

17 May 2016
By Electronic Lodgement
The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

WILSON GROUP LIMITED (ASX : WIG) – ACQUISITION OF REMAINING 25% INTEREST IN PINNACLE INVESTMENT MANAGEMENT LIMITED

Wilson Group Limited (**WIG**) is pleased to advise that it has reached an agreement with the executive shareholders of Pinnacle Investment Management Limited (**Pinnacle Vendors**) to buy their 25% stake, taking WIG's interest in Pinnacle Investment Management Limited (**Pinnacle**) to 100% (**Transaction**). As consideration for the acquisition, WIG will issue shares to those executives such that they will own 25% of the issued capital of WIG when the Transaction is completed.

Pinnacle is a multi-affiliate investment management firm with a mission to establish, grow and support a diverse stable of world-class fund managers. Pinnacle currently consists of seven specialist managers which as at 30 April 2016 had funds under management of \$19.25 billion¹ across a range of asset classes. Pinnacle also has third party distribution arrangements for two other specialist managers covering \$1.8 billion. Pinnacle's net profit after tax for the 6 months ended 31 December 2015 was \$4.7 million. Based on Pinnacle management information dated 31 March 2016 the Board of WIG currently expects Pinnacle's performance in the second half of FY2016 to be broadly consistent with the first half but notes that a range of variables including performance fees cannot be determined with any certainty until the end of the financial period. Pinnacle cash and liquids at 31 March 2016 was \$12 million.

The key terms of the Transaction are provided below. Further detail is provided at Appendix 1.

Key Transaction terms

- WIG to acquire the 25% equity stake in Pinnacle that it does not already own with the acquisition consideration being satisfied via the issuance of shares such that the Pinnacle Vendors will own 25% of the issued share capital in WIG following the Transaction.
- The 25% of Pinnacle that is being sold to WIG is owned 14.2% by Ian Macoun, Chairman and Managing Director of Pinnacle, with the remaining 10.8% owned by other senior executives of Pinnacle.

¹ Funds Under Management are shown as the aggregation of 100% of Pinnacle's boutiques.

- The number of shares to be issued to the Pinnacle Vendors is approximately 37 million shares.
- Separately, the Pinnacle Vendors have also reached an agreement with Deutsche Bank Group (**DB**) to acquire 10.25 million shares or an additional 7.0% interest in WIG post Transaction, for \$0.95 per share cum-dividend and conditional on the successful completion of the Transaction. Post Transaction, including the dilution impacts of the proposed Transaction, DB's shareholding will reduce from 18.6% to 7.0%.
- Certain executive employees of Pinnacle will be provided with five-year loans from WIG totalling \$3 million to fund a portion of the shares being purchased from DB.
- Certain current loans to the Pinnacle Vendors amounting to \$4.3 million will remain on foot.
- Subject to completion, Mr Ian Macoun will be appointed as Managing Director of WIG.

Benefits of the proposed Transaction

- The Transaction is expected to be earnings accretive due to the enlarged earnings base combined with expected overhead savings between WIG and Pinnacle of ~\$1.0 million.
- WIG to have full control of Pinnacle. The current shareholders' agreement has various restrictions that could impact WIG's ability to extract full value for Pinnacle in the future.
- WIG to have direct access to Pinnacle's cash flows thereby providing greater financial flexibility and an improved ability to pay dividends to WIG shareholders from earnings derived within Pinnacle.
- Pinnacle management's acquisition of shares in WIG demonstrates confidence in the outlook, commitment to and alignment with the company. Ian Macoun will own approximately 18.9% of WIG following the proposed Transaction.
- The Transaction is consistent with the board's continuing strategy of re-positioning WIG as a funds management business.
- Following the conclusion of the Transaction and subject to shareholder approval, WIG will be re-branded and change its name to Pinnacle Investment Management Group Limited.

Conditions

The proposed Transaction is subject to a number of conditions precedent including:

- Shareholder approval at an extraordinary general meeting (**EGM**).
- An independent expert opining that the Transaction is favourable to non-associated shareholders.

- The Pinnacle Vendors receiving a tax ruling that Capital Gains Tax rollover relief is available for the exchange of shares in Pinnacle for shares in WIG.

Special dividend

Subject to the Transaction proceeding, the WIG board proposes to pay a fully franked special dividend of 5 cents per WIG share to shareholders following completion of the Transaction. The record date for the dividend will be set such that the Pinnacle Vendors will not participate, other than in respect of the shares that they purchase from DB.

WIG's cash and principal investments balance as at 31 March 2016 was \$11.3 million. In addition to the proposed special dividend of 5 cents per share (\$5.5 million), other one-off expected cash outflow items include:

- transaction costs of an estimated \$0.9 million;
- additional insurance costs for further cover in relation to the sale of the securities business and the Next Financial Group of \$0.2 million;
- completion balance sheet adjustments associated with the sale of the securities business of \$0.3 million; and
- payments of \$1.2 million associated with the retirement of a loan to Mr Ian Macoun dating from 2006, of which \$1 million has historically been accrued in the balance sheet.

Board/management restructure

Upon completion of the proposed Transaction it is proposed that the WIG board would be restructured to be comprised of 7 members as follows:

- Independent Chairman (Mr Alan Watson).
- 3 Non-Executive Directors comprising Mr Steven Wilson AM and two new appointments. Subject to completion of the Transaction, Ms Deborah Beale and Mr Gerard Bradley have agreed to join the Board. A brief CV of each appears at Appendix 2.
- 3 Executive Directors being Mr Ian Macoun as Managing Director along with Mr Adrian Whittingham and Mr Andrew Chambers. A brief CV of each appears at Appendix 2.

After 14 years on the Board including 4 years as Chairman, Mr Steven Skala AO will retire from the Board following completion of the Transaction.

After 24 years with the company and the last 3 years as its CEO/Managing Director, Mr Sandy Grant will leave the business and will retire as a Director at the EGM.

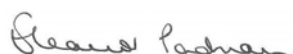
Indicative timetable

Event	Indicative Timing
Dispatch of Notice of Meeting including Independent Expert's Report	June 2016
EGM	Late July 2016
Completion*	August 2016

** Subject to satisfaction or waiver of conditions precedent*

Blackpeak Capital is acting as Financial Adviser and Clayton Utz is acting as Legal Adviser to WIG in relation to the proposed Transaction.

Yours faithfully



Eleanor Padman
Company Secretary
Wilson Group Limited

FOR MORE INFORMATION PLEASE CONTACT:

Sandy Grant
Managing Director
Wilson Investment Group
Ph: (07) 3292 6903

Eleanor Padman
Company Secretary
Wilson Investment Group
Ph: (02) 8427 3165

Appendix 1 – Key Terms of Transaction Documents

Share Sale Agreement

Under the terms of the Share Sale Agreement, WIG will acquire the remaining 25% equity stake in Pinnacle that it does not currently own from the Pinnacle Vendors. Scrip for Scrip consideration for the acquisition will be by way of freshly issued shares, issued under WIG's Employee Option Share Plan such that the Pinnacle Vendors swap their 25% equity stake in Pinnacle for a 25% equity stake in WIG.

Completion of the share sale agreement will not occur until a number of conditions precedent have been satisfied or waived, including the following:

- (a) Receipt of an independent expert's report opining that the Transaction is favourable to non-associated shareholders;
- (b) Certain current loans to the Pinnacle Vendors being cancelled and re-issued under WIG's Employee Option Share Plan and new security being provided;
- (c) The Pinnacle Vendors receiving a tax ruling from the ATO confirming that the WIG shares they receive in exchange for their Pinnacle shares will be eligible for capital gains tax roll over relief;
- (d) Shareholder approval of the Transaction for the purposes of the Corporations Act, the ASX Listing rules and all other purposes including :
 - acquiring the equity in Pinnacle and issuing replacement shares in WIG;
 - paying Mr Macoun a bonus to facilitate full repayment of a loan of \$1.119 million in accordance with the current contractual obligation under his existing employment agreement;
 - providing Mr Macoun with entitlements to termination benefits consistent with the entitlements contained in his current contract of employment;
 - amending the WIG Employee Option Share Plan (see further detail below); and
 - for the purposes of this Transaction only, the Pinnacle Vendors and their associates (as that expression is defined in the Corporations Act 2001) acquire voting power in WIG in excess of 20%.

Completion is subject to a sunset date of 31 December 2016 which can be extended by agreement between the parties. It is also subject to there being no material adverse change prior to Completion defined as:

- (a) an event, occurrence or change which individually or in the aggregate results in a diminution in the value of the assets of financial position or an increase in the liabilities of WIG in excess of \$4.5 million, subject to a number of exceptions;

- (b) WIG having a cash and principal investments balance less than \$6.5 million at completion, excluding any impact of movement in market prices.

In the event that WIG conducts a placement prior to 30 June 2020 in respect of options that are issued but unvested as at the date of completion, the Pinnacle Vendors are entitled to subscribe to the placement for up to a maximum of 1.411 million shares at the subscription price of the options. The purpose of this is to prevent the dilution of the Pinnacle Vendors' 'swapped' equity upon the issue of shares if WIG options currently on issue are exercised.

WIG has provided a number of warranties in respect of the Transaction including warranties relating to information provided, solvency, title, capacity, authorisations, financial position, information, contingent liabilities, insurance and compliance with laws. Those warranties and WIG's liability are qualified in time and amount by a number of matters.

Loan Agreements

Loans totalling \$3 million are being provided to certain Pinnacle Vendors under WIG's Employee Option Share Plan to acquire secondary market shares in WIG from DB. The key terms of the loans are as follows:

- (a) The loans have a 5 year term, are limited recourse (subject to the limitations of any indemnification of the relevant trustees of the Pinnacle Vendors) and interest bearing;
- (b) They are secured by way of a share mortgage (see further detail below);
- (c) Repayment will occur at the earlier of the end of the 5 year term, the date on which any shares are sold or within 6 months of the cessation of the borrower's employment;
- (d) Events of default include cessation of employment, insolvency or any representation or warranty or statement of the borrower being incorrect or misleading.

Share Mortgage

As security for the loans, WIG has obtained a first ranking mortgage over that number of WIG shares which is equal to two times the principal loan amount in value as at the date of draw down. In the occasion of any event of default under the loans, WIG can exercise its rights to enforce its security including by the appointment of a receiver.

WIG Employee Option Share Plan

Shareholder approval will be sought to amend the terms of the WIG Employee Option Share Plan to:

- (a) Facilitate the issuing of shares as consideration for the Transaction;
- (b) Facilitate the provision of the loans of \$3 million described above;

- (c) Facilitate the re-issuing of the current Pinnacle loans on terms substantially similar to their current terms. The current Pinnacle loans date from 2009, 2011, 2012 and 2015 and were used to assist the Pinnacle Vendors acquire their equity in Pinnacle which is now being sold to WIG. The loans are interest free and (with the exception of the 2015 loans) repayable on termination of employment or when the underlying equity is sold, whichever event occurs earlier;
- (d) Facilitate new security being provided in respect of the current Pinnacle loans to WIG in the form of share mortgages with limited recourse to the shares.

Mr Macoun's employment arrangements

Mr Macoun has been employed within the Group as Managing Director of Pinnacle since 2006. Whilst his employment as Managing Director of WIG will be the subject of a new contract, the Transaction in itself will not vary Mr Macoun's current levels of annual remuneration. As far as is practicable, Mr Macoun's new contract is intended to comprise his rights and obligations under his current employment arrangements.

Mr Macoun's employment as Managing Director of WIG will take effect from, and be subject to, completion of the Transaction. The key components of Mr Macoun's remuneration will be:

- **Base Salary:** Mr Macoun will receive \$600,000 per annum, inclusive of superannuation. This is the same level of Base Salary as Mr. Macoun currently receives as Managing Director of Pinnacle. Further, it has been agreed that this base salary will not be increased for at least four years from the commencement date.
- **Short Term Incentive (STI):** In FY15, as Managing Director of Pinnacle, Mr Macoun received 100% of base salary as his STI. Similarly, as per the current arrangements in Pinnacle, in FY16, Mr Macoun will receive a short term incentive of 100% of base salary. It is intended that Mr Macoun will continue to receive this level of STI as Managing Director of WIG.
- **Long Term Incentives:** No new long term incentives have been included as part of Mr Macoun's employment as Managing Director of WIG. Mr Macoun already has LTI arrangements in place under the WIG Employee Option Share Plan which were approved by WIG shareholders on 26 June 2015.
- **Termination of Employment:** Mr Macoun's employment can be terminated by either WIG or Mr Macoun on three month's notice. Mr Macoun's original contract contained a one month notice period, but both the Board of WIG and Mr Macoun believe that three months' notice is more appropriate. Under his existing contract entered into in 2006, Mr Macoun's termination entitlements are the higher of 12 months base salary or \$900,000, together with statutory entitlements. As Mr Macoun's original contract predated the changes to the Corporations Act in 2009 imposing restrictions on termination payments, and as he is entering into a new contract, shareholders will be asked to approve the retention of these termination entitlements in the new contract at the EGM. Consistent with his existing contract, in the event that Mr Macoun resigns or was terminated for cause, he would only receive his statutory entitlements.

- *Post-employment restraints:* Following termination of his employment, Mr Macoun may not solicit the employment of any employee of WIG for a period of 12 months.

Senior Executive Employment Agreements

Prior to completion of the Transaction, the Senior Executives (other than Mr Macoun) have agreed to enter into deeds of amendment to their existing employment contracts. Under the deeds of amendment, pre-existing retention arrangements have been substantially replicated to provide protection for WIG.

Boutique Shareholder Agreements

Following the Transaction, WIG will own 100% of Pinnacle, which in turn owns equity interests in various boutiques. Those investments are each subject to a shareholders agreement that each have a range of terms, including the opportunity or obligation in certain circumstances for WIG or Pinnacle to partially increase its stake, with current shareholders in a boutique selling a portion of their stake. Care will always be taken to preserve the 'Pinnacle model' which involves boutique executives retaining substantial equity in their boutique.

Appendix 2

Deborah Beale MBA B Comm

Deb Beale has a Bachelor of Commerce from the University of Melbourne, a Graduate Diploma from the Securities Institute of Australia and a Masters of Business Administration from Melbourne Business School.

Deb began her working career in the finance industry where she was employed by Merrill Lynch for over a decade. She then moved to Ernst & Young where she specialised in government relations and governance. Deb has also served and continues to serve on a number of government, private and not-for-profit boards. Her broad experience includes the areas of finance, corporate governance, risk management, government and public relations.

Deb is currently the Chair of Hyperion Asset Management Ltd one of Pinnacle Investment Management Limited's most successful affiliated fund managers.

Gerard Bradley Curriculum Vitae



ACADEMIC QUALIFICATIONS

Bachelor of Commerce (University of Queensland)

Diploma of Advanced Accounting (University of Queensland)

MEMBERSHIP OF PROFESSIONAL BODIES

Fellow, Australian Institute of Company Directors (FAICD)

Fellow, Australian Institute of Management (FAIM)

Fellow, Institute of Chartered Accountants (FCA)

Fellow, CPA Australia (FCPA)

CAREER SUMMARY

Over 35 years of experience in public sector leadership and administration including some 16 years as Under Treasurer and Under Secretary of Queensland Treasury and the South Australian Department of Treasury and Finance.

Substantial Board experience, including 10 years as Chair of QSuper, and a wide range of directorships of major Government financial and commercial corporations.

Since 2012, worked in non-executive director roles in the public and private sector.

BOARD APPOINTMENTS

Current

Chair, Queensland Treasury Corporation (QTC) Capital Markets Board (from May 2012)

Chair, Queensland Treasury Holdings (QTH) (from August 2012)

Non-Executive Director, Star Entertainment Group Limited (from May 2013)

Previous

Chair, Board of Trustees, QSuper (1998-2009)

Chair, Long Term Asset Advisory Board, QTC (2008-2012)

Chair, South Australian Asset Management Corporation (1996-1998)

Chair, South Australian Financing Corporation (SAFA) (1996-1998)

Non-Executive Director, Suncorp, South Bank Corporation, Queensland Investment Corporation (QIC) & Funds SA.

ANDREW CHAMBERS

BIOGRAPHY

Andrew joined Pinnacle as an equity partner in 2008 and is primarily responsible for building relationships with investment consultants, institutional investors and wealth management channels on behalf of Pinnacle's specialist investment managers in Australia and offshore.

Andrew commenced his career in investment management in 2001 when he joined Legg Mason, one of the world's largest pure play, multi-affiliate investment management firms. Over the next 15 years, Andrew has developed extensive multi-channel investment management distribution skills and a proven track record of raising significant capital for new and existing affiliate firms, from institutional and retail markets in Australian and offshore.

Andrew has a Bachelor of Arts (Honours) from the University of Melbourne, a Master of Science in International Relations from the London School of Economics and Political Science and a Graduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia.

Adrian Whittingham

Director, Distribution

Telephone: +61 2 8970 7701

eMail: adrian.whittingham@pinnacleinvestment.com.au

Adrian has been an equity partner at Pinnacle Investment Management since 2008 and is responsible for building and maintaining strong relationships with investment consultants, institutions and retail distributors on behalf of Pinnacle's affiliated investment managers.

Before joining Pinnacle, Adrian was Director, Head of Retail Sales with Schroder Investment Management in Sydney, from 2002 to April 2008. At Schroders Adrian was responsible for leading the businesses direction and engagement with Researchers, Consultants, Dealer Groups and Private Clients. Prior to Schroders, Adrian spent 8 years at Zurich in Product, Research and Business Development roles.

Adrian has qualifications from FINSIA and Deakin University.

Board Appointments

Non-Executive Director, Hyperion Asset Management

Non-Executive Director, Spheria Asset Management