

WAM Active announces a Share Purchase Plan followed by Bonus Issue of Options to all shareholders

24 February 2021
ASX announcement

The WAM Active Limited (ASX: WAA) Board of Directors has announced its intention to grow WAM Active to the benefit of all shareholders through a Share Purchase Plan (SPP), Placement and Bonus Issue of Options.

Share Purchase Plan

The WAM Active Board of Directors is pleased to offer existing shareholders the opportunity to increase their interest in the Company with the announcement of a Share Purchase Plan. The SPP offers shareholders¹ the opportunity to acquire up to \$30,000 of ordinary, fully paid shares in WAM Active without incurring any brokerage fees.

The SPP will be offered to existing 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 receive the fully franked interim dividend² of 3.0 cents per share on shares issued under the offer. The fully franked interim dividend represents an annualised fully franked dividend yield of 5.6% and a grossed-up dividend yield of 7.9%³ on the SPP price of \$1.08 per share.

Shareholders will have the opportunity to apply for the SPP via an online acceptance facility. The online acceptance facility will open tomorrow. Full details, including access to the dedicated website and application instructions will be made available in the SPP Booklet to be announced tomorrow.

Placement

The Board currently intends to offer existing WAM Active professional and sophisticated investors⁴ the ability to participate in a Placement at the same price and under the same terms as the SPP. The Placement is currently expected to occur in March 2021. Up to an additional 11.7 million shares can be raised through the Placement, utilising WAM Active's 15% placement capacity under the ASX Listing Rules and the additional 10% placement capacity approved by shareholders at the AGM (where applicable). If you would like to participate, please call your stockbroker, financial advisor or Hamish Nairn from Taylor Collison on (08) 8217 3908.

One-for-one Bonus Issue of Options

The Board is also pleased to announce a Bonus Issue of Options. Shareholders who participate in the SPP and Placement will be entitled to the Bonus Option Issue on any new Shares issued under the Offer, which continue to be held by the Shareholder at 7:00pm (Sydney time), Thursday, 25 March 2021, the record date for the Bonus Option Issue.

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. The Options can be exercised at any time, up until they expire on Monday 31 October 2022. Shares issued on Options exercised on or before 13 May 2021 will also receive the fully franked interim dividend of 3.0 cents per share², which represents an annualised fully franked dividend yield of 5.5% and a grossed-up dividend yield of 7.8%³ on the exercise price of \$1.10 per Option. The 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 23 March 2021 will be entitled to receive the Bonus Options at no additional cost.

Benefits to all shareholders

The SPP, Placement and Bonus Issue of Options will deliver benefits to all shareholders beyond the opportunity for participants to purchase shares at a discount to the current market price. The share price closed at \$1.11 per share on 23 February 2021 and WAM Active's pre-tax NTA as at 31 January 2021 was \$1.00 per share⁵.

¹ 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.

² Assumes shareholders continue to hold shares issued under the offer at the dividend record date on Wednesday, 19 May 2021.

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

⁴ 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.

⁵ Refer to the January 2021 Investment Update.

The investment portfolio currently holds 6.8%⁶ in cash and the investment team sees significant opportunities that fit the WAM Active investment process.

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

Use of additional capital

The proceeds of the additional capital will be invested in accordance with WAM Active's disciplined and proven investment process. As at 31 January 2021, the WAM Active investment portfolio has returned 12.0%⁷ per annum since inception in January 2008 and the investment portfolio performance has been achieved with less volatility than the S&P/ASX All Ordinaries Accumulation Index, as measured by its standard deviation, 10.8% versus 15.2%. WAM Active employs Wilson Asset Management's market-driven investment process, which is focused on delivering absolute returns in all market cycles, with the least risk possible. For the financial period to 31 January 2021, the investment portfolio increased 18.6%⁷, while the Bloomberg AusBond Bank Bill Index, representing the return on cash, was flat⁷. The S&P/ASX All Ordinaries Accumulation Index rose 16.0%⁷ over the same period.

WAM Active's gross assets as at 31 January 2021 were \$48.2 million, 94.9% of which were allocated to equities, with the remaining 5.1% held in cash. We are positive on the outlook for equities and see significant opportunities that fit the WAM Active investment process. Additional capital allows us to actively pursue opportunities in the market as they arise, while protecting capital at all times.

Indicative timetable

SPP Record Date (7:00pm Sydney time)	Tuesday, 23 February 2021
Announcement of SPP and Bonus Issue of Options	Wednesday, 24 February 2021
Lodgement of Options Prospectus	Wednesday, 24 February 2021
SPP opens and Issue of SPP Terms and Conditions	Thursday, 25 February 2021
SPP closes	Wednesday, 17 March 2021
Shares trade ex-Bonus Options entitlement	Wednesday, 24 March 2021
Options commence trading on a deferred settlement basis	Wednesday, 24 March 2021
Issue of SPP Shares	Thursday, 25 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
SPP Shares expected to commence trading on ASX	Friday, 26 March 2021
Normal trading in Options commences on the ASX	Monday, 29 March 2021
Despatch of Option Exercise Form	Monday, 29 March 2021
Dividend ex date	Tuesday, 18 May 2021
Dividend record date	Wednesday, 19 May 2021
Dividend payment date	Friday, 28 May 2021
Options expire (5:00pm Sydney time)	Monday, 31 October 2022

⁶ Cash position as at 23 February 2021.

⁷ Investment portfolio performance and Index returns are before expenses, fees and taxes.

About WAM Active

WAM Active Limited has an investment management agreement with Wilson Asset Management. Listed in January 2008, WAM Active provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. WAM Active's investment objectives are to deliver a regular income stream via fully franked dividends, provide a positive return with low volatility, after fees, over most periods of time, and to preserve capital.

All major platforms provide access to WAM Active, including AMP North, BT Panorama, Colonial First State FirstWrap, Netwealth, Macquarie Wrap and Hub24. WAM Active receives coverage from the following independent investment research providers:

BELL POTTER

ORD MINNETT

Zenith
Investment Partners

INDEPENDENT
INVESTMENT RESEARCH

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for seven leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Alternative Assets, WAM Research and WAM Active, Wilson Asset Management invests over \$3.5 billion on behalf of more than 90,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first listed investment companies to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian Charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.

Wilson
Asset Management

OVER 20 YEARS Making a difference

For further information, visit wilsonassetmanagement.com.au or contact:

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