
ASX:CAM	1.0	1.0	0%	0.8	0.8	-5%	1.0	0.9	4%
ASX:CIN	30.0	32.0	-6%	23.0	24.6	-7%	31.6	30.7	3%
ASX:DJW	3.1	3.3	-6%	2.6	2.8	-10%	3.5	3.3	5%
ASX:DUI	5.2	4.4	18%	4.2	3.8	11%	4.4	4.1	7%
ASX:FGX	1.4	1.4	-3%	1.0	1.3	-25%	1.2	1.2	-6%
ASX:FOR	1.6	1.9	-14%	0.9	1.0	-16%	1.1	1.3	-10%
ASX:MIR	3.6	3.0	21%	2.3	2.2	8%	2.4	2.2	13%
ASX:OPH	4.0	3.3	22%	2.7	2.9	-7%	2.5	2.6	-5%
ASX:WHF	6.2	4.8	30%	4.5	4.1	9%	4.9	4.6	6%
ASX:WAM	2.2	1.9	13%	1.8	1.7	8%	2.0	1.9	8%
ASX:ACQ	1.5	1.5	2%	0.9	1.1	-21%	1.0	1.2	-14%
ASX:BEL	0.1	0.2	-53%	0.0	0.1	-36%	0.1	0.1	-10%
ASX:BTI	1.3	1.4	-3%	0.7	1.1	-38%	1.1	1.2	-13%
ASX:NAC	1.2	1.4	-18%	0.8	1.1	-25%	0.8	1.0	-18%
ASX:NCC	1.0	1.2	-12%	0.8	1.0	-17%	0.9	1.0	-15%
ASX:NSC	1.0	1.0	-4%	0.5	0.7	-38%	0.6	0.8	-25%
ASX:QVE	1.0	1.1	-8%	0.8	1.0	-19%	1.0	1.1	-9%
ASX:SEC	2.4	2.5	-4%	1.3	1.9	-32%	1.8	2.1	-16%
ASX:SNC	1.0	1.1	-5%	0.6	0.8	-23%	0.8	0.9	-8%
ASX:WAX	1.6	1.2	37%	1.3	1.0	29%	1.3	1.2	14%
ASX:PL8	1.3	1.1	12%	1.0	1.0	-2%	1.1	1.1	1%
ASX:PIC	1.3	1.3	0%	0.9	1.0	-13%	1.0	1.1	-7%
ASX:TOP	0.5	0.7	-23%	0.5	0.6	-23%	0.7	0.8	-16%
ASX:WAA	1.1	1.0	5%	0.9	1.0	-7%	1.0	1.0	-5%

Source: CapitalIQ

APPENDIX 4: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the FMV of AEG shares, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- ▶ the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- ▶ the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- ▶ earnings or cash flows are expected to fluctuate significantly from year to year;
- ▶ the business or asset has a finite life;
- ▶ the business is in a 'start up' or in early stages of development;
- ▶ the business has irregular capital expenditure requirements;
- ▶ the business involves infrastructure projects with major capital expenditure requirements; or
- ▶ the business is currently making losses but is expected to recover.

Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- ▶ separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ▶ ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- ▶ orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- ▶ liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- ▶ continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- ▶ the security trades in an efficient market place where 'willing' buyers and sellers readily trade the entity's security; and
- ▶ the market for the entity's security is active and liquid.

Other Valuation Considerations

Future events

The business of AEG to be considered in this valuation is that which exists as at the current date.

Future growth which arises from the commercialisation of the prospective resources has been considered in this valuation through our consideration of the fair market value of the tenements.

Other growth potentials, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of this valuation.



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Annexure B – SCHEME OF ARRANGEMENT

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SCHEME OF ARRANGEMENT

Absolute Equity Performance Fund Limited
(ACN 608 552 496)

Scheme Participants



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Darlinghurst NSW 2010
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montlawyers.com

MONT LAWYERS PTY LTD
ABN 71 631 930 937
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Liability limited by a scheme approved
under Professional Standards Legislation.

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This scheme of arrangement is made under section 411 of the Corporations Act 2001 (Cth) between the parties:

Name Absolute Equity Performance Fund Limited (ACN 608 552 496) (**AEG**)
Address Level 12, Grosvenor Place, 225 George St, Sydney, NSW, Australia, 2000
And Each Scheme Participant

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

In this Scheme:

AEG Auditor means the auditor for AEG being, as at the date of this agreement, Pitcher Partners Sydney.

AEG NTA means the NTA of AEG on the Calculation Date, as calculated and Confirmed in accordance with clauses 5.2(q), 5.3(m)(i) and, if applicable, 5.2(r)(ii) of the Scheme Implementation Agreement. For the avoidance of doubt, the AEG Transaction Costs are considered a liability of AEG in calculating the AEG NTA.

AEG Registry means Boardroom Pty Limited of Level 12, 225 George Street, Sydney NSW 2000.

AEG Share means a fully paid ordinary share in the capital of AEG.

AEG Shareholder means each person registered in the AEG Share Register as a holder of AEG Shares.

AEG Share Register means the register of members of AEG maintained by the AEG Registry in accordance with the Corporations Act.

AEG Transaction Costs means, unless otherwise agreed pursuant to the Scheme Implementation Agreement, all of AEG's costs associated with implementing the Transaction (including registry, court and other filing fees, portfolio transaction costs, fees for AEG's financial, taxation, legal and other professional advisers, counsel fees, fees of the independent expert appointed by AEG under clause 5.2(b) of the Scheme Implementation Agreement, costs associated with the D&O Run-Off Insurance, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit) that have been incurred but remain unpaid as at the Calculation Date.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.

ASX Operating Rules means the operating rules of ASX Settlement.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

Business Day has the meaning given in the Listing Rules.

Calculation Date means 5:00pm (Sydney time) on the Effective Date.

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement.

Confirmed means, in respect of the NTA per AEG Share on the Calculation Date, or NTA per WAM Leaders Share on the Calculation Date:

- (a) the amounts agreed between the parties in writing; or
- (b) the amount certified by the AEG Auditor (in respect of the NTA per AEG Share) or the WAM Leaders Auditor (in respect of the NTA per WAM Leaders Share) as calculated to the standard prescribed by Accounting Standard on Review Engagements ASRE 2410 "Review of a Financial Report Performed by the Independent Auditor of the Entity".

Corporations Act means the *Corporations Act 2001* (Cth).

Corporation Regulations means the *Corporations Regulations 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as AEG and WAM Leaders agree on in writing.

D&O Run-Off Insurance has the meaning given in clause 7.4(b) of the Scheme Implementation Agreement.

Deed Poll means the deed poll to be granted by WAM Leaders in favour of the Scheme Participants in substantially the form set out in Annexure C to the Scheme Implementation Agreement or such other form agreed to in writing between AEG and WAM Leaders.

Delivery Time means 8.00am on the Second Court Date.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the *Personal Property Securities Act 2009* (Cth) or any agreement to create any of them or allow them to exist.

End Date means 30 November 2022 or such other date agreed by WAM Leaders and AEG in writing.

Excluded Shareholder means WAM Leaders and includes any custodian of WAM Leaders to the extent it is acting in that capacity.

GST has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Date means the:

- (a) 5th Business Day following the Record Date; or
- (b) 2nd Business Day after the WAM Leaders NTA and AEG NTA are both Confirmed,

whichever date occurs last, or such other date as AEG and WAM Leaders agree in writing or as may be required by ASX.

Ineligible Overseas Shareholder means any person who:

- (a) holds AEG Shares and to whom WAM Leaders would be prohibited from issuing Scheme Consideration pursuant to any act, rule or regulation of Australia which prohibits WAM Leaders from issuing Scheme Consideration to foreign persons;
- (b) holds AEG Shares and does not have a registered address in Australia, or such other jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that registered shareholder to receive an offer under or to participate in this Scheme and receive Scheme Consideration in compliance with applicable laws; or
- (c) is acting on behalf of or for the account of a person who holds AEG Shares beneficially and resides in a jurisdiction outside of Australia, except, with the consent of AEG and WAM Leaders, such a beneficial shareholder residing in another jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that beneficial holder to receive an offer under or to participate in this Scheme and receive Scheme Consideration in compliance with applicable laws.

Ineligible Shares means the New WAM Leaders Shares to which Ineligible Overseas Shareholders would have been entitled under this Scheme but for the operation of clause 5.4.

Listing Rules means the official listing rules of the ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

Net Proceeds means the total proceeds of sale of all of the Ineligible Shares after the deduction of any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of the Ineligible Shares.

New WAM Leaders Share means a WAM Leaders Share to be issued to a Scheme Participant as Scheme Consideration.

NTA means the net tangible asset backing of AEG or WAM Leaders (as the context requires) per AEG Share or WAM Leaders Share (as the case may be) before current and deferred tax balances calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. For the avoidance of doubt, the NTA will:

- (a) reflect the pro-forma impact of any WAM Leaders Permitted Dividend (as defined in the Scheme Implementation Agreement) for which the Scheme Participants are ineligible (per clause 4.5(b(ii)) of the Scheme Implementation Agreement) (if applicable);
- (b) be calculated on the basis of the last sale price quoted by Refinitiv of the relevant party's underlying portfolio positions on the Calculation Date; and
- (c) include a liability provision equal to 0.20% (or 20 basis points) multiplied by the gross exposure of the portfolio positions (long positions plus the absolute value of short positions) to account for the costs of selling (such as brokerage costs) that would be incurred if all portfolio positions held on the Calculation Date were disposed, or if the borrowed short positions were closed or repaid, on the Calculation Date.

Record Date means 5.00pm on the 2nd Business Day following the Effective Date or such other date as AEG and WAM Leaders agree in writing or as may be required by ASX.

Registered Address means, in relation to an AEG Shareholder, the address of the AEG Shareholder as recorded in the AEG Share Register as at the Record Date.

Regulatory Authority includes:

- (a) ASX, ASIC and the Takeovers Panel;
- (b) a government or governmental, semi-governmental or judicial entity or authority, including the ATO;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Sale Nominee means the agent appointed by WAM Leaders (acting reasonably and in good faith) to sell the New WAM Leaders Shares that are attributable to Ineligible Overseas Shareholders under the terms of this Scheme (or any nominee of such person).

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by AEG and WAM Leaders.

Scheme Consideration means for each Scheme Share, that number of New WAM Leaders Shares determined in accordance with Schedule 1 and issued in accordance with clause 5 of this Scheme.

Scheme Implementation Agreement means the scheme implementation agreement dated 13 June 2022 between AEG and WAM Leaders relating to (among other things) the implementation of this Scheme.

Scheme Meeting means the meeting to be convened by the Court at which AEG Shareholders will vote on the Scheme.

Scheme Participant means each person who is an AEG Shareholder as at the Record Date (other than Excluded Shareholders).

Scheme Share means an AEG Share held by a Scheme Participant at the Record Date.

Second Court Date means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.

Subsidiary of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (a) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statements.

Takeovers Panel means the panel established under section 171 of the *Australian Securities and Investments Commission Act 1989* (Cth) and continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Transaction means the acquisition of AEG by WAM Leaders through implementation of the Scheme, in accordance with the Scheme Implementation Agreement or as otherwise agreed between the parties in writing.

WAM Custodian means a custodian determined and appointed by WAM Leaders in respect of all or any of the AEG Shares held by WAM Leaders.

WAM Leaders means WAM Leaders Limited (ACN 611 053 751).

WAM Leaders Auditor means the auditor for WAM Leaders being, as at the date of this agreement, Pitcher Partners Sydney.

WAM Leaders NTA means the NTA of WAM Leaders as at the Calculation Date, calculated and Confirmed in accordance with clauses 5.3(l), 5.2(r)(i) and, where applicable, 5.3(m)(ii) of the Scheme Implementation Agreement. For the avoidance of doubt, the WAM Leaders Transaction Costs are considered a liability of WAM Leaders in calculating the WAM Leaders NTA.

WAM Leaders Registry means Boardroom Pty Limited of Level 12, 225 George Street, Sydney NSW 2000.

WAM Leaders Share means a fully paid ordinary share in the capital of WAM Leaders.

WAM Leaders Share Register means the register of members of WAM Leaders maintained by the WAM Leaders Registry in accordance with the Corporations Act.

WAM Leaders Transaction Costs means, unless otherwise agreed pursuant to the Scheme Implementation Agreement, all of WAM Leaders' costs associated with implementing the Transaction (including registry, court and other filing fees, fees for WAM Leaders' financial, taxation, legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit) that have been incurred but remain unpaid as at the Calculation Date.

1.2. Interpretation

In this Scheme, headings and bold type are for convenience only and do not affect interpretation. Unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) a reference to a party, clause, annexure or schedule is a reference to a party to, clause in or annexure or schedule to this agreement;
- (e) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (f) words importing a gender include any gender;

- (g) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (h) a reference to "person" includes an individual, a body corporate, a joint venture, an unincorporated association, an authority or any other entity or organisation;
- (i) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to a time of day is a reference to Sydney time;
- (k) if an act under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (l) if a day on which a party must do something under this agreement is not a Business Day, the party must do it on the next Business Day;
- (m) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (n) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (o) a reference to "law" includes common law, principles of equity and legislation (including regulations);
- (p) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (q) a reference to "regulations" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (r) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually; and
- (s) a reference to any thing (including an amount) is a reference to the whole and each part of it.

2. PRELIMINARY MATTERS

2.1. AEG

- (a) AEG is a public company limited by shares incorporated in Australia and registered in New South Wales, Australia, and has been admitted to the official list of the ASX. AEG Shares are quoted for trading on the ASX.
- (b) As at the date of the Scheme Implementation Agreement, 90,264,949 AEG Shares were on issue and were officially quoted on the ASX.

2.2. WAM Leaders

- (a) WAM Leaders is a public company limited by shares, incorporated in Australia and registered in New South Wales and has been admitted to the official list of the ASX. WAM Leaders Shares are quoted for trading on the ASX.

- (b) As at the date of the Scheme Implementation Agreement, 1,034,044,884 WAM Leaders Shares were on issue and were officially quoted on the ASX.

2.3. General

- (a) AEG and WAM Leaders have agreed by executing the Scheme Implementation Agreement to implement the Scheme.
- (b) This Scheme attributes actions to WAM Leaders but does not itself impose an obligation on it to perform those actions. WAM Leaders has agreed, by executing the Deed Poll, to perform the actions attributed to it in respect of this Scheme and set out in the Scheme Implementation Agreement, including providing or procuring the provision of the Scheme Consideration to the Scheme Participants and procuring the WAM Leaders Share Register be updated to reflect the provision of the Scheme Consideration to the Scheme Participants. A copy of this Deed Poll forms part of the disclosure materials provided to AEG's Shareholders prior to the Scheme Meeting.

2.4. Consequence of this Scheme becoming Effective

If this Scheme becomes Effective, then on the Implementation Date:

- (a) WAM Leaders will provide or procure the provision of the Scheme Consideration to Scheme Participants in accordance with this Scheme and the Deed Poll (noting that Ineligible Overseas Shareholders will be dealt with in accordance with clause 5.4 below); and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to WAM Leaders, and AEG will enter WAM Leaders or WAM Custodian in the AEG Share Register as the holder of the Scheme Shares, with the result that AEG will become a wholly-owned Subsidiary of WAM Leaders.

3. CONDITIONS

3.1. Conditions precedent

This Scheme is conditional on, and will not become Effective until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition precedent in clause 3.1(c) of the Scheme Implementation Agreement relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (unless they cannot be waived, in which case they must be satisfied);
- (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms before the Delivery Time;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by AEG and WAM Leaders in writing, and any such conditions having been satisfied or waived;
- (d) the orders approving this Scheme made by the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date.

3.2. Certificate

- (a) Each of AEG and WAM Leaders will provide to the Court on the Second Court Date a certificate executed in accordance with Scheme Implementation Agreement clauses 5.2(t) and 5.3(n) respectively, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) for which it is responsible, as noted in clause 3.1 of the Scheme Implementation Agreement, have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived as at the Delivery Time.

3.3. Effective Date

Subject to clause 3.1 and 3.4, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.4. End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) before the Effective Date, the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms.

4. IMPLEMENTATION OF THIS SCHEME

4.1. Lodgement of Court orders with ASIC

AEG must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme, or such later time as AEG and WAM Leaders agree in writing.

4.2. Transfer of the Scheme Shares

On the Implementation Date, subject to WAM Leaders issuing the Scheme Consideration under clause 5.2 and providing AEG with written confirmation that this has occurred:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, must be transferred to WAM Leaders or a WAM Custodian (as determined by WAM Leaders), without the need for any further act by any Scheme Participant (other than acts performed by AEG, WAM Leaders or their respective officers as agent and attorney of the Scheme Participants under clause 6.3(a) clause 6.3(b) or otherwise) by:
 - (i) Scheme Shares are held in a CHESS holding, AEG causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer all Scheme Shares held in a CHESS holding from the CHESS sub-register to the issuer sponsored subregister operated by AEG;
 - (ii) AEG delivering to WAM Leaders a duly completed and executed share transfer form (which may be a master transfer) to transfer all the Scheme Shares to WAM Leaders; and

- (iii) WAM Leaders or a WAM Custodian duly executing such transfer form and delivering it to AEG for registration; and
- (b) immediately after receipt of the executed share transfer form in accordance with clause 4.2(a), AEG must enter, or procure the entry of, the name and address of WAM Leaders or WAM Custodian in the AEG Share Register as the holder of all Scheme Shares.

4.3. Title to and rights in Scheme Shares

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Participant or to the Sale Nominee (as applicable, and in accordance with clause 5), WAM Leaders will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by AEG of the name and address of WAM Leaders or WAM Custodian in the AEG Share Register as the holder of all Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to WAM Leaders will, at the time of transfer to WAM Leaders, vest in WAM Leaders free from all:
 - (i) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (ii) restrictions on transfer of any kind.
- (c) To avoid doubt, notwithstanding clause 4.3(a), to the extent that clause 5.6(a) applies to any Scheme Participant, WAM Leaders will be beneficially entitled to any Scheme Shares held by that Scheme Participant immediately upon compliance with clause 5.6 on the Implementation Date as if WAM Leaders had provided the Scheme Consideration to that Scheme Participant.

5. SCHEME CONSIDERATION

5.1. Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to WAM Leaders of the Scheme Shares by each Scheme Participant under the terms of this Scheme, each Scheme Participant will be entitled to receive the Scheme Consideration for each Scheme Share in accordance with this clause 5 and the Deed Poll.

5.2. Provision of Scheme Consideration

Subject to clauses 5.3 to 5.6 and Schedule 1, WAM Leaders must:

- (a) on the Implementation Date:
 - (i) issue to each Scheme Participant and, in respect of each Ineligible Overseas Shareholder, the Sale Nominee, the applicable Scheme Consideration in accordance with this Scheme and the Deed Poll; and
 - (ii) procure that the name and Registered Address of each Scheme Participant, and, in respect of the Ineligible Overseas Shareholders, the name and address of the Sale Nominee, is entered in the WAM Leaders Share Register as the holder of the applicable New WAM Leaders Shares; and

- (b) no later than five Business Days after the Record Date, send or procure the dispatch to each Scheme Participant (other than Ineligible Overseas Shareholders), to their Registered Address, a holding statement (or equivalent document) representing the New WAM Leaders Shares issued to that Scheme Participant.

5.3. Joint holders

In the case of Scheme Shares held in joint names:

- (a) any New WAM Leaders Shares must be issued to and registered in the name of the joint holders and entry in the WAM Leaders Share Register must take place in the same order as the holders' names appear in the AEG Share Register;
- (b) any bank cheque required to be paid by or on behalf of AEG or WAM Leaders must be payable to the joint holders and be forwarded to the Registered Address of the holder whose name appears first in the AEG Share Register as at the Record Date; and
- (c) any other document required to be sent under this Scheme (including holding statements or equivalent documents under clause 5.2(b)), will be issued in the names of the joint holders and forwarded to the Registered Address of the holder whose name appears first in the AEG Share Register as at the Record Date.

5.4. Ineligible Overseas Shareholders

- (a) WAM Leaders is under no obligation to issue, and must not issue, any New WAM Leaders Shares under this Scheme to any Ineligible Overseas Shareholders and instead, subject to this clause 5.4, WAM Leaders must:
 - (i) issue the New WAM Leaders Shares which would otherwise be required to be issued to any Ineligible Overseas Shareholder under this Scheme, if they were eligible to receive them, (**Ineligible Shares**) to the Sale Nominee; and
 - (ii) procure that the Sale Nominee:
 - (A) sells the Ineligible Shares as soon as reasonably practicable and in any event no more than 25 Business Days (on which the Ineligible Shares are capable of being traded on ASX) after the Implementation Date, in the manner, and on the terms, the Sale Nominee determines in good faith (and at the risk of the Ineligible Overseas Shareholder); and
 - (B) as soon as reasonably practicable and in any event no more than five Business Days after settlement of all the sales of the Ineligible Shares under clause 5.4(a)(ii)(A), remits to AEG (or the AEG Registry) the Net Proceeds.
- (b) Promptly after receipt of the Net Proceeds, AEG must pay each Ineligible Overseas Shareholder, or procure the payment to each Ineligible Overseas Shareholder of, such proportion of the Net Proceeds to which that Ineligible Overseas Shareholder is entitled

(rounded down to the nearest cent), to be determined in accordance with the following formula:

$$\mathbf{A = (B/C) \times D}$$

Where:

A = the proportion of the Net Proceeds to which that Ineligible Overseas Shareholder is entitled;

B = the number of Ineligible Shares attributed to that Ineligible Overseas Shareholder;

C = the total number of Ineligible Shares which were issued to and sold by the Sale Nominee; and

D = the Net Proceeds.

- (c) AEG must pay or procure that each Ineligible Overseas Shareholder is paid any amounts owing under clause 5.4(b) by either (in the absolute discretion of AEG):
- (i) direct credit to that Ineligible Overseas Shareholder's nominated bank account as noted in the AEG Share Register at the Record Date; or
 - (ii) cheque mailed to that Ineligible Overseas Shareholder's Registered Address as at the Record Date (in the case of joint holders, the cheque will be drawn in the name of the joint holders and dispatched in accordance with the procedures set out in clause 5.3(b)).
- (d) Each Ineligible Overseas Shareholder appoints AEG, and each director and officer of AEG, as its agent to receive on its behalf any financial services guide (or similar or equivalent document) and any other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Overseas Shareholders under the Corporations Act or any other applicable law.
- (e) Payment of the relevant amounts calculated in accordance with clauses 5.4(b) and 5.6 to an Ineligible Overseas Shareholder in accordance with this clause 5.4 satisfies in full WAM Leaders' obligations to the Ineligible Overseas Shareholder under this Scheme in respect of the Scheme Consideration.
- (f) The sale of the Ineligible Shares will be at the risk of the Ineligible Overseas Shareholders and:
- (i) none of AEG, WAM Leaders or the Sale Nominee makes any representation as to the cash amount that will be received by Ineligible Overseas Shareholders in accordance with this clause 5.4; and
 - (ii) AEG, WAM Leaders and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Overseas Shareholder which may arise in connection with this clause 5.4.

5.5. Unclaimed monies

- (a) AEG may cancel a cheque issued under clause 5.4(c) if the cheque:
- (i) is returned to AEG; or

- (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to AEG (or the AEG Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), AEG must reissue a cheque that was previously cancelled under clause 5.5(a).
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 7 of that Act).

5.6. Orders of a court or Regulatory Authority

- (a) If AEG (or the AEG Registry) or WAM Leaders receives written notice of an order or direction made by a court of competent jurisdiction or by a Regulatory Authority that:
 - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable or required to be issued to that Scheme Participant by AEG or WAM Leaders in accordance with this clause 5, then AEG or WAM Leaders (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (ii) prevents AEG or WAM Leaders from providing consideration to any particular Scheme Participant in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, AEG or WAM Leaders (as applicable) will be entitled to:
 - (A) in the case of any Ineligible Overseas Shareholder, retain an amount, in Australian dollars, equal to the relevant Ineligible Overseas Shareholder's share of the Net Proceeds received by AEG pursuant to clause 5.4(a)(ii)(B); and
 - (B) not issue (or, in the case of AEG, direct WAM Leaders not to issue), or issue (or, in the case of AEG, direct WAM Leaders to issue) to a permitted trustee or nominee, such number of New WAM Leaders Shares as that Scheme Participant would otherwise be entitled to under clause 5.2, until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.
- (b) To avoid doubt, any payment or retention by AEG or WAM Leaders (as applicable) under clause 5.6(a) will constitute the full discharge of AEG's or WAM Leaders' obligations under clause 5 with respect to the amount so paid or retained until, in the case of clause 5.6(a)(ii), the amount is no longer required to be retained.

5.7. New WAM Leaders Shares to rank equally

- (a) WAM Leaders covenants in favour of each Scheme Participant that:
 - (i) the New WAM Leaders Shares to be issued as the Scheme Consideration will, on issue:
 - (A) be duly issued and fully paid;

- (B) be free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind, other than as provided for in the constitution of WAM Leaders; and
 - (C) rank equally in all respects, including for future dividends, with all existing WAM Leaders Shares then on issue (for the avoidance of doubt, other than in respect of any dividend already declared or determined and not yet paid by WAM Leaders, where the record date for entitlement to that dividend occurred prior to the Record Date); and
- (ii) it will apply to ASX for the official quotation of the New WAM Leaders Shares and use all reasonable endeavours to ensure that the New WAM Leaders Shares are approved for official quotation on ASX by 8.00am (Sydney time) on the Business Day prior to the Implementation Date, such that trading in the New WAM Leaders Shares commences on and from the first Business Day after the Implementation Date (which approval may be conditional on the issue of those New WAM Leaders Shares and other conditions customarily imposed by ASX).

6. GENERAL SCHEME PROVISIONS

6.1. Scheme Participants' agreements

Under this Scheme, each Scheme Participant (including those Scheme Participants who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme):

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those shares in accordance with this Scheme;
- (b) (for all purposes including section 231 of the Corporations Act) if they are to receive New WAM Leaders Shares under the Scheme, agrees to become a shareholder of WAM Leaders, to have their name and address entered into the WAM Leaders Share Register, accepts the New WAM Leaders Shares issued to them and agrees to be bound by the constitution of WAM Leaders; and
- (c) agrees and acknowledges that the issue of the New WAM Leaders Shares in accordance with clause 5 constitutes satisfaction of all that person's entitlements under this Scheme.

6.2. Quotation of AEG Shares

- (a) AEG must apply to ASX for AEG Shares to be suspended with effect from the close of trading on the Effective Date.
- (b) After the Scheme has been fully implemented and on a date after the Implementation Date to be determined by WAM Leaders, AEG must apply for termination of the official quotation of AEG Shares and to have itself removed from the official list of ASX.

6.3. Appointment of agent and attorney

- (a) Each Scheme Participant, without the need for any further act, irrevocably appoints AEG as its agent and attorney for the purpose of executing any document or doing any other act necessary or desirable to give effect to the terms of this Scheme, including without limitation:
 - (i) executing any document or doing any other act necessary to give effect to the terms of this Scheme, including, without limitation, the communication of the

Scheme Participant's consent, agreement, notifications under clauses 6.1, 6.4, 6.5 or 6.6; and

- (ii) the enforcement of the Deed Poll against WAM Leaders,
and AEG accepts such appointment.
- (b) Each Scheme Participant, without the need for any further act, irrevocably appoints WAM Leaders and each of its directors and officers, jointly and severally, as its agent and attorney for the purpose of the execution of any form or documentation required to effect the issue of the New WAM Leaders Shares to Scheme Participants, the Sale Nominee or any other person in accordance with the terms of the Scheme, and WAM Leaders accepts such appointment.
- (c) Where any provision of this Scheme is expressed to create a right, obligation or benefit by a Scheme Participant in favour of any person or entity that is not a party (**Person**) to the Scheme, then:
 - (i) any such right, obligation or benefit may be assured, or further and better assured, in favour of any such Person by deed (between the relevant Scheme Participant and Person) or by deed poll in favour of any such Person; and
 - (ii) on and from the Effective Date, AEG is by this Scheme expressly appointed by each Scheme Participant as each Scheme Participant's true and lawful agent and attorney with full power and authority to execute as their act and as a deed and deliver on behalf of the Scheme Participant a deed assuring or, further and better assuring, any such right, obligation or benefit.
- (d) The authority given by this clause is irrevocable and as if it were made under seal and by a deed and may be exercised more than once and from time to time.
- (e) AEG, as agent of each Scheme Participant, may sub-delegate its functions under clause 6.3(a) to all or any of its directors and secretaries (jointly and severally).

6.4. Instructions to AEG

Binding instructions or notifications between a Scheme Participant and AEG relating to Scheme Shares or an AEG Shareholder's status as a Scheme Participant (including without limitation, any instructions in relation to payment of dividends or communications from AEG) will (to the extent permitted by law), from the Record Date, be deemed by reason of this Scheme to be similarly binding instructions and notifications in respect of the New WAM Leaders Shares. WAM Leaders will accept any such instructions or notifications until they are, in each case, revoked or amended in writing addressed to WAM Leaders at the WAM Leaders Registry.

6.5. Scheme Participants' consent and agreement

Each Scheme Participant

- (a) irrevocably consents to AEG doing all things necessary, incidental or expedient to the implementation and performance of the Scheme and acknowledges that the Scheme binds AEG and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme); and

- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares, as relevant, constituted by or resulting from this Scheme.

6.6. Scheme Participants' warranties

- (a) Each Scheme Participant is taken to have warranted to AEG and WAM Leaders on the Implementation Date, and to have appointed and authorised AEG as its attorney and agent to warrant to WAM Leaders on the Implementation Date, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of transfer of them to WAM Leaders, be fully paid and free from all:
 - (A) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (B) restrictions on transfer of any kind;
 - (ii) they have full power and capacity to transfer their Scheme Shares to WAM Leaders, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme; and
 - (iii) as at the Record Date, they have no existing right to be issued any other Scheme Shares or any other form of securities in AEG.
- (b) AEG undertakes that it will provide such warranties to WAM Leaders as agent and attorney of each Scheme Participant.

6.7. Appointment of sole proxy

Immediately upon the Scheme Consideration being issued by WAM Leaders to each Scheme Participant under clause 5 and until AEG registers WAM Leaders as the holder of all Scheme Shares in the AEG Share Register:

- (a) each Scheme Participant is deemed to have appointed WAM Leaders as attorney and agent (and to have directed WAM Leaders in that capacity) to appoint any director, officer, secretary or agent nominated by WAM Leaders as its sole proxy and where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) no Scheme Participant may itself attend or vote at any shareholders' meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than under clause 6.7(a));
- (c) each Scheme Participant must take all other actions in the capacity of a registered holder of Scheme Shares as WAM Leaders reasonably directs; and
- (d) each Scheme Participant acknowledges and agrees that in exercising the powers conferred by clause 6.7(a), WAM Leaders and any director, officer, secretary or agent nominated by WAM Leaders under that clause may act in the best interests of WAM Leaders as the intended registered holder of the Scheme Shares.

6.8. Amendments to the Scheme

AEG may, by its counsel and with the consent of WAM Leaders, consent, on behalf of all persons concerned (including a Scheme Participant), to any alterations or conditions to this Scheme as the Court thinks just to impose.

6.9. Further Steps

AEG will (on its own behalf and on behalf of each Scheme Participant) promptly execute all documents and do all acts and things necessary or desirable for the implementation of, to give full effect to, and for the performance of its obligations under, this Scheme and the transactions contemplated by it and will, on behalf of Scheme Participants, procure WAM Leaders to execute all documents and do all acts and things necessary or desirable for the implementation of, to give full effect to, and for the performance of the steps attributed to WAM Leaders under this Scheme, the Deed Poll and the transactions contemplated by those documents.

6.10. Scheme binding

To the extent of any inconsistency between this Scheme and the AEG constitution, this Scheme overrides the AEG constitution and binds AEG and all Scheme Participants.

6.11. Enforcement of Deed Poll

AEG undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against WAM Leaders on behalf of and as agent and attorney for Scheme Participants.

7. DEALING IN AEG SHARES

7.1. Determination of Scheme Participants

To establish the identity of the Scheme Participants, AEG will only recognise dealings in Scheme Shares if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the AEG Share Register as the holder of the relevant AEG Share on or before the Record Date; and
- (b) in all other cases, registerable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the AEG Registry on or before the Record Date,

and AEG will not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate, except a transfer to WAM Leaders pursuant to this Scheme and any subsequent transfer by WAM Leaders.

7.2. No issue

AEG must not issue any AEG Shares after the Effective Date.

7.3. Register

- (a) AEG must register registerable transmission applications or transfers of the AEG Shares in accordance with clause 7.1(b) on or before the Record Date provided that, for the avoidance of doubt, nothing in this clause 7.3(a) requires AEG to register a transfer that

would result in an AEG Shareholder holding a parcel of AEG Shares that is less than a 'marketable parcel' (for the purposes of this clause 7.3(a) 'marketable parcel' has the meaning given in the operating rules of ASX).

- (b) If this Scheme becomes Effective a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport to agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will be void and have no legal effect and AEG shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, AEG must close and maintain the AEG Share Register as at the Record Date in accordance with the provisions of this clause 7.3, until the Scheme Consideration has been paid to the Scheme Participants.
- (d) The AEG Share Register in the form described in clause 7.3(c) will solely determine entitlements to the Scheme Consideration.
- (e) Subject to the provision of the Scheme Consideration contemplated in clause 5, all statements of holding for AEG Shares will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry current as at the Record Date on the AEG Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the AEG Shares relating to that entry.
- (f) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, AEG will ensure that a copy of the AEG Share Register as at the Record Date, including details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant as shown in the AEG Share Register, is available to WAM Leaders in the form WAM Leaders reasonably requires.

8. GENERAL

8.1. Scheme binding on all Scheme Participants

It is acknowledged that this Scheme binds AEG and all Scheme Participants (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme at the Scheme Meeting).

8.2. Stamp duty

- (a) WAM Leaders will pay all stamp duty (if any) and any related fines and penalties payable on, or in connection with, the transfer by the Scheme Participants of the Scheme Shares to WAM Leaders pursuant to this Scheme or the Deed Poll.
- (b) Subject to clause 8.2(c), WAM Leaders will indemnify each Scheme Participant against any liability from a failure to comply with clause 8.2(a).
- (c) However, WAM Leaders need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of AEG's delay.

8.3. Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to AEG, it will not be taken to be received in the ordinary

course of post or on a date and time other than the date and time (if any) on which it is actually received at AEG's registered office or at the office of the AEG Registry.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an AEG Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.4. Governing law and jurisdiction

- (a) This Scheme is governed by the laws in force in the State of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New South Wales and courts competent to hear appeals from those courts.

8.5. No liability when acting in good faith

Each Scheme Participant agrees that neither AEG or WAM Leaders nor any director, officer or secretary of AEG or WAM Leaders will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

SCHEDULE 1 SCHEME CONSIDERATION

- 1.1 The New WAM Leaders Shares to be issued to each Scheme Participant (or the Sale Nominee, in respect of each Ineligible Overseas Shareholder) as Scheme Consideration is calculated on the following basis:

$$CU = (A/B) \times D$$

Where:

CU = the number of New WAM Leaders Shares to be issued to each Scheme Participant (rounded to the nearest whole number in accordance with paragraph 1.2 of this schedule).

A = the AEG NTA per AEG Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).

B = the WAM Leaders NTA per WAM Leaders Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).

D = the number of Scheme Shares held by the Scheme Participant at the Record Date.

- 1.2 Where the calculation of a particular Scheme Participant's entitlement to Scheme Consideration would result in an entitlement to a fraction of a New WAM Leaders Share, then, any such fractional entitlement will be rounded to the nearest whole number as follows:

- (a) fractional entitlements of 0.5 or more to a New WAM Leaders Share will be rounded up to the nearest whole number; and
- (b) fractional entitlements of less than 0.5 to a New WAM Leaders Share will be rounded down to the nearest whole number.

- 1.3 If the Scheme becomes Effective, AEG must no later than 8am on the Business Day prior to the Implementation Date, notify WAM Leaders of the New WAM Leaders Shares to be issued to each Scheme Participant and the Sale Nominee as Scheme Consideration.

ANNEXURE C – DEED POLL

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DEED POLL

WAM Leaders Limited
(ACN 611 053 751)



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BY

WAM Leaders Limited (ACN 611 053 751) of Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 (**WAM Leaders**)

In favour of each Scheme Participant

RECITALS:

- A. AEG and WAM Leaders have entered into the Scheme Implementation Agreement.
- B. In the Scheme Implementation Agreement, WAM Leaders agreed to enter into this Deed Poll.
- C. WAM Leaders is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under the Scheme and the Scheme Implementation Agreement.
- D. AEG has agreed in the Scheme Implementation Agreement, subject to the satisfaction or waiver of certain conditions, to propose the Scheme.
- E. The effect of the Scheme will be that the AEG Shares will be transferred to WAM Leaders in exchange for the issue of New WAM Leaders Shares to Scheme Participants in accordance with the Scheme.

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

Capitalised terms in in this Deed Poll have the meaning set out in this clause 1.1 or unless the context otherwise requires the meaning given in the Scheme:

AEG means Absolute Equity Performance Fund Limited (ACN 608 552 496) of Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000.

AEG Registry means Boardroom Pty Limited of Level 12, 225 George Street, Sydney NSW 2000.

AEG Share means a fully paid ordinary share in the capital of AEG.

AEG Shareholder means each person registered in the AEG Share Register as a holder of AEG Shares.

AEG Share Register means the register of members of AEG maintained by the AEG Registry in accordance with the Corporations Act.

Controller has the meaning given in the Corporations Act.

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as AEG and WAM Leaders agree on in writing.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the *Personal Property Securities Act 2009* (Cth) or any agreement to create any of them or allow them to exist.

End Date means 30 November 2022 or such other date agreed by WAM Leaders and AEG in writing.

Excluded Shareholder means WAM Leaders and includes any custodian of WAM Leaders to the extent it is acting in that capacity.

Ineligible Overseas Shareholder means any person who:

- (a) holds AEG Shares and to whom WAM Leaders would be prohibited from issuing Scheme Consideration pursuant to any act, rule or regulation of Australia which prohibits WAM Leaders from issuing Scheme Consideration to foreign persons;
- (b) holds AEG Shares and does not have a registered address in Australia, or such other jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that registered shareholder to receive an offer under or to participate in the Scheme and receive Scheme Consideration in compliance with applicable laws; or
- (c) is acting on behalf of or for the account of a person who holds AEG Shares beneficially and resides in a jurisdiction outside of Australia, except, with the consent of AEG and WAM Leaders, such a beneficial shareholder residing in another jurisdiction where AEG and WAM Leaders may determine it would be lawful and practicable for that beneficial holder to receive an offer under or to participate in the Scheme and receive Scheme Consideration in compliance with applicable laws.

Insolvency Event occurs in relation to a person if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in paragraphs (a), (b) or (c); or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

New WAM Leaders Share means a WAM Leaders Share to be issued to Scheme Participants as Scheme Consideration.

Record Date means the record date for the Scheme, being 5:00pm on the 2nd Business Day following the Effective Date or such other date as AEG and WAM Leaders agree or as may be required by ASX.

Regulatory Authority includes:

- (a) ASX, ASIC and the Takeovers Panel;
- (b) a government or governmental, semi-governmental or judicial entity or authority, including the Australian Taxation Office;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders substantially in the form of Annexure B of the Scheme Implementation Agreement together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by AEG and WAM Leaders.

Scheme Consideration means for each Scheme Share, that number of New WAM Leaders Shares determined and issued in accordance with the Scheme.

Scheme Implementation Agreement means the scheme implementation agreement dated 13 June 2022 between AEG and WAM Leaders relating to (among other things) the implementation of this Scheme.

Scheme Participant means each person who is an AEG Shareholder as at the Record Date (other than Excluded Shareholders).

Scheme Share means an AEG Share held by a Scheme Participant at the Record Date.

Second Court Date means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.

WAM Leaders Share means a fully paid ordinary share in the capital of WAM Leaders.

1.2. Interpretation

Clauses 1.2 and 1.3 of the Scheme apply to the interpretation of this Deed Poll, except that references to 'this Scheme' in those clauses are to be read as references to 'this Deed Poll'.

1.3. Nature of Deed Poll

WAM Leaders acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints AEG and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing this Deed Poll against WAM Leaders.

2. CONDITIONS TO OBLIGATIONS

2.1. Conditions

This Deed Poll and the obligations of WAM Leaders under this Deed Poll are subject to the Scheme becoming Effective.

2.2. Termination

This Deed Poll and the obligations of WAM Leaders under this Deed Poll will automatically terminate and this Deed Poll will be of no force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

2.3. Consequences of termination

If this Deed Poll is terminated under clause 2.2, then in addition and without prejudice to any other rights, powers or remedies available to AEG, WAM Leaders or the Scheme Participants:

- (a) WAM Leaders is released from its obligations to further perform this Deed Poll except those obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against WAM Leaders in respect of any breach of this Deed Poll which occurred before it was terminated.

3. PERFORMANCE OF OBLIGATIONS GENERALLY

- (a) Subject to clause 2, WAM Leaders covenants in favour of Scheme Participants to perform the actions attributed to it under, and otherwise comply with, the Scheme as if WAM Leaders was a party to the Scheme.
- (b) Subject to clause 2, WAM Leaders undertakes in favour of each Scheme Participant to provide or procure the provision of the Scheme Consideration to (or to be held on behalf of) each Scheme Participant, and undertake all other actions attributed to it, in accordance with the terms of the Scheme.

4. CONSIDERATION SHARES

WAM Leaders covenants in favour of each Scheme Participant that each New WAM Leaders Share will, on issue:

- (a) be duly issued and fully paid;
- (b) be free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind other than as provided for in the constitution of WAM Leaders;
- (c) rank equally in all respects, including for future dividends, with all existing WAM Leaders Shares then on issue (for the avoidance of doubt, other than in respect of any dividend already declared or determined and not yet paid by WAM Leaders, where the record date for entitlement to that dividend occurred prior to the Record Date); and
- (d) be approved for official quotation by ASX, subject to any conditions which ASX may reasonably require and which are acceptable to both WAM Leaders and AEG, acting reasonably and promptly.

5. WARRANTIES

WAM Leaders represents and warrants that:

- (a) it is a corporation validly existing under the law of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll and the Scheme;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and carry out the transactions contemplated by this Deed Poll and the Scheme;
- (d) this Deed Poll is valid and binding on it and enforceable against it in accordance with the terms of this Deed Poll;
- (e) neither its execution of this Deed Poll nor the carrying out by it of the transactions contemplated by this Deed Poll and the Scheme contravenes or will contravene:
 - (i) any law to which it is subject;
 - (ii) any order of any Regulatory Authority that is binding on it;
 - (iii) any undertaking or instrument binding on it; or
 - (iv) its constitution; and
- (f) neither it nor any of its subsidiaries is affected by an Insolvency Event.

6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) WAM Leaders has fully performed its obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 2.2.

7. NOTICES

7.1. Form of notice

Any communication to WAM Leaders under or in connection with this Deed Poll:

- (a) must be in writing;
- (b) must be addressed as shown below, or as otherwise advised by WAM Leaders from time to time:

Address: Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000

Attention: Jesse Hamilton

Email: jesse@wilsonassetmanagement.com.au

- (c) must be signed by the party making the communication or by a person duly authorised by that party;

- (d) must be delivered by hand, posted by prepaid post to the address, or sent by email to the email address, of WAM Leaders, in accordance with clause 7.1(b), or given in any other way permitted by law; and
- (e) is regarded as received by WAM Leaders:
 - (i) if sent by prepaid post, on the third Business Day after the date of posting (if posted to an address in the same country), and on the tenth Business Day after the date of posting (if posted to an address in a different country);
 - (ii) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) subject to the email being sent within the hours of 9am and 5pm on a Business Day, six hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first; and
 - (iii) if delivered by hand, on delivery at the address of the addressee as provided in clause 7.1(b), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

8. GENERAL

8.1. Governing law and jurisdiction

- (a) This Deed Poll is governed by the laws in force in the State of New South Wales.
- (b) WAM Leaders irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New South Wales and courts competent to hear appeals from those courts.

8.2. Cumulative rights

The rights, powers and remedies of WAM Leaders and the Scheme Participants under this Deed Poll are cumulative with and do not exclude the rights, powers or remedies provided by law independently of this Deed Poll.

8.3. Waiver

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed Poll by WAM Leaders or a Scheme Participant does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed Poll.
- (b) WAM Leaders may not rely on the words or conduct of any Scheme Participant as a waiver of any right unless the waiver is in writing and signed by the Scheme Participant granting the waiver.
- (c) No Scheme Participant may rely on words or conduct of WAM Leaders as a waiver of any right unless the waiver is in writing and signed by WAM Leaders.
- (d) The meanings of the terms used in this clause 8.3 are set out below:

conduct includes delay in the exercising of a right;

right means any right arising under or in connection with this Deed Poll and includes the right to rely on this clause; and

waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

8.4. Variation

A provision of this Deed Poll may not be varied unless:

- (a) if before the Second Court Date, the variation is agreed to by AEG and WAM Leaders in writing and the variation, alteration or amendment does not itself preclude approval of the Scheme by the Court; or
- (b) if on or after the Second Court Date, the variation is agreed to by AEG and WAM Leaders in writing and is approved by the Court,

in which event WAM Leaders will enter into a further Deed Poll in favour of the Scheme Participants giving effect to the variation.

8.5. Duty

WAM Leaders must:

- (a) pay all stamp duty payable or assessed as being payable in connection with this Deed Poll, the Scheme, or the transfer by the Scheme Participants of the Scheme Shares pursuant to the Scheme (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Participant against any liability arising from any failure by WAM Leaders to comply with clause 8.5(a),

however, WAM Leaders need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of AEG's delay.

8.6. Operation of this Deed Poll

- (a) The rights created by this Deed Poll are personal to WAM Leaders and each Scheme Participant under this Deed Poll and cumulative with, and do not exclude, any other rights, powers or remedies provided by law independently of this Deed Poll.
- (b) Any provision of this Deed Poll that is void, illegal or unenforceable:
 - (i) in a particular jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed Poll in that or any other jurisdiction; and
 - (ii) is, where possible, to be severed to the extent necessary to make this Deed Poll valid, legal or enforceable, unless this would materially change the intended effect of this Deed Poll.

8.7. Assignment

- (a) The rights created by this Deed Poll are personal to WAM Leaders and each Scheme Participant and must not be assigned, novated, encumbered, charged or otherwise dealt with at law or equity without the prior written consent of WAM Leaders.
- (b) Any purported dealing in contravention of clause 8.7(a) is invalid.

8.8. Consent

WAM Leaders consents to AEG producing this deed poll to the Court.

8.9. Further action

WAM Leaders must, at its own expense, promptly do all things and execute all further documents necessary or expedient to give full effect to this Deed Poll, the Scheme and the transactions contemplated by it.

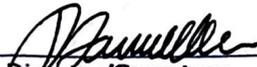
8.10. Severability

If the whole or any part of a provision of this Deed Poll is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this Deed Poll has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 8.10 has no effect if the severance alters the basic nature of this Deed Poll or is contrary to public policy.

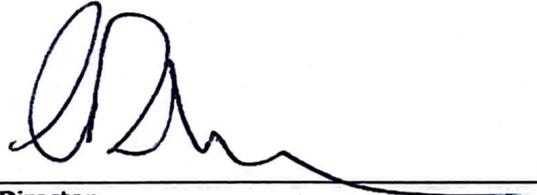
Executed as a **Deed Poll**:

EXECUTED by WAM Leaders Limited
(ACN 611 053 751) in accordance with
section 127 of the Corporations Act:

)
)
)
)
)
)
)



Director/Secretary



Director

Jesse Hamilton
Name (please print)

LINDSAY ROBERT MANN
Name (please print)

ANNEXURE D– NOTICE OF SCHEME MEETING

Notice of Court ordered Meeting of Absolute Equity Performance Fund Limited Shareholders

Notice is given that, by an Order of the Federal Court of Australia (**Court**) made on 11 August 2022 under section 411(1) of the Corporations Act, the Court has directed that a meeting of the holders of fully paid ordinary shares of AEG be held as a hybrid meeting at 11.00am (Sydney time) on 15 September 2022 at the following locations:

- Physical address: office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000
- Online platform: web.lumiagm.com/322604443.

The Court has also directed that Marc Fisher or, if he is unable or unwilling to participate in the Scheme Meeting, Will Harrison, act as Chair of the meeting.

1. PURPOSE OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree (with any alterations or conditions agreed to in writing between AEG and WAM Leaders or any alterations or conditions required by the Court to which AEG and WAM Leaders agree) to a scheme of arrangement proposed to be made between AEG and the holders of its ordinary shares (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

2. RESOLUTION

The Scheme Meeting will be asked to consider, and if thought fit, to pass (with any alterations or conditions agreed or any alterations or conditions required by the Court) the following resolution:

"That pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the arrangement proposed between Absolute Equity Performance Fund Limited and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of Absolute Equity Performance Fund Limited is authorised to implement the Scheme with any such alterations or conditions."

By order of the Court

Company Secretary

EXPLANATORY NOTES FOR THE SCHEME MEETING

1. GENERAL

Capitalised words and phrases contained in this Notice of Scheme Meeting (including the Scheme Resolution) have the same meaning as set out in the Section 11 of the Scheme Booklet, of which this notice forms part.

This Notice of Scheme Meeting should be read in conjunction with the entire Scheme Booklet, which contains important information to assist you in determining how to vote on the Scheme Resolution. The Scheme Booklet includes a copy of the Scheme (refer Annexure B) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (being all Sections of this Scheme Booklet, other than this Annexure D).

2. VOTING ENTITLEMENTS

For the purposes of the Scheme Meeting, only those persons registered in the AEG Share Register as a holder of AEG Shares at 7.00pm (Sydney time) on 13 September 2022 are entitled to participate and vote at the Scheme Meeting in respect of each AEG Share held by them at that time.

Only those AEG Shareholders entered on the AEG Share Register as at that time will be entitled to attend and vote at the Scheme Meeting either personally, by proxy or attorney or, in the case of an AEG Shareholder or proxy who is a corporation, by corporate representative.

Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

3. REQUIRED VOTING MAJORITY

The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

The Scheme Resolution must be approved by:

- unless the Court orders otherwise, a majority in number (more than 50%) of holders of AEG Shareholders present and voting at the Scheme Meeting (whether personally, by proxy, attorney or, in the case of an AEG Shareholder or a proxy who is a corporation, by corporate representative); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting by AEG Shareholders (personally or by proxy, attorney, or in the case of an AEG Shareholder or a proxy who is a corporation, corporate representative).

4. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with any alterations or conditions agreed between AEG and WAM Leaders or any alterations or conditions required by the Court to which AEG and WAM Leaders agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC.

If the Scheme Resolution is approved by the Requisite Majorities of AEG Shareholders at the Scheme Meeting, AEG will apply to the Court for orders approving the Scheme.

5. HOW TO VOTE

The vote at the Scheme Meeting will be conducted by poll.

AEG Shareholders who are entitled to vote at the Scheme Meeting may vote:

- by attending the Scheme Meeting and voting personally (in person or virtually) or by appointing an attorney to attend the Scheme Meeting (in person or virtually) and vote on their behalf or, in the case of an AEG Shareholder or proxy who is a corporation, by appointing a corporate representative to attend the Scheme Meeting and vote on their behalf (in person or virtually); or
- by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying the Scheme Booklet, available on AEG's website www.aepfund.com.au or by contacting the AEG Registry.

You will need the following information to access the Scheme Meeting:

- **Enter the following URL in your browser:**
<https://web.lumiagm.com/322604443>;
- **Scheme Meeting ID:** 332-604-443
- **Voting Access Code:** located on your Proxy Form or notification email for the Scheme Meeting which will be sent to you;
- **Your password:** your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders please refer to the Online Meeting Guide which is available at AEG's website www.aepfund.com.au.

6. JOINTLY HELD AEG SHARES

If you hold AEG Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the AEG Share Register will be counted.

7. PROXIES

An AEG Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies to attend and vote in their place.

A proxy does not need to be a shareholder of AEG and may be an individual or a body corporate.

If an AEG Shareholder appoints two proxies, the AEG Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the AEG Shareholder's votes. If the specified proportion or number of votes exceeds that which the AEG Shareholder is entitled to, each proxy may exercise half of the AEG Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxies can be appointed in one of three ways:

- Online through the AEG Registry's website at <https://www.votingonline.com.au/aegsch2022>;
- By posting or delivering the Proxy Form by hand to the AEG Registry (addresses below);
- By faxing the Proxy Form to the AEG Registry (fax number below).

Proxy Forms must be received by the AEG Registry and all online proxy appointments must be completed no later than 11.00am (Sydney time) on 13 September 2022.

Registry address details for the return of Proxy Forms is provided with the Scheme Booklet:

Hand deliveries: Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Postal address: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Fax number: +61 2 9290 9655

8. ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to participate in the Scheme Meeting from AEG's website www.aepfund.com.au, or by contacting the AEG Registry.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am AEST on Tuesday, 13 September 2022.**

🖥 TO VOTE ONLINE **📱 BY SMARTPHONE**

- STEP 1: VISIT** <https://www.votingonline.com.au/aegsch2022>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:
Individual: This form is to be signed by the securityholder.
Joint Holding: where the holding is in more than one name, all the securityholders should sign.
Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by 11:00am AEST Tuesday, 13 September 2022. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/aegsch2022>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Absolute Equity Performance Fund Limited

ABN 17 608 552 496

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Absolute Equity Performance Fund Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Scheme Meeting of the Company to be held as a hybrid meeting at the office of Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 and also virtually via the Lumi Platform at <https://web.lumiagm.com/322604443> on **Thursday, 15 September 2022 at 11.00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 That pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the arrangement proposed between Absolute Equity Performance Fund Ltd and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of Absolute Equity Performance Fund Ltd is authorised to implement the Scheme with any such alterations or conditions.

For **Against** **Abstain***

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2022

ONLINE SHAREHOLDERS' MEETING GUIDE 2022

Attending the AGM virtually

If you choose to participate online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

To access the meeting:

Visit web.lumiagm.com/322604443 on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Meeting ID: 322-604-443

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 10:00am (AEST), 15th September 2022

Using the Lumi AGM platform:

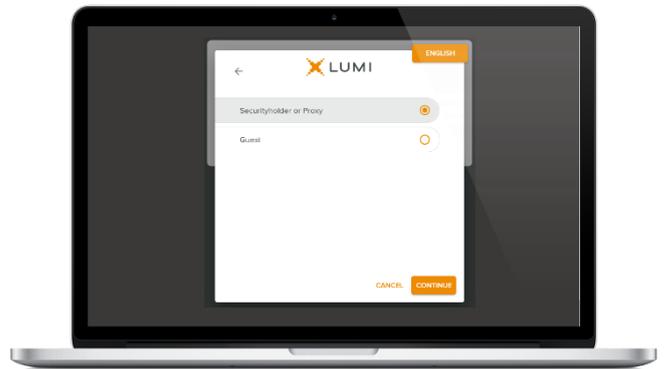
ACCESS

The 1st page of the platform will ask in what capacity you are joining the meeting.

Shareholders or appointed proxies should select

“**Shareholder or Proxyholder**”

Guests should select “**Guest**”

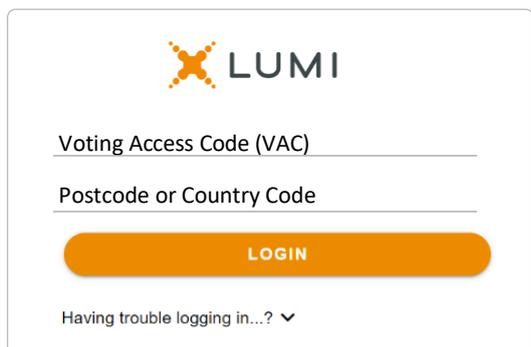


CREDENTIALS

Shareholders/Proxys

Your username is your **Voting Access Code** and your password is your **Postcode or Country Code**, or, for Non-Australian residents, your **3-letter country code**.

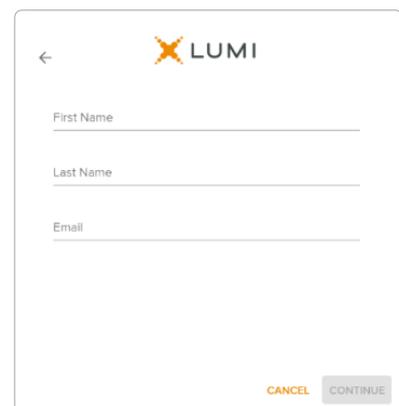
Proxy holders should obtain their log in credentials from the registrar by calling 1300 737 760 or +61 2 9290 9600 from outside Australia

A screenshot of the Lumi AGM platform login form for Shareholders/Proxys. It features the Lumi logo at the top, followed by two input fields: "Voting Access Code (VAC)" and "Postcode or Country Code". Below these fields is a large orange "LOGIN" button. At the bottom, there is a link: "Having trouble logging in...? ▾".

Guests

Please enter your name and email address to be admitted into the meeting.

Please note, guests will not be able to ask questions or vote at the meeting.

A screenshot of the Lumi AGM platform login form for Guests. It features the Lumi logo at the top, followed by three input fields: "First Name", "Last Name", and "Email". At the bottom right, there are "CANCEL" and "CONTINUE" buttons.

NAVIGATION

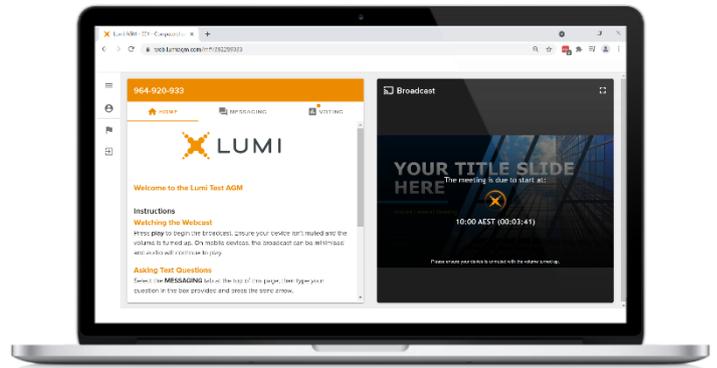
Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and watch the webcast.

If viewing on a computer the webcast will appear at the side automatically once the meeting has started.

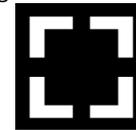
On a mobile device, select the broadcast icon at the bottom of the screen to watch the webcast.



During the meeting, mobile users can minimise the webcast at any time by selecting the arrow by the broadcast icon. You will still be able to hear the meeting. Selecting the broadcast icon again will reopen the webcast.



Desktop / Laptop users can watch the webcast full screen, by selecting the full screen icon.



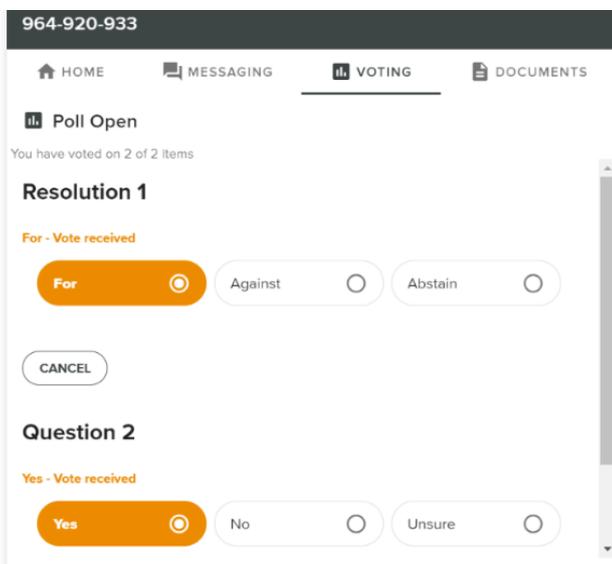
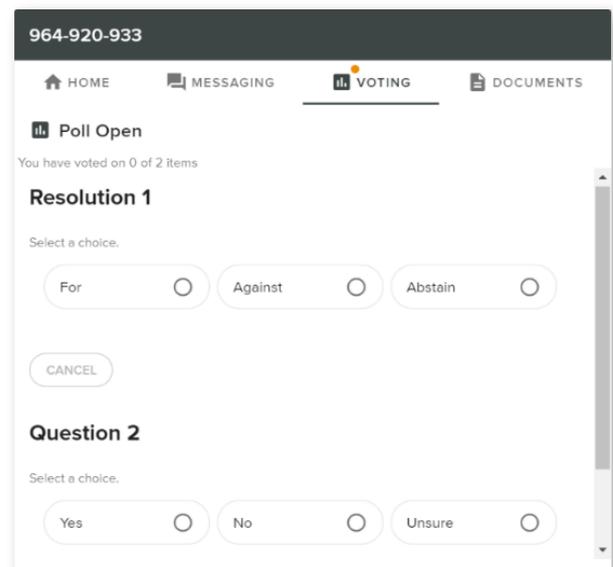
To reduce the webcast to its original size, select the X at the top of the broadcast window.

VOTING

The Chair will open voting on all resolutions at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



Selecting this tab will open a list of all resolutions and their voting options.



To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear.

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

There is no need to press a submit or send button. Your vote is automatically counted.

Voting can be performed at any time during the meeting until the Chair closes the poll.

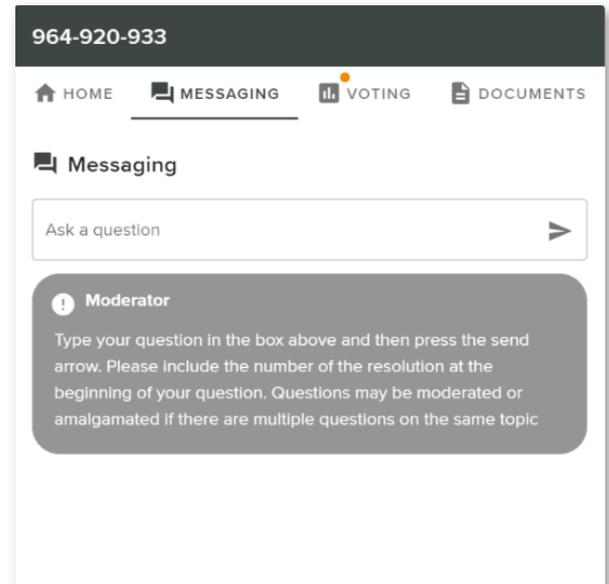
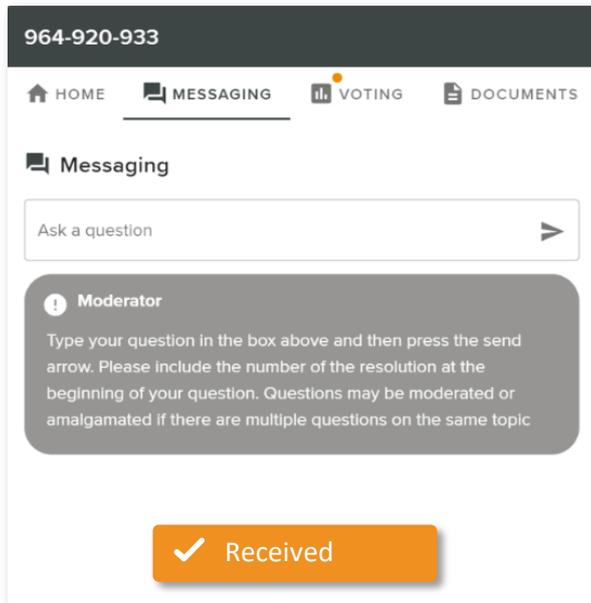
QUESTIONS

Any shareholder or appointed proxy is eligible to ask questions.

If you would like to ask a question. Select the messaging tab.



Messages can be submitted at any time from the start of the meeting, up until the Chair closes the Q&A session.



Select the “Ask a Question” box and type in your message.

Once you are happy with your message, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

Meeting ID: 322-604-443

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 10:00am (AEST), 15th September 2022

Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW Aruba	DZA Algeria	LBR Liberia	ROU Romania
AFG Afghanistan	ECU Ecuador	LBY Libyan Arab Jamahiriya	RUS Russian Federation
AGO Angola	EGY Egypt	LCA St Lucia	RWA Rwanda
AIA Anguilla	ERI Eritrea	LIE Liechtenstein	SAU Saudi Arabia Kingdom Of
ALA Aland Islands	ESH Western Sahara	LKA Sri Lanka	SDN Sudan
ALB Albania	ESP Spain	LSO Lesotho	SEN Senegal
AND Andorra	EST Estonia	LTU Lithuania	SGP Singapore
ANT Netherlands Antilles	ETH Ethiopia	LUX Luxembourg	SGS Sth Georgia & Sth Sandwich Isl
ARE United Arab Emirates	FIN Finland	LVA Latvia	SHN St Helena
ARG Argentina	FJI Fiji	MAC Macao	SJM Svalbard & Jan Mayen
ARM Armenia	FLK Falkland Islands (Malvinas)	MAF St Martin	SLB Solomon Islands
ASM American Samoa	FRA France	MAR Morocco	SCG Serbia & Outlying
ATA Antarctica	FRO Faroe Islands	MCO Monaco	SLE Sierra Leone
ATF French Southern	FSM Micronesia	MDA Republic Of Moldova	SLV El Salvador
ATG Antigua & Barbuda	GAB Gabon	MDG Madagascar	SMR San Marino
AUS Australia	GBR United Kingdom	MDV Maldives	SOM Somalia
AUT Austria	GEO Georgia	MEX Mexico	SPM St Pierre And Miquelon
AZE Azerbaijan	GGY Guernsey	MHL Marshall Islands	SRB Serbia
BDI Burundi	GHA Ghana	MKD Macedonia Former Yugoslav Rep	STP Sao Tome And Principe
BEL Belgium	GIB Gibraltar	MLI Mali	SUR Suriname
BEN Benin	GIN Guinea	MLT Mauritania	SVK Slovakia
BFA Burkina Faso	GLP Guadeloupe	MMR Myanmar	SVN Slovenia
BGD Bangladesh	GMB Gambia	MNE Montenegro	SWE Sweden
BGR Bulgaria	GNB Guinea-Bissau	MNG Mongolia	SWZ Swaziland
BHR Bahrain	GNQ Equatorial Guinea	MNP Northern Mariana Islands	SYC Seychelles
BHS Bahamas	GRC Greece	MOZ Mozambique	SYR Syrian Arab Republic
BIH Bosnia & Herzegovina	GRD Grenada	MRT Mauritania	TCA Turks & Caicos Islands
BLM St Barthelemy	GRL Greenland	MSR Montserrat	CD Chad
BLR Belarus	GTM Guatemala	MTQ Martinique	TGO Togo
BLZ Belize	GUF French Guiana	MUS Mauritius	THA Thailand
BMU Bermuda	GUM Guam	MWI Malawi	TJK Tajikistan
BOL Bolivia	GUY Guyana	MYS Malaysia	TKL Tokelau
BRA Brazil	HKG Hong Kong	MYT Mayotte	TKM Turkmenistan
BRB Barbados	HMD Heard & Mcdonald Islands	NAM Namibia	TLS Timor-Leste
BRN Brunei Darussalam	HND Honduras	NCL New Caledonia	TMP East Timor
BTN Bhutan	HRV Croatia	NER Niger	TON Tonga
BUR Burma	HTI Haiti	NFK Norfolk Island	TTO Trinidad & Tobago
BVT Bouvet Island	HUN Hungary	NGA Nigeria	TUN Tunisia
BWA Botswana	IDN Indonesia	NIC Nicaragua	TUR Turkey
CAF Central African Republic	IMN Isle Of Man	NIU Niue	TUV Tuvalu
CAN Canada	IND India	NLD Netherlands	TWN Taiwan
CCK Cocos (Keeling) Islands	IoT British Indian Ocean Territory	NOR Norway Montenegro	TZA Tanzania United Republic of
CHE Switzerland	IRL Ireland	NPL Nepal	UGA Uganda
CHL Chile	IRN Iran Islamic Republic of	NRU Nauru	UKR Ukraine
CHN China	IRQ Iraq	NZL New Zealand	UMI United States Minor
CIV Cote D'ivoire	ISM Isle of Man	OMN Oman	URY Uruguay
CMR Cameroon	ISL Iceland	PAK Pakistan	USA United States of America
COD Democratic Republic of Congo	ISR Israel	PAN Panama	UZB Uzbekistan
COK Cook Islands	ITA Italy	PCN Pitcairn Islands	VNM Vietnam
COL Colombia	JAM Jamaica	PER Peru	VUT Vanuatu
COM Comoros	JEY Jersey	PHL Philippines	WLF Wallis & Futuna
CPV Cape Verde	JOR Jordan	PLW Palau	WSM Samoa
CRI Costa Rica	JPN Japan	PNG Papua New Guinea	YEM Yemen
CUB Cuba	KAZ Kazakhstan	POL Poland	YMD Yemen Democratic
CYM Cayman Islands	KEN Kenya	PRI Puerto Rico	YUG Yugoslavia Socialist Fed Rep
CYP Cyprus	KGZ Kyrgyzstan	PRK Korea Dem Peoples Republic of	ZAF South Africa
CXR Christmas Island	KHM Cambodia	PRT Portugal	ZAR Zaire
CZE Czech Republic	KIR Kiribati	PRY Paraguay	ZMB Zambia
DEU Germany	KNA St Kitts And Nevis	PSE Palestinian Territory Occupied	ZWE Zimbabwe
DJI Djibouti	KOR Korea Republic of	PYF French Polynesia	
DMA Dominica	KWT Kuwait	QAT Qatar	
DNK Denmark	LAO Laos	REU Reunion	
DOM Dominican Republic	LBN Lebanon		