

# W | A | M *Active*

*Mispricing opportunities in the Australian market*

Shareholder Update and Q&A

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## Estimated investment portfolio performance as at 28 February 2021

Investment portfolio performance FYTD<sup>1</sup>

+21.6%

Annualised fully franked interim dividend

6.0cps

Annualised fully franked dividend yield  
on SPP price of \$1.08 per share

5.6%

1 year investment portfolio performance  
to 28 February 2021<sup>1</sup>

+18.7%

Dividend coverage<sup>2</sup>

2.2 years

Annualised fully franked grossed-up dividend  
yield<sup>3</sup> on SPP price of \$1.08

7.9%

1. Investment portfolio performance and index returns are before expenses, fees and taxes.

2. The Company's profits reserve at the end of the period was 13.3 cents per share, before the payment of the fully franked interim dividend of 3.0 cents per share and the Issue of shares under the SPP and Placement.

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

# Share Purchase Plan

## Key dates

SPP Record Date (7:00pm Sydney time)	Tuesday, 23 February 2021
Announcement of SPP and Bonus Issue of Options	Wednesday, 24 February 2021
SPP opens and Issue of SPP Terms and Conditions	Thursday, 25 February 2021
SPP closes (5:00pm Sydney time)	Wednesday, 17 March 2021
Issue of SPP Shares	Thursday, 25 March 2021

- Shareholders<sup>4</sup> can increase their interest in the Company and acquire up to \$30,000 of ordinary, fully paid shares in WAM Active without incurring any brokerage fees.
- Offered to shareholders at the fixed price of \$1.08 per share, at a discount to the 23 February 2021 share price of \$1.11 per share
- Shareholders who participate in the SPP will be entitled to the fully franked interim dividend of 3.0 cents per share<sup>5</sup> on shares issued under the Offer.
- The Board intends to offer existing WAM Active professional and sophisticated investors<sup>6</sup> the ability to participate in a Placement at the same price and under the same terms as the SPP.

4. Shareholders on the WAM Active register as at 7:00pm (Sydney time) on Tuesday, 23 February 2021 with a registered address in Australia or New Zealand.

5. Assumes shareholders continue to hold shares issued under the offer at the dividend record date on Wednesday, 19 May 2021.

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

## Participating in the SPP

There are two ways to participate in the SPP.

1. Online at [wamactivespp.com.au](http://wamactivespp.com.au) using the SRN or HIN and part of the holding's registered name. Online Applications and payment must be made by 5:00pm (Sydney time) on **Wednesday, 17 March 2021 (the Closing Date)**; and
2. WAM Active's share registry, Boardroom Pty Limited, has emailed application forms to eligible shareholders who have email addresses on the share register, this email will come from [companies@boardroomlimited.com.au](mailto:companies@boardroomlimited.com.au). Printed copies have been mailed only to those shareholders who do not have email addresses on the share register.

# One-for-one Bonus Issue of Options

## Key dates

Announcement of Bonus Issue of Options and lodgement of Options Prospectus	Wednesday, 24 February 2021
Shares trade ex-Bonus Options entitlement	Wednesday, 24 March 2021
Options commence trading on a deferred settlement basis	Wednesday, 24 March 2021
Record date to determine entitlements under the Bonus Option Issue (7:00pm Sydney time)	Thursday, 25 March 2021
Issue of Options	Friday, 26 March 2021
Despatch of Option Exercise Form and normal trading of Options commences on the ASX	Monday, 29 March 2021
Options expire (5:00pm Sydney time)	Monday, 31 October 2022

- Shareholders who participate in the SPP will be entitled to the Bonus Option Issue on any new Shares issued under the Offer and held at the record date
- Each WAM Active Option provides holders with the opportunity, but not the requirement, to purchase one additional WAM Active share for \$1.10 per Option, without incurring any brokerage fees
- Options can be exercised at any time, up until they expire on Monday, 31 October 2022
- Shares issued on Options exercised on or before Thursday, 13 May 2021 will also receive the fully franked interim dividend of 3.0 cents per share<sup>7</sup>, which represents an annualised fully franked dividend yield of 5.5% and a grossed-up dividend yield of 7.8%<sup>8</sup>, on the exercise price of \$1.10 per Option
- Options will trade on the ASX under the code WAAOA from 29 March 2021

**All investors who purchase WAM Active shares on the ASX up until Tuesday, 23 March 2021 will be entitled to receive the Bonus Options at no additional cost.**

<sup>7</sup>Assumes shareholders continue to hold shares issued under the offer at the dividend record date on Wednesday, 19 May 2021.

<sup>8</sup>Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

# LIC options explained

Many listed investment companies (LICs) issue bonus options to shareholders giving option holders various benefits, including the opportunity to buy shares at a discount.

## Overview

Options give the optionholder the right, but not the obligation, to buy shares in the LIC at a fixed price until they expire. If the share price increases above the option exercise price optionholders have the opportunity to acquire new shares at a discount.

**Optionholders have two main choices before their options expire:**

1

Exercise some or all options for the exercise price and be issued new shares in the LIC.

2

Sell some or all options for a profit.



*If optionholders take no action, their options will simply expire.*

## Key terms

### Bonus option issue

The issue of free options to shareholders by a company. A company may issue bonus options when it lists on the ASX (initial public offering) or once it is trading.

### Exercise price

The price shares can be purchased when an option is exercised. Sometimes called the strike price.

### Expiry date

The last day to exercise options.

### In the money

A phrase used when the share price of the underlying shares is higher than the exercise price of the option.

### Option price

The price options are trading at on the ASX.

### Underlying shares

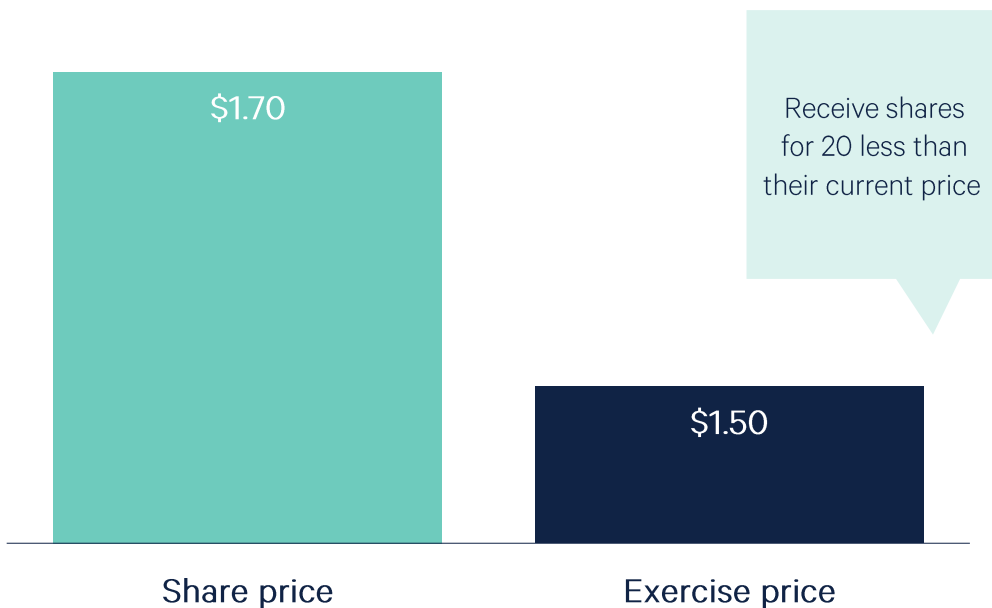
The company shares or securities over which the options are issued. Options can be exercised to receive additional underlying shares.

# Buy shares at a discount

## EXAMPLE

### If shares are trading on the ASX above the exercise price:

Optionholders can exercise their options and be issued new shares in the company at a discount to the current market price.



### If shares are trading on the ASX below the option exercise price:

Optionholders can choose not to exercise their options and instead buy additional shares on market at less than the exercise price.





# Benefits



## Acquire shares at a discount

Until the time the options expire, optionholders can exercise options to receive shares in the company for a fixed price (the exercise price). If the exercise price is lower than the current price of the underlying shares, optionholders acquire shares at a discount.



## Grow assets

Issuing options grows the assets of the LIC. As the company's size increases, the on-market liquidity for its shares can increase. If the exercise price is at a premium to its net tangible assets (NTA), the exercise of options is NTA accretive.



## Receive dividends

If optionholders exercise their options before the record date for dividends, they are entitled to receive any announced dividends for each option exercised. This assumes the shares received from the exercise of options are held on the dividend record date.



## Sell options for a gain

As options trade on the ASX, optionholders can sell their options for a profit. Options are issued at no cost to the option holder



## No brokerage costs

Unlike buying shares trading on the ASX, exercising options allows optionholders to acquire new shares without paying brokerage.



## Flexibility

Optionholders have maximum flexibility and can exercise, sell or hold their options in any combination until they expire.

# Investment portfolio update

Australian economic strength –  
rotation to financials  
and deep cyclicals



SEVEN WEST MEDIA

Genworth 

*News Corp*

**ooh!**

Global vaccine roll-out



MONEY UK

**RWC**



**Ramsay**  
Health Care

Agriculture – biggest winter east  
coast crop in 20 years

**Costa**  
well grown



**GrainCorp**



OVER 20 YEARS Making a difference

# Q&A



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