

WAM Leaders intends to bid for QV Equities

31 January 2024
ASX announcement
and media release

WAM Leaders Limited (ASX: WLE) (**WAM Leaders**) has **announced** its intention to make an off-market takeover bid for QV Equities Limited (ASX: QVE) (**QVE**), subject to certain conditions (**Offer**). The Offer consideration is 1 WAM Leaders share for every 1.4675 QVE shares. Based on WAM Leaders' share price on 30 January 2024, the Offer represents \$0.95¹ per share of implied value for QVE shareholders, adjusted to include payment of the QVE 1.3 cents per share December 2023 fully franked quarterly dividend as announced to the ASX on 30 January 2024. The implied value represents a premium of 5.0% to QVE's 30 January 2024 share price¹, a premium of 6.3% to QVE's one-month volume-weighted average price (**VWAP**) and a premium of 8.9% to QVE's three-month VWAP.

Entities associated with WAM Leaders have a relevant interest in 15.8% of QVE shares on issue.

An exciting opportunity to join one of Australia's largest listed investment companies - WAM Leaders

Since listing in August 2014, QVE's investment portfolio has underperformed. The underperformance of the investment portfolio has been compounded by QVE's persistent and widening share price discount to net tangible assets (**NTA**). The QVE Board of Directors has been unable to return value to shareholders and has not succeeded in implementing effective capital management initiatives to manage the persistent share price discount to NTA.

In making this Offer, WAM Leaders is providing all QVE shareholders with the opportunity to exit their positions in QVE at a 6.3%¹ premium to QVE's one-month VWAP of \$0.8933. If this Offer is successful, it will provide QVE shareholders with the opportunity to be invested in one of the largest listed investment companies on the ASX.

The benefits of QVE shareholders becoming a WAM Leaders shareholder under the Offer include:

- a stable and clearly articulated investment strategy and a proven investment manager with a track record of providing long-term investment portfolio outperformance for shareholders;
- access to a higher annual fully franked dividend yield;
- access to a more sustainable fully franked dividend as indicated by WAM Leaders' history of paying fully franked dividends to shareholders and its superior profits reserve;
- access to Wilson Asset Management's investment expertise, experience and commitment to shareholder engagement;
- access to WAM Leaders significantly larger market capitalisation and on-market liquidity; and
- a reduced management expense ratio as a result of the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs, as well as a larger pool of assets across which to spread expenses.

¹The implied value for QVE shareholders under the Offer of \$0.95 per share is based on the WAM Leaders share price of \$1.375 on 30 January 2024 and the Offer consideration of 1 WAM Leaders share for every 1.4675 QVE shares. The implied value has been adjusted to include the payment of QVE's 1.3 cents per share December 2023 fully franked quarterly dividend as announced to the ASX on 30 January 2024 (which goes ex-dividend on 13 February 2024 and will be paid on 1 March 2024 to QVE shareholders).

Since inception in May 2016, the WAM Leaders investment portfolio has outperformed the S&P/ASX 200 Accumulation Index by 4.4%² per annum and paid 44.15 cents per share in fully franked dividends to shareholders, returning \$590.9 million to WAM Leaders shareholders in dividends when including the value of franking credits.

WAM Leaders has approached QVE in relation to the possibility of entering into an agreement to acquire 100% of the shares in QVE by way of scheme of arrangement in accordance with Part 5.1 of the *Corporations Act 2001*(Cth) (**Corporations Act**). If such an agreement is not reached, WAM Leaders' present intention is to proceed with the Offer. In the event WAM Leaders and QVE enter into such an agreement subject to all Corporations Act requirements, the Offer may not proceed.

Benefits of the Offer for WAM Leaders shareholders

The WAM Leaders Board of Directors believe the off-market takeover bid will provide WAM Leaders shareholders with access to greater on-market liquidity through a larger market capitalisation of almost \$2.0 billion (based on the WAM Leaders share price on 30 January 2024) with approximately 30,000 shareholders.

It will also increase WAM Leaders' relevance in the market by improving broker and research coverage, increasing interest from financial planners and gaining additional access to market opportunities and provide a lower management expense ratio as a result of the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs, as well as a larger pool of assets across which to spread expenses. If the bid is successful, WAM Leaders shareholders will also benefit from purchasing QVE shares at a discount to their current underlying pre-tax NTA. On a pre-tax NTA basis, it is expected that the WAM Leaders net assets will increase by approximately \$229.0 million³ (as at 25 January 2024) by acquiring 100% of QVE under the Offer.

Further information

Further information about the Offer will be contained in the Bidder's Statement, which will be prepared in due course and sent to QVE's shareholders in accordance with the requirements of the Corporations Act. If you have any questions regarding this proposed transaction, please call Chairman Geoff Wilson AO on (02) 9247 6755 or Chief Financial Officer Jesse Hamilton on 0401 944 807.

WAM Leaders is being advised by Mills Oakley as legal adviser.

For more information contact:

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

²Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index, which is before expenses, fees and taxes.

³Based on QVE's pre-tax NTA of \$1.02 as at 25 January 2024 adjusted for the payment of QVE's 1.3 cents per share December 2023 fully franked quarterly dividend as announced to the ASX on 30 January 2024 (which goes ex-dividend on 13 February 2024 and will be paid on 1 March 2024).

About WAM Leaders

WAM Leaders Limited is a listed investment company (LIC) managed by Wilson Asset Management. 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.

All major platforms provide access to WAM Leaders, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years and is the investment manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

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. All philanthropic investments are made by the Investment Manager.

Listed
May 2016



WAM Leaders receives coverage from the following independent investment research providers:



\$5 billion

in funds under management

>200 Years

combined investment experience

+25 Years

making a difference for shareholders

10

investment products

For more information visit www.wilsonassetmanagement.com.au or contact:

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