

Share Purchase Plan and Placement for WAM Microcap shareholders

2 April 2024
ASX announcement
and media release

SPP price
\$1.455 per
share⁹

being the estimated
pre-tax NTA⁴ as at
31 March 2024

7.2%
Annualised fully
franked dividend
yield⁶

10.3%
Annualised
grossed-up
dividend yield⁷

5.8 years
Dividend coverage
equating to an estimated 60.4
cents per share⁴ available in the
profits reserve as at 31 March
2024

The WAM Microcap Limited (ASX: WMI) Board of Directors is pleased to announce a Share Purchase Plan (SPP) and Placement to existing shareholders¹, raising \$75.0 million. This capital will be invested in the many undervalued growth opportunities the investment team have identified while providing existing WAM Microcap shareholders the opportunity to increase their holding in the Company.

The micro-cap sector is exhibiting signs of outperformance as company valuations improve following a period where large-cap companies have outperformed their smaller peers.

Thus the Company is looking to raise a total of \$75.0 million between the SPP and Placement, with the offer being made to existing shareholders¹ of WAM Microcap who have supported the Company since its inception in 2017. WAM Microcap has the capacity to raise \$138.9 million through the SPP and Placement, however, is only seeking to raise \$75.0 million, ensuring the capital is deployed into the most compelling opportunities.

Due to the restricted size of the offer, the proposed allocation policy for oversubscriptions will be to favour long-term, loyal shareholders and applications will be allocated depending on their length of time as a shareholder and size of holding. The Company is purposely restricting the size of the offer and is raising less than the heavily oversubscribed 2020 SPP and Placement which raised \$88.0 million.

The SPP provides the opportunity to acquire up to \$30,000 of fully paid ordinary shares in WAM Microcap, without incurring brokerage fees, at a 4.3% discount to the current share price². Shareholders who participate in the SPP and Placement will be entitled to the fully franked interim dividend³ of 5.25 cents per share. The SPP and Placement will only be offered to existing shareholders¹ at the price of \$1.455 per share, equal to the Company's estimated pre-tax net tangible asset (NTA)⁴ backing per share as at 31 March 2024.

Shareholders will have the opportunity to apply for the SPP via an [online acceptance facility](#) that will open on Wednesday, 3 April 2024 and close on Monday, 22 April 2024.

Full details including access to the dedicated website and application instructions are

available in the [SPP booklet](#) which was announced earlier today.

Chairman Geoff Wilson AO said: "The WAM Microcap investment team has diligently constructed the investment portfolio, which has resulted in strong investment portfolio performance and total shareholder return since inception. The Company's share price has been trading at an average premium to NTA of 14.7% following the last SPP and Placement in September 2020 and we are pleased to provide our existing WAM Microcap shareholders the opportunity to increase their holdings at NTA and invest in a portfolio of quality Australian micro-cap companies.

"We greatly appreciate the trust, loyalty and support our shareholders have shown us since inception," Geoff added.

Through the Company's continued focus on undervalued micro-cap growth companies with a catalyst, in the 12-months to 31 March 2024, the WAM Microcap investment portfolio increased 25.7%⁵, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 11.9%. The investment portfolio has increased 16.4%⁵ per annum since inception in June 2017, outperforming by 9.4% per annum.

Since inception in June 2017, WAM Microcap has delivered total shareholder return (TSR) including the value of franking credits of 12.7% per annum, well above the return of the S&P/ASX Small Ordinaries Accumulation Index of 7.0% per annum over the same period. Shareholders who participate in the SPP and Placement will be entitled to receive the fully franked interim dividend³ of 5.25 cents per share. The fully franked interim dividend of 5.25 cents per share represents an annualised FY2024 fully franked dividend yield of 7.2%⁶ and an annualised grossed-up dividend yield of 10.3%⁷ on the estimated 31 March 2024 pre-tax NTA.

WAM Microcap has paid 54.25 cents per share in fully franked dividends to shareholders since inception, providing an average dividend yield on the initial public offering price of 8.2% and a grossed-up dividend yield of 11.7%⁷ including the value of franking credits. The Company currently has 5.8 years dividend coverage, equating to an estimated 60.4 cents per share⁴ available in its profits reserve as at 31 March 2024, before the payment of the fully franked interim dividend of 5.25 cents per share, payable on 30 May 2024 and before the issue of new WAM Microcap shares under the SPP and Placement.

Lead Portfolio Manager Oscar Oberg said: “We believe micro-cap companies are poised for recovery following the 2022 market sell-off and are optimistic for the year ahead.

“We are seeing the most compelling opportunities to deploy capital since the coronavirus pandemic and believe there will be an increase in capital markets activity in the next 12-months,” he said.

SPP and Placement

The Placement is currently expected to occur towards the end of April 2024 to existing, long-term WAM Microcap professional and sophisticated investors⁸ at the same price and under the same terms as the SPP.

Under the ASX Listing Rules, the Board can issue up to an additional 95.4 million shares or \$138.9 million under the SPP and Placement. Under the SPP, 63.6 million shares or \$92.6 million is able to be raised and under the Placement, 31.8 million shares or \$46.3 million is able to be raised utilising WAM Microcap’s 15% capacity under the ASX Listing Rules.

The total number of new WAM Microcap shares to be issued under the SPP and Placement is 51.5 million, raising a total of \$75.0 million based on the estimated 31 March 2024 pre-tax NTA.

With the \$75.0 million of additional capital to be raised, up to \$50.0 million will be allocated to the SPP participants and \$25.0 million to the Placement, with any of the SPP allocation not taken up to be allocated to the Placement. The shares issued under the SPP and Placement will rank pari passu with existing shares.

If you would like to participate in the Placement, please call Hamish Nairn from Taylor Collison or contact Philip Lee from Morgans.

Hamish Nairn
Taylor Collison

(08) 8217 3908
hnairn@taylorcollison.com.au

Philip Lee
Morgans

(07) 3334 4864
philip.lee@morgans.com.au

If you have any questions in relation to the SPP, please contact Wilson Asset Management’s Chief Financial Officer Jesse Hamilton or Olivia Harris. Alternatively, you can consult your financial advisor or stockbroker.

Chairman & Chief Investment Officer
Geoff Wilson AO

X: [@GeoffWilsonWAM](https://twitter.com/GeoffWilsonWAM)
(02) 9247 6755
info@wilsonassetmanagement.com.au

Chief Financial Officer & Company Secretary

Jesse Hamilton

0401 944 807
jesse@wilsonassetmanagement.com.au

Corporate Affairs

Olivia Harris

(02) 9247 6755
olivia@wilsonassetmanagement.com.au

¹Subject to clause 1(c) to 1(i) of the SPP Terms and Conditions, all persons registered as holders of fully paid ordinary shares in WAM Microcap as at 7:00pm (Sydney time) on 28 March 2024 with a registered address in Australia or New Zealand.

²Based on the 28 March 2024 closing share price of \$1.52 per share and the estimated 31 March 2024 pre-tax NTA of \$1.455 per share.

³Assumes shareholders continue to hold shares issued under the SPP and Placement at the dividend record date on 20 May 2024.

⁴The 31 March 2024 pre-tax NTA and profits reserve figures are estimates only, and are based solely on the investment portfolio performance for the month. The estimated pre-tax NTA and profits reserve figures are before the fully franked interim dividend to be paid on 30 May 2024 and before the issue of new WAM Microcap shares under the SPP and Placement. The March 2024 investment update, including the final pre and post-tax NTA and profits reserve figures, will be announced to the market on or before 12 April 2024.

⁵Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

⁶Based on an annualised FY2024 fully franked interim dividend of 10.5 cents per share and the estimated 31 March 2024 pre-tax NTA of \$1.455 per share.

⁷Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

⁸These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a superannuation fund with net assets of at least \$10 million.

⁹The Issue price may be adjusted if required to comply with the requirements of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and the ASX Listing Rules.

Strong investment portfolio performance and fully franked dividends since inception

16.4%

Investment portfolio performance since inception¹⁰

54.25 cps

Fully franked dividends paid since inception

7.2%

Annualised fully franked dividend yield on estimated 31 March 2024 pre-tax NTA¹¹

5.8 years

Dividend coverage, before the issue of new SPP and Placement shares¹²

Fully franked dividends since inception

Cents per share



■ Fully franked interim dividend ■ Fully franked final dividend ■ Fully franked special dividend

*Annualised fully franked interim dividend.

Investment portfolio performance since inception

as at 31 March 2024

	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Jun-17)
WAM Microcap Investment Portfolio ¹⁰	20.3%	25.7%	7.4%	16.6%	16.4%
S&P/ASX Small Ordinaries Accumulation Index	14.4%	13.8%	2.7%	5.4%	7.0%
Outperformance	+5.9%	+11.9%	+4.7%	+11.2%	+9.4%

¹⁰Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

¹¹Based on an annualised FY2024 fully franked interim dividend of 10.5 cents per share and the estimated 31 March 2024 pre-tax NTA of \$1.455 per share.

¹²Dividend coverage is before the payment of the FY2024 fully franked interim dividend of 5.25 cents per share. It is based on an annualised FY2024 fully franked interim dividend of 10.5 cents per share and before the issue of new WAM Microcap shares under the SPP and Placement. The 31 March 2024 pre-tax NTA and profits reserve figures are estimates only, and are based solely on the investment portfolio performance for the month.

Share Purchase Plan fact sheet

The Share Purchase Plan (SPP) offers existing shareholders¹ the opportunity to acquire up to \$30,000 of fully paid ordinary shares in WAM Microcap without incurring any brokerage fees, and at a 4.3% discount to the current share price².

Purpose of the SPP

To equitably and efficiently grow the Company's assets, increase its relevance in the market and provide access to market opportunities.

Who is entitled to the SPP?

The SPP is available to existing WAM Microcap shareholders who were on the WAM Microcap register as at 7:00pm (Sydney time) on the record date of 28 March 2024 with a registered address in Australia or New Zealand.

Benefits to shareholders



The SPP will deliver benefits to shareholders beyond the opportunity for participants to purchase shares at a 4.3% discount to the current share price² without incurring brokerage fees.

The WAM Microcap share price closed at \$1.52 per share on 28 March 2024 and WAM Microcap's estimated pre-tax NTA as at 31 March 2024 was \$1,455 per share². Shareholders who participate in the SPP will be entitled to receive the fully franked interim dividend³ of 5.25 cents per share, payable on 30 May 2024. The fully franked interim dividend of 5.25 cents per share represents an annualised FY2024 fully franked dividend yield of 7.2% and a grossed-up dividend yield of 10.3%⁴ on the estimated 31 March 2024 pre-tax NTA².

The primary purpose of the capital raising is to equitably and efficiently grow the Company's assets, increase its relevance in the market, improve the prospect of broker and research coverage, garner additional interest from financial planners and provide access to market opportunities. The Company's larger capital base increases the liquidity of the shares, and the increased size is also expected to reduce the fixed expense ratio of the Company to the benefit of all shareholders.

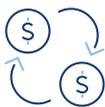
Use of the additional capital



The proceeds of the additional capital will be invested in accordance with WAM Microcap's disciplined and proven investment process. WAM Microcap has the capacity to raise \$138.9 million through the current SPP and Placement, however is only seeking to raise \$75.0 million, ensuring the capital is deployed into the most compelling opportunities that the investment team have identified.

WAM Microcap provides exposure to relative value arbitrage and market mispricing opportunities. WAM Microcap's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. Since inception in June 2017, the WAM Microcap investment portfolio has increased 16.4%⁵ per annum as at 31 March 2024, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.4% per annum. WAM Microcap's assets as at 31 March 2024 were \$311.6 million, 95.4% of which were allocated to equities, with the remaining 4.6% held in cash.

Placement



The Placement is currently expected to occur in the last week of April 2024 to existing, long-term WAM Microcap professional and sophisticated investors⁶ at the same price and under the same terms as the SPP. With the \$75 million of additional capital to be raised, up to \$50 million will be allocated to the SPP and \$25 million to the Placement.

If you would like to participate in the Placement, please call Hamish Nairn from Taylor Collison on (08) 8217 3908 or email hnairn@taylorcollison.com.au or Philip Lee from Morgans on (07) 3334 4864 or email philip.lee@morgans.com.au.

¹Subject to clause 1(c) to 1(i) of the SPP Terms and Conditions, all persons registered as holders of fully paid ordinary shares in WAM Microcap as at 7:00pm (Sydney time) on 28 March 2024 with a registered address in Australia or New Zealand.

²Based on the 28 March 2024 closing share price of \$1.52 per share and the estimated 31 March 2024 pre-tax NTA of \$1,455 per share. The 31 March 2024 pre-tax NTA and profits reserve figures are estimates only, and are based solely on the investment portfolio performance for the month.

³Assumes shareholders continue to hold shares issued under the SPP at the dividend record date on 20 May 2024.

⁴Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

⁵Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

⁶These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a superannuation fund with net assets of at least \$10 million.

Participating in the Share Purchase Plan

The WAM Microcap share registrar, Boardroom Pty Limited, will email application forms and a summary of the Offer to eligible shareholders who have email addresses on the share register.

This email will come from companies@boardroomlimited.com.au.

Printed copies will be mailed only to those shareholders who do not have email addresses on the share register. If you would like to receive an email application form earlier, please contact Boardroom directly on:

T 1300 420 372

E wilsonam@boardroomlimited.com.au

Shareholders will also have the opportunity to apply for the SPP via an online acceptance facility at www.wammicrocapspp.com.au. The online acceptance facility will open tomorrow on Wednesday, 3 April 2024 and close on Monday, 22 April 2024.

Eligible shareholders should read the Share Purchase Plan booklet and related documentation in full before deciding whether to subscribe for new Shares.

Key dates

SPP Record Date (7:00pm Sydney time)	28 March 2024
Announcement and issue of SPP Terms and Conditions	2 April 2024
SPP opens	3 April 2024
SPP closes	22 April 2024
SPP and Placement results announced	by 26 April 2024
Expected issue of SPP Shares	30 April 2024
SPP Shares expected to commence trading on ASX	1 May 2024
Expected issue of Placement Shares	2 May 2024
Placement Shares expected to commence trading on ASX	3 May 2024
Dividend ex date	17 May 2024
Dividend record date (7:00pm Sydney time)	20 May 2024
Last election date for DRP	22 May 2024
Dividend payment date	30 May 2024

Key terms

Eligibility	The Share Purchase Plan will be open to existing shareholders of the Company (Eligible Shareholders) who own shares in the Company as at 7:00pm (Sydney time) on the SPP Record Date of 28 March 2024 and have a registered address in Australia or New Zealand.
Issue date	The date on which SPP Shares are issued (expected to be 30 April 2024).
Issue price	\$1.455 per share, equal to the Company's estimated pre-tax net tangible asset (NTA) per share as at 31 March 2024.
Register	The register of shareholders maintained by the Registrar.
Share Purchase Plan	A type of capital raising allowing companies to offer shares to existing investors.
SPP Record Date	7:00pm (Sydney time) on 28 March 2024.
SPP Share	A new share offered under the SPP, the terms and conditions of which are set out in the SPP booklet.

About WAM Microcap

WAM Microcap Limited (ASX: WMI) provides investors access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition. WAM Microcap also provides exposure to relative value arbitrage and market mispricing opportunities. WAM Microcap's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

All major platforms provide access to WAM Microcap, 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.

Listed

June 2017



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



BELL POTTER



ORD MINNETT

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

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), 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.

Wilson
Asset Management
Making a difference



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:

Geoff Wilson AO
Chairman &
Chief Investment Officer
(02) 9247 6755

Kate Thorley
Chief Executive Officer
(02) 9247 6755
0405 115 644

Jesse Hamilton
Chief Financial Officer
(02) 9247 6755
0401 944 807

Samantha Philp
Head of Corporate Affairs
& Marketing
(02) 9247 6755
0410 696 730