



# Prospectus

One-for-one bonus issue of up to 35,109,715 options  
to acquire fully paid ordinary Shares exercisable  
at \$1.14 per Option on or before 17 September 2018

## Important Information

This Prospectus contains important information for you as a shareholder and requires your immediate attention.

It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

**No application monies are payable for the grant of Options**

## Important notice

This document (Prospectus) is dated 12 September 2016 and was lodged with the Australian Securities & Investments Commission (ASIC) on that date. None of ASIC, the Australian Securities Exchange (ASX) or their respective officers take responsibility for the contents of this Prospectus.

WAM Active Limited (Company) is a disclosing entity for the purpose of the *Corporations Act 2001 (Cwth)*. The content of this Prospectus has been determined on the basis that certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## Summary of important dates

Lodgement of Prospectus	12 September 2016
Shares trade ex-bonus Option entitlements	15 September 2016
Options commence trading on a deferred settlement basis	15 September 2016
Record date to determine entitlements under the Issue	16 September 2016
Intended date for issue and entry of Options on the register	19 September 2016
Prospectus sent out to Shareholders	20 September 2016
Dispatch of new holding statements	20 September 2016
Normal trading in Options commences on ASX	20 September 2016
Options expire	5:00pm (Sydney time) 17 September 2018

The above dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules.

For any enquiries concerning the Issue, you can contact Wilson Asset Management on (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au).

### Intermediary authorisation

The Company does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act. Accordingly, the Issue is being made pursuant to an intermediary authorisation in accordance with Section 911A(2)(b) of the Corporations Act. Wilson Asset Management (International) Pty Limited (AFSL 247333) will manage the Issue on behalf of the Company at no cost to the Company.

## Corporate directory

<b>Directors of WAM Active Limited</b>	Geoff Wilson (Chairman) Matthew Kidman John Abernethy Kate Thorley Chris Stott
<b>Investment Manager of WAM Active Limited</b>	MAM Pty Limited Level 11, 139 Macquarie Street Sydney NSW 2000 T (02) 9247 6755 F (02) 9247 6855
<b>Registered Office</b>	Level 11, 139 Macquarie Street Sydney NSW 2000 T (02) 9247 6755 F (02) 9247 6855
<b>Auditors of the Company</b>	Pitcher Partners Level 22, 19 Martin Place Sydney NSW 2000 T (02) 9221 2099 F (02) 9233 1762
<b>Share Registry</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 T (02) 9290 9600 F (02) 9279 0664
<b>Company Secretary</b>	Linda Vo
<b>Australian Securities Exchange</b>	WAM Active Ordinary Shares (WAA) WAM Active Options \$1.14 expiry 17 September 18 (WAAO)

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# WAM Active Limited (WAA)

## ACN 126 420 719

Dear Shareholder,

On behalf of the Board of WAM Active Limited (Company), I am pleased to announce a one-for-one bonus option issue to Shareholders at no cost. Each Option will give Shareholders the opportunity, but not the obligation, to subscribe for an additional ordinary fully paid share in the Company at any time before 5pm on 17 September 2018 at the exercise price of \$1.14 per Share.

The Board recommends you read this Prospectus in its entirety and consider the following information below before making a decision to deal in Shares and Options. The Board is focused on growing the Company and creating shareholder value. The Board believes the Issue will promote these objectives.

### Company highlights

#### Consistent absolute returns

The Company is an absolute return fund that has delivered positive returns since it was listed in January 2008. Since inception, while holding an average of 44.5% of the value of the Portfolio in cash, the value of the Company's Portfolio has increased by 13.2% per annum to 31 July 2016. Over the same period the S&P/ASX All Ordinaries Accumulation Index increased in value by 2.9% per annum<sup>1</sup>. The Company's Portfolio value is measured before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index, which is also before tax and costs.

#### Dividends

On 11 August 2016, the Company announced a fully franked final dividend of 2.5 cents per share bringing the dividends for the full financial year to 5.0 cents. The full year dividend represents an annualised fully franked dividend yield of 4.2%, based on the closing price as at 9 September 2016. The Company aims to pay dividends on a six-monthly basis, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. This is an investment objective of the Company rather than a forecast. The Company may not be successful in meeting this objective.

#### The Company's Share price is trading at a premium to its net tangible assets

The Company's Shares are currently trading at a premium to its net tangible assets (NTA) per Share. The NTA before tax on 31 July 2016 was \$1.07 and the share price last closed at \$1.19 on Friday, 9 September 2016. The Investment Manager believes the Shares are trading at a premium for the following reasons:

- The strong performance of the investment portfolio;
- The Company's stream of fully franked dividends; and
- Communication and engagement with our Shareholders.

### Advantages of increasing the Company's capital base

The Board believes that the Issue is an effective and equitable way to growing the Company. As the Company's size increases, on-market liquidity for the Shares is also expected to increase, making it easier for Shareholders to buy and sell the Company's Shares. By increasing the size of the Company, this will increase the Company's relevance in the market, improving the prospect of broker and research coverage, as well as gaining interest from financial planners. Finally, the increased size is also expected to reduce the fixed expense ratio for Shareholders.

<sup>1</sup>The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by IRESS. IRESS has not consented to the use of this data in this Prospectus.

### Use of the additional capital

No capital will be raised from the issue of the Options. If 35,109,715 Options are issued and those Options are fully exercised, the Company will raise approximately \$40.0 million.

The proceeds of the additional capital raised from the exercise of Options will be invested in accordance with the Company's proven and disciplined investment process. The investment objectives are to deliver investors with a regular income stream in the form of fully franked dividends, to provide a positive return, after fees, over most periods of time and to preserve capital in both the short and long term.

If the Investment Manager does not identify an opportunity using its Market Driven investment approach, we will revert to cash. The average cash position held since inception is 44.5% of assets.

The Investment Manager's investment process is Market Driven investing where we take advantage of relative short term arbitrage opportunities and mispricings in the Australian equities market, rather than investing in any individual companies or portfolio of companies for a prolonged period of time. Our Investment Manager scours the market for opportunities including participating in initial public offerings, capital raisings, block trades, oversold positions, takeovers, listed investment companies trading at a discount to their NTA, other companies trading at a discount to their NTA, earnings momentum/surprise, short selling and market themes and trends. The investment portfolio is actively traded and during the 2016 financial year, the equity component of the portfolio turned over five times. See Section 7.1 – 7.2 for further details.

### Advantages of the Issue for Shareholders

- The Options will trade on the ASX and may trade above or below their intrinsic value;
- Shareholders can sell their Options on-market or buy additional Options; and
- By exercising Options, Shareholders can increase their holding in the Company without incurring any brokerage fees, and at a fixed price that is below the current market price.

### Prospectus and the Issue

The Board recommends you read this Prospectus carefully and in its entirety. This Prospectus provides details of the Issue and an overview of the business and activities of the Company. Each Option entitles its holder to subscribe for one additional Share at the exercise price of \$1.14 at any time on or before 5:00pm (Sydney time) on 17 September 2018.

On behalf of the Board of Directors, I thank you for your continued support.

Yours sincerely



Geoff Wilson, Chairman  
WAM Active Limited

## I. Overview of the Issue

Question	Answer	More information
<b>What is the business model of the Company?</b>	<p>The Company invests in a Portfolio of ASX listed securities. This Portfolio is managed by MAM Pty Limited (Investment Manager), a licensed securities dealer. The Company provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.</p> <p>The Investment Manager is permitted by the Investment Management Agreement with the Company to acquire interests in a broad range of investments. The Company may also hold cash if investment opportunities are not identified within the investment process. The Company is an absolute return fund that predominantly invests in ASX listed securities.</p> <p>The Company's investment objectives are to seek to deliver investors with a regular income stream in the form of fully franked dividends, to provide a positive return, after fees, over most periods of time and to preserve capital in both the short and long term.</p> <p>The Company's ability to pay fully franked dividends is subject to the Company having sufficient profit reserves and franking credits available and it is within prudent business practices to do so.</p> <p>The above is not intended to be a forecast; it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.</p>	Section 7
<b>What are the key risks associated with the business model and the Offer?</b>	<p>The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company are:</p> <p><b>(a) Market risk:</b> Share markets tend to move in cycles, and individual security prices may fluctuate and underperform other asset classes over extended periods of time. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Although the Investment Manager will seek to manage market risk, unexpected market conditions could have a negative impact on the value of the Portfolio or the return of the Company's investments. Shareholders in the Company are exposed to this risk both through their holding in Shares and Options as well as through the Company's Portfolio.</p> <p><b>(b) Investment strategy risk:</b> The success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. If the Investment Manager fails to do so, the Company may not perform well. There are risks inherent in the investment strategy that the Investment Manager will employ for the Company.</p> <p><b>(c) Economic risk:</b> The Company's Portfolio will be exposed to economic risks that may have a negative impact on the value of the Portfolio or the return of the Company's investments.</p> <p>The value of the Portfolio may be impacted by numerous economic factors. The factors include changes in economic conditions (e.g. changes in interest rates or economic growth), legislative and political environment, as well as changes in investor sentiment.</p> <p>A more detailed list and explanation of risks associated with an investment in the Company are set out in Section 3.</p>	Shareholders should read these risks together with the other risks described in Section 3
<b>What is the key financial information about the financial position, performance and prospects?</b>	<p>The Company listed on the ASX on 11 January 2008 with a Net Tangible Assets (NTA) of 98.4 cents per Share. Since inception, the Company has invested in a broad range of listed companies and held cash. The returns generated from the investment activities of the Company have enabled the Company to pay fully franked dividends to Shareholders over time. Since inception, a Shareholder who subscribed for a Share on admission of the Company to the ASX and retained that Share, would have received in aggregate 49.1 cents per share in fully franked dividends in respect of that Share.</p> <p>The NTA after tax as at 31 July 2016 was 106.25 cents per Share.</p> <p>The net assets of the Company as at 31 July 2016 amounted to \$37,398,418.</p> <p>Under the ASX Listing Rules, the Company must disclose its NTA per Share within 14 days of each month end. Within 2 months of 30 June and 31 December, the Company must also disclose to the ASX and lodge with ASIC its annual and half year financial report.</p>	Section 5

<b>Who will be in control and do they have the appropriate expertise?</b>	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"><li>• Geoff Wilson</li><li>• Matthew Kidman</li><li>• John Abernethy</li><li>• Kate Thorley</li><li>• Chris Stott</li></ul> <p>See Section 8.2 for further details regarding the background of the Directors.</p>	<i>Section 8</i>						
<b>Who has an interest?</b>	<p>All Directors have purchased Shares in the Company and they are all remunerated for their services as a Director.</p> <p>Geoff Wilson is the sole director and indirect owner of the ordinary shares in the Investment Manager, the entity appointed to manage the investment portfolio of the Company. Wilson Asset Management (International) Pty Limited (an entity controlled by Geoff Wilson) owns 15% of the issued capital of the Investment Manager. As the indirect owner of the ordinary shares in the Investment Manager, Geoff Wilson will benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement.</p> <p>Kate Thorley and Chris Stott hold preference shares issued by Wilson Asset Management (International) Pty Limited. As preference shareholders in Wilson Asset Management (International) Pty Limited, an entity that owns ordinary shares in the Investment Manager, Kate Thorley and Chris Stott may benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement. As shareholders in Wilson Asset Management (International) Pty Limited Geoff Wilson will, and Kate Thorley and Chris Stott may also benefit from any service fees paid to Wilson Asset Management (International) Pty Limited for accounting and company secretarial services provided to the Company.</p>	<i>Section 8</i>						
<b>What is the Offer?</b>	<p>The issue is a bonus issue of Options exercisable at \$1.14 per Option.</p> <p>Shareholders in the Company will receive one free Option for every one Share in the Company that they hold at 5:00pm (Sydney time) on the Record Date.</p> <p>The Options are exercisable at any time from their date of issue until 5:00pm (Sydney time) on 17 September 2018.</p> <p>Options entitle holders to purchase additional Shares in the Company at the exercise price of \$1.14 at any time before they expire on 17 September 2018.</p> <p>A maximum of 35,109,715 Options will be issued under this Prospectus.</p>	<i>Section 9</i>						
<b>How will the proceeds be used?</b>	<p>The Issue is a bonus issue of options and therefore no funds will be raised until the Options are exercised.</p> <p>Options can be exercised at any time after issue until expiry on 17 September 2018. The money raised on exercise of the Options will be used by the Company for further investments consistent with the Company's investment strategy. See Section 7.1 – 7.2 for details.</p>	<i>Section 6</i>						
<b>What will be the capital structure?</b>	<p>The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Issue, is set out below:</p> <table><tr><td>Shares on issue</td><td>35,109,715</td></tr><tr><td>Options on issue*</td><td>35,109,715</td></tr><tr><td><b>Fully diluted capital*</b></td><td><b>70,219,430</b></td></tr></table> <p>* Assumes 100% of shares are held by Eligible Shareholders on the Record Date.</p>	Shares on issue	35,109,715	Options on issue*	35,109,715	<b>Fully diluted capital*</b>	<b>70,219,430</b>	<i>Section 6</i>
Shares on issue	35,109,715							
Options on issue*	35,109,715							
<b>Fully diluted capital*</b>	<b>70,219,430</b>							

The above table is a summary only. This Prospectus should be read in full before making any decisions to deal in Shares or Options.

## 2. About the Issue

Question	Answer
<b>Who is the issuer of the Options and this Prospectus?</b>	The issuer is WAM Active Limited (ACN 126 420 719). The issue is being managed by Wilson Asset Management (International) Pty Limited (Wilson Asset Management) as Issuer Manager.
<b>What is the purpose of the Issue?</b>	<p>The Company is seeking to raise funds for the purpose of:</p> <ul style="list-style-type: none"> <li>• increasing the size of the Company;</li> <li>• lowering the Company's management expense ratio (MER); and</li> <li>• satisfying investor demand for the Company's Shares.</li> </ul> <p>Shareholders will benefit from the Issue by receiving one free Option for each Share that they hold at 5:00pm (Sydney time) on the Record Date, that they can chose to exercise at their discretion. The Options will be listed on the ASX providing the opportunity for Shareholders to sell or purchase additional Options.</p> <p>No funds will be raised from the issue of the Options. Only on exercise of the Options will additional funds be available to the Company. See Section 6.1 for details.</p>
<b>What do Shareholders need to do to receive their Options?</b>	<p>Shareholders do not need to do anything to receive Options under the Issue.</p> <p>The Issue is a bonus issue of Options and Shareholders will receive one Option for every one Share held by them at 5:00pm (Sydney time) on the Record Date. You will receive a holding statement from Boardroom Pty Limited with this Prospectus. The holding statement will set out the Options issued to you by the Company.</p>
<b>How many Options will be issued?</b>	<p>The number of Options that will be issued will equal the number of Shares held by Eligible Shareholders at 5:00pm on the Record Date.</p> <p>The maximum number of Options which may be issued is approximately 35,109,715. This maximum number assumes 100% of the Company's issued Share capital is held by Eligible Shareholders.</p>
<b>Who is an Eligible Shareholder?</b>	<p>Eligible Shareholders are registered holders of Shares as at 5:00 pm on the Record Date with a registered address in Australia or such other place determined by the Company in which it would be lawful to make the Issue.</p> <p>Directors and their associates that are Eligible Shareholders will participate in the Issue.</p>
<b>How do Shareholders exercise their Options?</b>	If you would like to exercise your Options, you can do so by completing the notice of exercise form, paying \$1.14 per Option to the Company by cheque or BPAY and returning forms to Boardroom Pty Limited or the Company.
<b>Can Shareholders exercise part of their Option holding?</b>	Yes, Option holders should indicate on the notice of exercise form the number of Options they wish to exercise and remit the appropriate amount of money for that number of Options.
<b>Is there a cooling-off period?</b>	There is no cooling-off period.
<b>How can further information be obtained?</b>	<p>For further information or if you have any questions relating to the Issue, please contact Wilson Asset Management on (02) 9247 6755 or email <a href="mailto:info@wilsonassetmanagement.com.au">info@wilsonassetmanagement.com.au</a>.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>



### 3. Risk factors

#### 3.1 Risk factors

Intending investors should be aware that dealing in and exercising Options involves various risks. There are general risks associated with owning Securities in publicly listed companies. The price of Securities can go down as well as up due to factors outside the control of the Company. Some of these factors include Australian and worldwide economic and political stability, natural disasters, performance of the domestic and global share markets, interest rates, foreign exchange, taxation and labour relations environments.

The operating results and profitability of the Company are sensitive to a number of factors. The following matters, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects:

- (a) The success and profitability of the Company in part depends upon the ability of the Investment Manager to identify market mispricing and trading opportunities and to invest in well-managed companies which have the ability to increase in value over time. Even if the Company does not perform well, it may be difficult to remove the Investment Manager;
- (b) The future earnings of the Company and the value of the investments of the Company may be affected by the general economic climate, commodity prices, currency movements, changing government policy and other factors beyond the control of the Company. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments;
- (c) Variations in legislation and government policies could materially affect operating results;
- (d) 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 Company holds investments. Any variation in the taxation laws of Australia could materially affect the operating results;
- (e) Any variation in foreign exchange rates could materially affect the operating results;
- (f) Any variation in short and long term interest rates could materially affect the operating results through their effect on the price of a security and the cost of borrowing;
- (g) Any variation in commodity prices could materially affect the operating results;
- (h) There is a risk that Shares will 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 under perform other asset classes over extended periods of times. Shareholders in the Company are exposed to this risk both through their holding in Shares and Options in the Company as well as through the Company's Portfolio;
- (i) The past performance of the Company and other entities managed by the Investment Manager, and persons associated with the Investment Manager, are not necessarily a guide to future performance of the Company. The success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Securities. In addition, there are risks inherent in the investment strategy that the Investment Manager will employ for the Company;
- (j) Short selling securities involves borrowing stock and selling these borrowed securities. While the use of 'short sales' can substantially improve the return on invested capital, they are subject to theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. In this way, the use of short sales may also significantly increase an adverse impact to which the Portfolio becomes subject. Additionally, there is a risk that the securities lender may request the 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 Investment Manager's choosing;

- (k) The selling or purchasing of an unhedged option or warrant runs the risk of losing the entire investment or of causing significant losses to the Company in a relatively short period of time;
- (l) The Investment Manager may receive compensation based on the Company's performance. This performance fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would otherwise be the case;
- (m) The Company's Portfolio may be less diversified than other listed investment companies;
- (n) Shareholders are reminded that any investment in the Company should be regarded as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur; and
- (o) The ability of the Investment Manager to continue to manage the Company's Portfolio in accordance with this Prospectus and the Corporations Act is dependent on the maintenance of the Investment Manager's AFSL and its continued solvency. Maintenance of the AFSL depends, among other things, on the Investment Manager continuing to comply with the ASIC imposed licence conditions and the Corporations Act.

## 4. Terms of the Issue

### 4.1 The Issue

The Issue is a one-for-one bonus issue of Options, each Option being exercisable into one Share at an exercise price of \$1.14 per Option.

No funds will be raised by the grant of the Options. If the maximum number of Options are issued under this Prospectus and are subsequently exercised, the Options issued would raise approximately \$40,025,075.

The Issue is made to all Shareholders registered at 5:00pm (Sydney time) on the Record Date (being, 16 September 2016).

The maximum number of Options which may be issued is approximately 35,109,715. The number of Options which you have been issued is shown on the Option holding statement which is enclosed with this Prospectus. You do not need to take any action to receive the Options.

If you would like to exercise your Options you can do so by returning a completed notice of exercise form to the share registrar or the Company and paying \$1.14 per Option to the Company by cheque or Bpay.

### 4.2 Rights attaching to Options

On exercise, the Options will be converted to fully paid ordinary Shares in the Company. Detailed provisions relating to the rights attaching to Options and Shares are set out in the Company's constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of the Company.

See Section 9.3 for a summary of the rights attaching to the Options and Section 9.4 for the rights attaching to the Shares.

### 4.3 ASX quotation of the Options

Within 7 days after the date of this Prospectus, application will be made to the ASX for the Options to be quoted on the ASX.

If the ASX does not give permission for quotation of the Options within 3 months after the date of this Prospectus (or a later date permitted by ASIC), none of the Options will be issued and if any have been issued, the issue will be void, unless ASIC grants an exemption permitting the Issue.

It is expected that quotation of the Options will initially be on a deferred settlement basis.

#### 4.4 Issue and allotment of Options

No Options or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

It is expected Options will be issued on 19 September 2016. Holding statements in relation to the Options will be despatched together with a copy of this Prospectus (currently expected to be 20 September 2016).

It is the responsibility of Shareholders to determine their allocation prior to trading in Options. Shareholders who sell any Options before they receive their holding statements will do so at their own risk.

#### 4.5 Overseas Shareholders

The Options are not offered in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

The Company may form the view that it is unreasonable to make the Issue to overseas Shareholders in jurisdictions (Excluded Holders) having regard to:

- (a) the number of Excluded Holders within the relevant jurisdiction;
- (b) the number and value of Shares held by those Excluded Holders; and
- (c) the cost of complying with overseas legal requirements within the relevant jurisdiction.

The Issue is not being extended, and does not qualify for distribution or sale, and the Options may not be issued to a Shareholder with a registered address outside Australia and any other jurisdiction in which it is not lawful to make the offers of Options in accordance with this Prospectus.

Where the Prospectus has been despatched to persons domiciled in a country other than Australia, and where that country's securities code or legislation prohibits or restricts in any way the making of the Issue, the Prospectus is provided for information purposes only.

#### 4.6 Taxation

The potential tax effects relating to the Issue will vary between Shareholders. Shareholders are urged to consider the possible tax consequences of exercising Options by consulting a professional tax adviser.

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of being granted Options under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of all Shareholders.

The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the Issue. Shareholders should consult their own professional tax adviser in connection with the taxation implications of the Issue.

Before deciding to exercise your Options, you should consider whether the Shares to be issued and allotted on exercise of the Options are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, financial advisor, accountant, lawyer or other professional adviser immediately.

## 5. Financial position of the Company

### 5.1 Net tangible assets per Share

The NTA per Share as reported by the Company to the ASX in accordance with Listing Rule 4.12 for the 2 months before the date of this Prospectus is set out below:

	31 July 2016	30 June 2016
NTA before tax	107.27 cents	104.39 cents
NTA after tax and before tax on unrealised gains	106.25 cents	103.96 cents
NTA after tax	106.25 cents	103.94 cents

### 5.2 Overview of operations and results

In the 12 months to 30 June 2016, the Company's investment operations resulted in an operating profit before tax of \$4,166,837 and an operating profit after tax of \$3,139,348. The value of the Company's Portfolio (before tax and all costs) increased 18.0% over the year while the S&P/ASX All Ordinaries Accumulation Index increased by 2.0%. The Portfolio's value is measured before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index, which is also measured before tax and costs. As at 31 July 2016, the Company's cash holdings were 32.1% and the investment Portfolio had increased 18.3% in the 12-month period.

On 11 August 2016, the Board announced a fully franked final dividend of 2.5 cents per share. This brings the 2016 full year fully franked dividend to 5.0 cents.

The Company listed on the ASX on 11 January 2008 with an NTA of 98.4 cents per Share. Since then, the Company has progressively invested the funds in a broad range of listed companies. The returns generated from these investments has enabled the Company to pay fully franked dividends to Shareholders over time. Since inception, a Shareholder who received a Share on admission of the Company to the ASX and retained that Share would have received 49.1 cents per Share in fully franked dividends in respect of that Share.

### 5.3 Performance to 31 July 2016

The table below sets out the Company's performance for various periods ending 31 July 2016. The performance data excludes all expenses, fees and taxes and is used as a guide to how the Company's Portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also calculated before tax and expenses. The Investment Manager has an absolute return approach to investing and therefore the Company also measures its performance against cash which is shown in the table below.

Performance for periods to 31 July 2016	1 Yr	3 Yrs %pa	5 Yrs %pa	Since inception %pa (Jan-08)
WAM Active Limited <sup>3</sup>	18.3%	14.7%	13.5%	13.2%
S&P/ASX All Ordinaries Accumulation Index <sup>1</sup>	4.0%	8.5%	9.4%	2.9%
<b>Outperformance</b>	<b>+14.3%</b>	<b>+6.2%</b>	<b>+4.1%</b>	<b>+10.3%</b>
UBS Bank Bill Index (cash) <sup>1</sup>	2.2%	2.5%	3.0%	3.9%
<b>Outperformance</b>	<b>+16.1%</b>	<b>+12.2%</b>	<b>+10.5%</b>	<b>+9.3%</b>

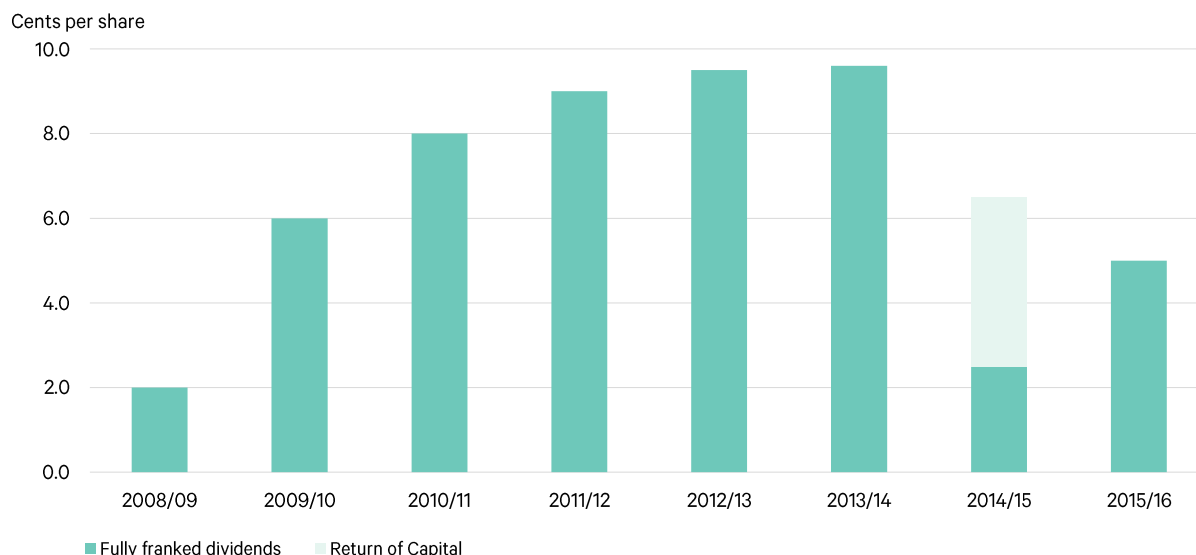
The performance table for the relevant periods has been calculated on the basis of the following assumptions:

1. The performance of the S&P/ASX All Ordinaries Accumulation and UBS Bank Bill Indices is based on trading data prepared by IRESS. IRESS has not consented to the use of this data in this Prospectus.
2. The S&P/ASX All Ordinaries Accumulation and UBS Bank Bill Indices have been chosen for comparison purposes only. The above table is not intended to be an indication of future performance of any asset class, index or the Portfolio.
3. The Company's performance for each of the periods set out above reflect the annualised percentage changes in the value of the Company's Portfolio. The Company's performance has been calculated:
  - a) by reference to the last sale price on the ASX for each investment on the last trading day of each month and the amount of cash maintained by the Company as at that date;
  - b) on a monthly basis, compounded and then annualised over the relevant period;
  - c) by including on an accruals basis dividends, interest and other distributions;
  - d) before the payment of all fees;
  - e) without taking into account any value derived through imputation credits;
  - f) before income tax expenses. The Company considers that the presentation of performance before income tax expense allows the Company's performance to be compared to the S&P/ASX All Ordinaries Accumulation Index;
4. The Company's performance has been presented as a percentage in order to compare it with the S&P/ASX All Ordinaries Accumulation Index.

Past performance of the Company or any other entities managed by the Investment Manager is not indicative of the future performance of the Company.

#### 5.4 Dividends and return of capital since inception

The table below sets out the Company's dividends declared in respect of each financial year since listing on the ASX through to 31 July 2016. The table also details the return of capital undertaken by the Company over this period.



## 5.5 WAM Active Limited investments at market value as at 31 July 2016

As at 31 July 2016 the total value of the Company's Portfolio of investments in ASX listed securities was \$29,235,598. These values were determined on the basis of the last sale price on the ASX at close of trading on 31 July 2016 for ASX quoted securities.

Below is the Portfolio holdings of the Company on 31 July 2016 and the market value of those securities (based on the closing price on that date).

Company Name	Market Value \$	Company Name	Market Value \$
<b>Financials</b>		<b>Consumer Discretionary</b>	
Hunter Hall Global Value Limited	3,057,613	Aristocrat Leisure Limited	1,238,697
Century Australia Investments Limited	1,589,294	WPP AUNZ Limited	965,334
AMP Capital China Growth Fund	1,082,905	JB Hi-Fi Limited	573,585
Templeton Global Growth Fund Limited	924,204	APN News & Media Limited	452,181
Medibank Private Limited	804,862	Breville Group Limited	339,744
AMP Limited	592,446	NZME Limited	251,960
Challenger Limited	588,288	Adairs Limited	189,028
Westoz Investment Company Limited	582,285	Premier Investments Limited	182,313
AUB Group Limited	537,003		<b>4,192,842</b>
Astro Japan Property Group Limited	534,061	<b>Health Care</b>	
IPE Limited	404,460	Medical Developments International Limited	855,294
Australia and New Zealand Banking Group Limited	390,442	Cochlear Limited	696,833
Westpac Banking Corp	388,034	Monash IVF Group Limited	227,990
National Australia Bank Limited	387,855	Virtus Health Limited	197,857
Commonwealth Bank of Australia	381,954	Nanosonics Limited	55,085
Aspen Group Limited	372,400		<b>2,033,059</b>
Galileo Japan Trust	334,790	<b>Industrials</b>	
HFA Holdings Limited	271,202	Southern Cross Electrical Engineering Limited	566,877
Keybridge Capital Limited	258,874	ALS Limited	555,946
Cedar Woods Properties Limited	237,205	MACA Limited	259,228
Wealth Defender Equities Limited	232,581	Cleanaway Waste Management Limited	199,122
Aveo Group	200,221	NRW Holdings Limited	98,397
Hastings High Yield Fund	160,748	Bradken Limited	97,644
NAOS Emerging Opportunities Company Limited	141,094	Programmed Maintenance Services Limited	88,086
Aberdeen Leaders Limited	133,582	Decmil Group Limited	83,018
Bailador Technology Investments Limited	128,880	DMX Corporation	15,465
Acorn Capital Investment Fund Limited	89,396	GWA Group Limited	6,834
Perpetual Equity Investment Company Limited	76,833		<b>1,970,617</b>
Ozgrowth Limited	63,226	<b>Materials</b>	
Arowana Australasian Value Opportunities Fund Limited	58,997	BlueScope Steel Limited	650,608
Ask Funding Limited	29,508	Adelaide Brighton Limited	338,277
Ironbark Capital Limited	28,098	Independence Group NL	180,659
Contango Microcap Limited	3,745	Kingsrose Mining Limited	31,330
Ozgrowth Limited Options expiring 31 Aug 2016	255	Imdex Limited	20,705
Westoz Investment Company Limited Options expiring 31 Aug 2016	66		<b>1,221,579</b>
	<b>15,067,407</b>	<b>Utilities</b>	
<b>Information Technology</b>		Infigen Energy Limited	560,793
Adacel Technologies Limited	898,081		<b>560,793</b>
Afterpay Holdings Limited	702,737	<b>Total Long Portfolio</b>	<b>29,235,598</b>
Touchcorp Limited	573,313	<b>Total Cash, income receivable and net outstanding settlements</b>	<b>12,641,848</b>
Myob Group Limited	517,338	<b>Total Short portfolio</b>	<b>(2,442,675)</b>
SMS Management & Technology Limited	496,250		
QANTM Intellectual Property Limited	343,423	<b>Gross Assets</b>	<b>39,434,771</b>
Rhype Limited	336,112		
Nearmap Limited	148,623		
Primary Opinion Limited	79,593		
Megaport Limited	47,284		
Dyesol Limited	46,547		
	<b>4,189,301</b>		

The above table does not reflect the current Portfolio of investments as the Company has continued to actively trade in securities since 31 July 2016.

## 6. Use of proceeds and effect of the Issue

### 6.1 Use of funds and effect of the Issue

No funds will be raised by the issue of the Options.

The Directors intend to apply the proceeds raised on the exercise of the Options for further investment consistent with the investment objectives and investment process set out in Section 7.

If the maximum number of Options are issued and subsequently exercised by the expiry date, the effect on the Company would be as follows (based on the number of Shares on issue as at the date of this Prospectus):

1. The current number of Shares on issue would increase by 35,109,715 Shares to approximately 70,219,430 Shares; and
2. The cash reserves of the Company would increase by approximately \$40,025,075. These cash reserves would be utilised in pursuing the investment objectives of the Company.

The Directors and the Investment Manager do not guarantee that any Options will be exercised or that those funds will be raised. If the Options are exercised and the funds are raised, then the Company will have further capital to invest.

The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Issue, is set out below:

Shares on issue	35,109,715
Options on issue*	35,109,715
<b>Fully diluted capital<sup>f</sup></b>	<b>70,219,430</b>

\*Assumes 100% of shares are held by Eligible Shareholders on the Record Date.

### 6.2 Unaudited pro-forma Statement of Financial Position

The unaudited pro-forma statement of financial position of the Company as at 30 June 2016 is set out below (which is in the process of being audited by Pitcher Partners) as disclosed in the Preliminary Final Report for the Company released through the ASX on 11 August 2016, adjusted for completion of the Issue and exercise of all the Options.

It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Issue. In particular, it does not reflect actual expenditure of funds since 30 June 2016.

References to 'pro-forma' information are non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in June 2016. Non-IFRS financial information has not been subject to audit or review.

WAM Active Limited  
Unaudited pro-forma Statement of Financial Position

	Actual 30 June 2016 \$	Pro-forma 30 June 2016 (Adjusted for Issue and exercise of Options) \$
<b>Assets</b>		
Cash and cash equivalents	15,974,380	55,932,027
Trade and other receivables	3,139,528	3,139,528
Financial assets	20,720,803	20,720,803
Deferred tax assets	9,156	9,156
<b>Total assets</b>	<b>39,843,867</b>	<b>79,801,514</b>
<b>Liabilities</b>		
Financial liabilities	938,859	938,859
Trade and other payables	2,181,895	2,181,895
Current tax liabilities	162,155	162,155
Deferred tax liabilities	5,231	5,231
<b>Total liabilities</b>	<b>3,288,140</b>	<b>3,288,140</b>
<b>Net assets</b>	<b>36,555,727</b>	<b>76,513,374</b>
<b>Equity</b>		
Issued capital	35,263,028	75,220,675
Reserves	2,610,458	2,610,458
Accumulated losses	(1,317,759)	(1,317,759)
<b>Total equity</b>	<b>36,555,727</b>	<b>76,513,374</b>

- The column headed "Actual 30 June 2016" is a summary statement of financial position of the Company based on the unaudited statement of financial position of the Company as at 30 June 2016
- The column headed "Pro-forma 30 June 2016" is an unaudited pro-forma statement of financial position adjusted to as if completion of the Issue had taken place on 30 June 2016 based on the following assumptions:
  - The maximum number of Options offered under this Prospectus (being 35,109,715 Options) are issued and exercised, and 35,109,715 Shares were issued on 30 June 2016;
  - Issue expenses of \$67,428 were paid on 30 June 2016;
  - the final dividend of \$877,743 in respect of the financial year ended 30 June 2016 has been declared but not paid;
- All amounts are \$A unless otherwise stated.



### 6.3 Statement of comprehensive income

There will be no immediate effect on the Company's statement of comprehensive income as a result of the issue of options pursuant to this Prospectus. The investment of any funds raised from the exercise of Options will ultimately impact the Company's statement of comprehensive income as a result of the performance of the investment. This is not an amount which is presently able to be quantified by the Investment Manager or the Directors.

## 7. Overview of the Company

### 7.1 Investment objectives

The Company's investment objectives are to deliver investors with a regular income stream in the form of fully franked dividends, to provide a positive return with low volatility, after fees, over most periods of time and to preserve capital in both the short and long term.

The Company's ability to pay fully franked dividends is subject to the Company having sufficient profit reserves and franking credits available and it is within prudent business practices to do so.

The above is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

### 7.2 Investment process

The Investment Manager's investment process is known as Market Driven investing. Using this Market Driven investment process, the Investment Manager seeks to take advantage of relative short term arbitrage opportunities and mispricings in the Australian equities market, rather than investing in any individual companies or portfolio of companies for a prolonged period of time. Investment opportunities may be derived from participating in initial public offerings, capital raisings, block trades, oversold positions, takeovers, listed investment companies trading at a discount to their NTA, other companies trading at a discount to their NTA, earnings momentum/surprise, short selling and market themes and trends.

The Company's investment process is further detailed in Section 2 of the original Prospectus dated 6 November 2007, available on the Company's website ([www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au)).

### 7.3 Permitted investments

Under the Investment Management Agreement, the Investment Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with written guidelines issued by the Board from time to time, Board approval for the investment is required.

Under the Investment Management Agreement, the Investment Manager may invest in:

- 7.3.1 listed securities, being any security quoted on the ASX and other markets including, without limitation, shares, units or notes which are redeemable, preference or deferred, fully or partly paid, with or without any right, title or interest thereto or therein (including a right to subscribe for or convert to any such Security whether listed on the ASX or not), and any security of whatsoever nature which the Investment Manager expects will be quoted on the ASX within a 12 month period from the date of investment, and any security that has been listed on the ASX and subsequently becomes delisted;
- 7.3.2 listed securities on any global stock market where the security is also listed on the ASX;
- 7.3.3 warrants and options to purchase any investment and warrants and options to sell any investment which is a permitted investment;
- 7.3.4 discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
- 7.3.5 debentures, unsecured notes and bonds of a corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;

- 7.3.6 units or other interests in cash management trusts; and
- 7.3.7 any other financial products with which the Investment Manager may use in the management of the Portfolio in accordance with its Australian Financial Services Licence.

## 7.4 Dividend policy

The Company aims to pay dividends on a six-monthly basis, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. This is not intended to be a forecast, it is merely an objective of the Company. The Company may not be successful in meeting this objective in the future.

# 8. WAM Active Limited and its Directors

## 8.1 Interests of Directors in the Company

The Company's Directors and their associates hold the following Relevant Interests in the Company:

Directors	Ordinary Shares
Geoff Wilson	1,093,892
Matthew Kidman	446,772
John Abernethy	60,000
Kate Thorley	37,634
Chris Stott	28,317

Directors and their associates who are Eligible Shareholders will participate in the Issue.

## 8.2 Background of the Directors

### Geoff Wilson

Geoff Wilson has over 35 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Financial Securities Institute of Australia (FINSIA). Geoff has been Chairman of the Company since its incorporation.

Geoff Wilson is currently Chairman of WAM Research Limited, WAM Capital Limited, WAM Leaders Limited and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited and Future Generation Investment Company Limited and a Director of Australian Leaders Fund Limited, Clime Capital Limited, Global Value Fund Limited, Century Australia Investments Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, the Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also founder, Director and beneficial owner of shares in investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

### Matthew Kidman

Matthew Kidman is Principal and Portfolio Manager of Centennial Asset Management Pty Limited. Previously, Matthew Kidman worked as a Portfolio Manager at Wilson Asset Management (International) Pty Limited for 13 years between 1998 and 2011. Prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997 he was made Business Editor of the paper and was charged with the responsibility of company coverage. He has degrees in Law and Economics and a Graduate Diploma in Applied Finance. Matthew has been a Director of the Company since its incorporation.

Matthew Kidman is currently Chairman of Watermark Market Neutral Fund. He is a Director of WAM Capital Limited, WAM Research Limited, Incubator Capital Limited, and Sandon Capital Investments Limited.

### John Abernethy

John Abernethy has over 30 years experience in funds management and corporate advisory. He spent ten years at NRMA Investments as Head of Equities managing portfolios. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Clime Investment Management Limited in 1996. He has a Bachelor of Law and Commerce from University of NSW. John has been a Director of the Company since November 2007.

John Abernethy is Chairman of Clime Capital Limited. He is a Director of Clime Investment Management Limited, WAM Research Limited, Australian Leaders Fund Limited, Jasco Holdings Limited and Watermark Market Neutral Fund Limited.

### Kate Thorley

Kate Thorley has over 10 years experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited. Previously, Kate held the positions of Chief Financial Officer and Financial Accountant for Wilson Asset Management (International) Pty 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 CPA. She is a member of AICD and FINSIA. Kate has been a Director of the Company since July 2014.

Kate Thorley is currently Director of WAM Research Limited, WAM Leaders Limited, WAM Capital Limited and Future Generation Investment Company Limited. Kate is also the Company Secretary of WAM Capital Limited and Future Generation Global Investment Company Limited.

### Chris Stott

Chris Stott has over 13 years experience in the funds management industry. Chris is the Chief Investment Officer and Portfolio Manager of Wilson Asset Management (International) Pty Limited and is responsible for the research, management and construction of the company's portfolios. Previously, Chris was employed at Challenger Financial Services Group for four years in various research and administrative roles specialising in Australian Equities. He holds a Bachelor of Business from the University of Technology, Sydney and a Graduate Diploma in Applied Finance and Investment. He is a member of AICD and FINSIA. Chris has been a Director of the Company since July 2014.

Chris Stott is currently Director of WAM Leaders Limited, WAM Research Limited and WAM Capital Limited.

## 8.3 No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Issue. Further, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

## 8.4 Directors' remuneration

Directors are entitled to receive Directors' fees of \$110,000 per annum to be shared among the Directors. Additional remuneration may be paid in accordance with the Company's Constitution. The below table summarises the Directors' remuneration paid for the year ended 30 June 2016:

Director	Total \$
Geoff Wilson	10,000
Matthew Kidman	30,000
John Abernethy	30,000
Chris Stott	10,000
Kate Thorley	10,000
<b>Total</b>	<b>90,000</b>

## 8.5 Related party disclosures

Geoff Wilson is the sole director and indirect owner of the ordinary shares in the Investment Manager, the entity appointed to manage the investment portfolio of the Company. Wilson Asset Management (International) Pty Limited (an entity controlled by Geoff Wilson) owns 15% of the issued capital of the Investment Manager. As the indirect owner of the ordinary shares in the Investment Manager, Geoff Wilson will benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement.

Kate Thorley and Chris Stott hold preference shares issued by Wilson Asset Management (International) Pty Limited. As preference shareholders in Wilson Asset Management (International) Pty Limited, an entity that owns ordinary shares in the Investment Manager, Kate Thorley and Chris Stott may benefit from any fees paid to the Investment Manager in accordance with the Investment Management Agreement. As shareholders in Wilson Asset Management (International) Pty Limited Geoff Wilson will, and Kate Thorley and Chris Stott may also benefit from any service fees paid to Wilson Asset Management (International) Pty Limited for accounting and company secretarial services provided to the Company.

Details of fees payable to the Investment Manager and Wilson Asset Management (International) Pty Limited are set out below:

1. In accordance with the Investment Management Agreement, the Investment Manager is entitled to be paid a management fee of 1% p.a (plus GST) of the gross value of the Portfolio. In the 2016 financial year, this management fee amounted to \$403,599 inclusive of GST (2015: \$398,597).

In addition, the Investment Manager is entitled to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the Portfolio over each performance period subject to a high water mark.

The high water mark is the greater of the:

- The highest gross value of the Portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- The gross proceeds raised from the issue of Shares pursuant to the Company's original prospectus dated 6 November 2007.

If the gross value of the Portfolio falls below a previous high water mark, then no further performance fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2016, a performance fee of \$1,139,721 inclusive of GST is payable to the Investment Management (2015: \$267,314).

2. Wilson Asset Management (International) Pty Limited has a service agreement in place with the Company to provide accounting and secretarial services on commercial terms. For the 2016 financial year, the accounting services amounted to \$38,500 inclusive of GST (2015: \$38,500) and the company secretarial services amounted to \$16,500 inclusive of GST (2015: \$15,000 GST free).

## 8.6 Deed of indemnity

The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an Director of the Company. The Company has also agreed to maintain in favour of each Director a directors' and officers' policy of insurance for the period that they are Directors and for 7 years after they cease to act as Directors.

# 9 Additional information

## 9.1 Capital structure

As at the date of this Prospectus, the Company had 35,109,715 Shares on issue. On completion of the Issue, the maximum number of Options on issue will be 35,109,715 Options. If 35,109,715 Options are issued and subsequently exercised, the number of Shares on issue would increase to 70,219,430 Shares.

## 9.2 Legal proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had or may have a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

## 9.3 Rights attaching to the Options

The terms and conditions of the Options are as follows:

### Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

### Transfer/transmission

An Option may be transferred or transmitted in any manner approved by the ASX.

### Exercise

On exercise, the Company will issue a Share for each Option exercised. An Option may be exercised by delivery to the Company of a duly completed notice of exercise of options, signed by the registered holder of the Option, together with payment to the Company of \$1.14 per Option being exercised.

An Option may be exercised on any business day from issue to 5:00pm (Sydney time) on 17 September 2018 (inclusive), but not thereafter.

A notice of exercise of options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

### Dividend entitlement

Options do not carry any dividend entitlement. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from issue.

### Participating rights

For determining entitlements to the Issue, optionholders may only participate in new issues of Securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least 4 business days notice to optionholders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

If between the date of issue and the date of exercise of an Option, the Company makes one or more rights issues (being a pro rata issue of ordinary shares in the capital of the Company that is not a bonus issue), the exercise price of options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E [P - (S + D)]}{(N + 1)}$$

### Where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which one Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the five trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for Shares under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

### **Reconstructions and alteration of capital**

Any adjustment to the number of outstanding Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the ASX Listing Rules.

### **ASX Listing**

The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

## **9.4 Rights attaching to the Shares**

The following information is a summary of the terms of issue of Shares as contained in the Company's Constitution. Shareholders have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders at a general meeting by special resolution.

## **9.5 Investor considerations**

Before deciding to exercise your Options, you should consider whether the Shares to be issued and allotted on exercise of the Options are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, accountant, solicitor or other professional adviser immediately.

The potential tax effects relating to the Issue will vary between Shareholders. Shareholders are urged to consider the possible tax consequences of participating in the Issue by consulting a professional tax adviser.

## **9.6 Continuous disclosure and documents available for inspection**

The Company is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

- prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a Directors' statement and report and an audit or review report;



- within 14 days after the end of each month, notify the ASX the net tangible assets of its quoted securities as at the end of that month; and
- immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Company may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to the Company may be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)),

This Prospectus is issued pursuant to Section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with more limited disclosure than would be required in a full-form prospectus, when the Company has been a listed disclosing entity for a period of at least 12 months.

## 9.7 Other Documents

The Company will provide a copy of any of the following documents free of charge to any person who requests a copy in relation to this Prospectus:

- the annual financial report of the Company for the year ended 30 June 2015 being the most recent annual report lodged with ASIC before the lodgement of this Prospectus;
- the half-year financial report for the period ending 31 December 2015, being the half-year lodged with ASIC by the Company after the lodgement of the 2015 annual report and before the lodgement of the copy of this Prospectus with ASIC; and
- any other document or financial statement lodged by the Company with ASIC or the ASX under the continuous disclosure reporting requirements in the period after lodgement of the 30 June 2015 annual financial report referred to above to the date of lodgement of this Prospectus with ASIC being:

Date	Announcement	Date	Announcement
6/08/16	Becoming a substantial holder for IMD	24/03/16	Change in substantial holding for HHY
11/08/16	Bonus Option Issue	18/03/16	Invitation to Investor Presentation
11/08/16	Media Release FY16 Results - PROFIT UP 365% TO \$4.2m	17/03/16	Appendix 3Y Change in Directors Interest - C Stott
11/08/16	Appendix 4E Preliminary Final Report FY2016	14/03/16	Investment Update & NTA February 2016
11/08/16	Dividend/Distribution - WAA	02/03/16	Becoming a substantial holder for GJT
11/08/16	Investment Update & NTA July 2016	24/02/16	Media Release HY16 Results - 2.5c fully franked dividend
21/07/16	Change in substantial holding for TGG	24/02/16	Dividend/Distribution - WAA
14/07/16	Becoming a substantial holder for SMX	24/02/16	Appendix 4D Half Year to 31 Dec 2015 Results
14/07/16	Investment Update & NTA June 2016	12/02/16	Change in Company Secretary
08/07/16	Appendix 3Y Change in Directors Interest - G Wilson	12/02/16	Investment Update & NTA January 2016
05/07/16	Change in substantial holding for CYA	08/02/16	Change in substantial holding for AKF
30/06/16	Change in substantial holding for KBC	14/01/16	Investment Update & NTA December 2015
14/06/16	Investment Update & NTA May 2016	12/01/16	Media release - WAA announces strong 12-month performance
09/06/16	Change in substantial holding for HHY	15/12/15	Change in substantial holding for HHY
02/06/16	Change in substantial holding for KBC	11/12/15	Investment Update & NTA November 2015
25/05/16	WAM LEADERS IPO RAISES RECORD \$394.3M	24/11/15	Appointment of Auditor
19/05/16	Change in substantial holding for WIC	24/11/15	WAA AGM Proxy Results November 2015
17/05/16	WAM Leaders IPO upscaled to meet investor demand	24/11/15	Investor Presentation
13/05/16	Investment Update & NTA April 2016	24/11/15	WAA AGM - Chairman's Address
11/05/16	Ceasing to be a substantial shareholder for GJT	20/11/15	Change in substantial holding for HHV
11/05/16	WAM Leaders IPO raises over \$330m one week from close	19/11/15	Investor Presentation
04/05/16	Appendix 3B - DRP	16/11/15	Change in substantial holding for HHY
04/05/16	Appendix 3Y Change in Directors Interest - K Thorley	12/11/15	Investment Update & NTA October 2015
04/05/16	Appendix 3Y Change in Directors Interest - M Kidman	06/11/15	Becoming a substantial holder for WIC
04/05/16	Appendix 3Y Change in Directors Interest - C Stott	03/11/15	Appendix 3Y Change in Directors Interest - M Kidman
19/04/16	Becoming a substantial holder for SXE	03/11/15	Appendix 3Y Change in Directors Interest - K Thorley
19/04/16	Update - Dividend/Distribution - WAA	03/11/15	Appendix 3Y Change in Directors Interest - C Stott
14/04/16	Investment Update & NTA March 2016	02/11/15	Appendix 3B
11/04/16	Investor Presentation	23/10/15	Notice of Annual General Meeting/Proxy Form
08/04/16	Becoming a substantial holder for TGG	22/10/15	Update - Dividend/Distribution - WAA
06/04/16	Updated Invitation to Investor Presentation	19/10/15	Ceasing to be a substantial shareholder for CYG
05/04/16	Priority entitlement to WAA shareholders in WLE IPO	14/10/15	Investment Update & NTA September 2015

## 9.8 Expenses of the Issue

Expenses of the Issue including ASIC and ASX fees, printing costs and legal costs are estimated to be approximately \$67,428.

## 9.9 Minimum subscription

There is no minimum subscription for the Issue.

## 9.10 ASIC Instruments

The Issue is made pursuant to ASIC Corporations (Options: Bonus Issues) Instrument 2016/77 which exempts the Company from complying with Section 723(1) of the Corporations Act 2001 to the extent that the subsection only permits an Issue of the Options in response to an application form included in or accompanied by a disclosure document.

The Issue is also made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act 2001 to the extent that the section prohibits the Company from issuing Options during the exposure period following lodgement of this Prospectus.

## 9.11 Other information

There is no information relating to the Issue that, because of its confidential or prejudicial nature, has not been notified to the ASX which investors or their professional advisers would reasonably require and reasonably expect to make an informed assessment of the effect on the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Options.

## 9.12 Consents and responsibility statements

Pitcher Partners has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as auditor of the Company in the form and context in which it is named.

MAM Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Investment Manager of the Company in the form and context in which it is named.

Wilson Asset Management (International) Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Issue Manager in the form and context in which it is named.

Boardroom Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as share registrar of the Company in the form and context in which it is named.

None of Pitcher Partners, Boardroom Pty Limited or Wilson Asset Management (International) Pty Limited:

- has authorised or caused the issue of the Prospectus;
- has made, or purported to have made, any statement in this Prospectus, except this section; and
- assumes responsibility for any part of this Prospectus except for statements in this section.

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named. Except to the extent indicated above, none of the above parties has authorised or caused the issue of the Prospectus and takes no responsibility for its contents.



## 10 Definitions and interpretation

### 10.1 Defined Terms

In this Prospectus:

**AFSL** means Australian Financial Services License.

**ASIC** means the Australian Securities & Investments Commission.

**Associate** has the same meaning as in the Corporations Act.

**ASX** or **Australian Securities Exchange** means the ASX Limited or the securities exchange operated by ASX Limited.

**Company** means WAM Active Limited (ACN 126 420 719).

**Company Constitution** means the constitution of the Company.

**Directors** or **Board** means the directors of the Company.

**Eligible Shareholders** means registered holders of Shares as at 5:00 pm on the Record Date with a registered address in Australia or such other place determined by the Company in which it would be lawful to make the Issue. Directors and their associates that are Eligible Shareholders will participate in the Issue.

**Issue** means the issue of approximately 35,109,715 Options offered to Shareholders under this Prospectus.

**Issue Manager** means Wilson Asset Management (International) Pty Limited (ACN 081 047 118).

**Listing Rules** means the listing rules of the ASX.

**Investment Manager** means MAM Pty Limited (ACN 100 276 542).

**Investment Management Agreement** means the investment management agreement between the Investment Manager and the Company.

**Option** means an option to acquire a Share with an exercise price of \$1.14 to be granted pursuant to this Prospectus.

**Portfolio** means the portfolio of investments of the Company from time to time.

**Prospectus** means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with ASIC from time to time.

**Record Date** means 16 September 2016.

**Related Body Corporate** has the meaning given to that term under Section 50 of the Corporations Act.

**Relevant Interest** has the meaning set out in the Corporations Act.

**Securities** means securities as defined in Section 92 of the Corporations Act.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a registered holder of a Share.

**Share Registrar** means Boardroom Pty Limited.

## 10.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- The singular includes the plural and vice versa;
- A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- A reference to any gender includes both genders;
- A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- A reference to “dollars” or “\$” is to Australian currency;
- In this document, headings are for ease of reference only and do not affect its interpretation; and
- Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.


## 10.3 Governing Law

This Prospectus is governed by the laws of New South Wales.

## 10.4 Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: 12 September 2016

A handwritten signature in black ink, appearing to be 'Geoff Wilson', with a long horizontal line extending to the right.

Geoff Wilson, Chairman  
WAM Active Limited