

WAM Active Limited

Notice of Extraordinary General Meeting 2015



Notice is given that the Extraordinary General Meeting (EGM) of members of WAM Active Limited (the Company) will be held as follows:

Date: **Tuesday, 19 May 2015**
Time: **9.00am**
Venue: **Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney**

SPECIAL BUSINESS

Resolution: Return of Capital

To consider, and if thought fit, to pass the following resolution as an ordinary **resolution**:

"That, for the purposes of section 256C(1) of the Corporations Act 2001 (Cth) and for all other purposes, the reduction of the share capital of the Company by an amount of 4.0 cents per Share applied equally against each fully paid ordinary share on issue in the Company on the Record Date is approved."

Proxies

A member entitled to attend and vote at this EGM is entitled to appoint not more than two proxies to attend and vote in his/her place. A proxy does not need to be a member of the Company. A Proxy Form is provided with this Notice.

If a member appoints two proxies, the member may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the member's votes. If the specified proportion or number of votes exceeds that which the member is entitled to, each proxy may exercise half of the member's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxies can be appointed in one of three ways:

- (a) online through the share registry's website at: www.votingonline.com.au/wamactiveegm2015
- (b) by posting or delivering the Proxy Form by hand to share registry (addresses below); or
- (c) by faxing the Proxy Form to the share registry (fax number below).

Proxies must be appointed no later than 48 hours before the EGM i.e. 9.00 am on Sunday, 17 May 2015.

Hand deliveries to our share registry: Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Postal address: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Fax number: +61 (2) 9290 9655

Entitlement to Vote

In accordance with section 1074E(2)(g)(i) of the *Corporations Act 2001* (Cth) and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting all shares in the capital of the Company will be taken to be held by the persons who held them as registered holders at 7.00pm on 15 May 2015. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the EGM.

By order of the Board
Kate Thorley
Company Secretary
2 April 2015

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Explanatory Memorandum

This Explanatory Memorandum relates to the Extraordinary General Meeting of members of WAM Active Limited to be held at Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Tuesday 19 May 2015 at 9.00am.

RETURN OF CAPITAL TO SHAREHOLDERS

What is the Return of Capital?

The Company seeks Shareholder approval pursuant to Section 256C(1) of the *Corporations Act* for a capital reduction and return to Shareholders of 4.0 cents per Share held at the Record Date, to return a total of \$1,387,750.40 to Shareholders (**Return of Capital**).

The monies that will be used to make payments to participating Shareholders in respect of the Return of Capital will be sourced from the Company's existing cash reserves.

The amount of 4.0 cents per Share will be returned to participating Shareholders by way of an equal reduction of capital under Chapter 2J.1 of the *Corporations Act*. Shareholders recorded on the Company's share register on the Record Date will participate in the Return of Capital with respect to the number of Shares registered in their name at that time. The Record Date is expected to be 25 May 2015.

The number of issued shares in the Company will not change as a result of the Return of Capital.

For the purposes of the *Corporations Act*, the proposed Return of Capital is treated as an "equal" reduction of capital and requires approval by an ordinary resolution of Shareholders at a general meeting of the Company.

What are the reasons for the Return of Capital?

As at 31 December 2014, the Company's net assets were less than issued capital. The Board recognises that the Return of Capital will provide Shareholders with cash flow. The Board considers the primary advantage in approving the Return of Capital is that it will enable the Company to repatriate capital to its Shareholders, which is in excess of its current requirements.

What is the effect of the Return of Capital on the Company?

Effect on capital structure

If the Return of Capital is implemented, the Company's issued share capital will be reduced by \$1,387,750.40, being 4.0 cents per fully paid ordinary Share.

As no Shares will be cancelled in connection with the Return of Capital, the Return of Capital will not affect the number of Shares held by each Shareholder or the control of the Company. Following the Return of Capital, the Company will continue to have 34,693,760 Shares on issue.

Share price impact

If the Return of Capital is implemented, Shares may trade at a lower share price than they would have done had the Return of Capital not been implemented. This is likely to occur from the "ex" date of 21 May 2015, being the day that Shares trade without an entitlement to participate in the Return of Capital.

Dividends

The Return of Capital will not impact the dividend policy of the Company. The Company's policy is to pay an increasing stream of fully franked dividends to Shareholders, subject to having sufficient profit reserves and the payment being within prudent business practices. When a dividend is declared, it is usually paid on a six-monthly basis. The Board has not declared an interim dividend for the half year to 31 December 2014.

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Tax implications for the Company

No adverse tax consequences are expected to arise for the Company as a result of the Return of Capital.

Financial impact

The effect of the Return of Capital is that the Company's cash reserves will be reduced by the amount of capital (cash) returned (paid) to Shareholders (approximately \$1,387,750), while at the same time the paid up capital will decrease by the corresponding amount.

The Company will have sufficient cash reserves to pay its creditors after the Return of Capital.

To assist Shareholders to assess the impact of the Return of Capital on the Company, set out below is an abridged pro forma statement of financial position based on the auditor reviewed accounts of the Company for the period ended 31 December 2014. The pro forma shows the effect of the Return of Capital of approximately \$1,387,750 as if it had taken place on 31 December 2014.

The abridged pro forma statement of financial position is provided as a guide only and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the *Corporations Act*. The abridged pro forma statement of financial position does not constitute a representation of the future financial position or prospects of the Company.

	Actual 31 December 2014 \$	Pro forma (adjusted for the Return of Capital) 31 December 2014 \$
Assets		
Cash and cash equivalents	20,444,003	19,056,253
Trade and other receivables	396,301	396,301
Financial assets	17,754,356	17,754,356
Current tax asset	7,895	7,895
Deferred tax assets	146,317	146,317
Total Assets	38,748,872	37,361,122
Liabilities		
Trade and other payables	203,967	203,967
Financial liabilities	3,153,952	3,153,952
Deferred tax liabilities	12,485	12,485
Total Liabilities	3,370,404	3,370,404
Net Assets	35,378,468	33,990,718
Equity		
Issued capital	36,236,927	34,849,177
Reserves	612,152	612,152
Accumulated losses	-1,470,611	-1,470,611
Total Equity	35,378,468	33,990,718

The above column headed "Pro forma 31 December 2014" is based on the following assumptions:

1. Shares on issue of 34,693,760;
2. That the proposed 4.0 cents per Share Return of Capital results in a reduction to both Cash and cash equivalents and Issued capital of \$1,387,750; and
3. Excludes costs to the Company associated with the Return of Capital, which primarily consist of registry fees and legal expenses.

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Further information about the Company, its investments, financial position and prospects is contained in the annual report, interim financial report and other reports which can be accessed on the website at <http://www.wamfunds.com.au/>.

Effect on the Company

Under the management agreement between the Company and MAM Pty Limited (the Manager) (ACN 100 276 542) (Australian Financial Services Licence Number 223231), the Company pays the Manager a management fee equivalent to 0.0833334% of the gross value of the Portfolio calculated on the last business day of each month.

Subject to Shareholder approval, the gross value of the portfolio will be reduced by an amount equal to the Return of Capital. Accordingly, commencing in the month following completion of the Return of Capital, the management fee payable by the Company will be reduced by an amount equal to 0.0833334% of the total Return of Capital.

In addition to the monthly management fee, the Manager is entitled to receive a performance fee in certain circumstances. The Return of Capital will not impact the calculation of the Performance Fee. Under the management agreement any change in the gross value of the portfolio caused by the Return of Capital must be disregarded or adjusted for in a manner determined by the Company's auditor.

Who will participate?

Subject to Shareholder approval, the distribution resulting from the Return of Capital will be made to Shareholders, pro rata to the number of Shares held by each Shareholder at the Record Date (currently expected to occur on 25 May 2015).

If approved, the Company currently expects that the Return of Capital will be paid to Shareholders on 1 June 2015 and Shares will start trading ex Return of Capital on 21 May 2015.

Timetable for the EGM and Return of Capital

Event	Date
Latest date for lodgement of proxies	17 May 2015
General Meeting to approve Return of Capital	19 May 2015
Shares trade "ex" the Return of Capital	21 May 2015
Record Date for determining entitlement to participate in Return of Capital	25 May 2015
Implementation of the Return of Capital	1 June 2015

All dates and times are indicative only. The Company reserves the right to vary these dates and times. All dates and times in this Notice of Meeting refer to Sydney Time. The Company will make an announcement to ASX of any changes if they occur.

Tax treatment of Return of Capital

The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each Shareholder. Accordingly, Shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed Return of Capital.

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The Company considers that no part of the proposed Return of Capital will be treated as a dividend for Australian tax purposes for Australian resident shareholders who hold their Shares on capital account on the basis that the Company's net assets were less than issued capital at 31 December 2014. Return of Capital. If the cost base (after any adjustment, as may be relevant) of a Share acquired after 19 September 1985 by an Australian resident is less than the Return of Capital (on a cents per Share basis), then a capital gain will arise for the difference. Otherwise, the cost base for each Share acquired after 19 September 1985 will be reduced by the Return of Capital amount (on a cents per Share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that Share.

Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising from the Return of Capital under the laws of their country of residence.

Director recommendation

The Directors are of the opinion that the proposed Return of Capital is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolution.

No Director will receive any payment or benefit of any kind as a consequence of the Return of Capital other than as a Shareholder of the Company.

Are there any reasons to vote against the Resolution?

The Board believes that the Return of Capital is in the Company's best interests for the reasons set out in this Notice of Meeting.

Notwithstanding, you may wish to vote against the resolution for various reasons, for example if you believe that the Company should retain these surplus funds or use them in a different way.

Other material information

Other than in this Explanatory Memorandum, there is no other information known to the Company that is material to the decision whether or not to vote in favour of the resolution which has not previously been disclosed to Shareholders.

Pursuant to Section 256C(5) of the *Corporations Act*, copies of this Notice and Explanatory Memorandum have been lodged with the Australian Securities and Investments Commission.

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Glossary

Board means the board of Directors of the Company.

Return of Capital means a Return of Capital to be undertaken by the Company following passage of the Resolution.

Company means WAM Active Limited.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum to the Notice.

Manager means MAM Pty Limited (ACN 100 276 542) (Australian Financial Services Licence Number 223231).

Management Agreement means the management agreement between the Company and the Manager.

Meeting or **EGM** means the Extraordinary General Meeting of members of the Company to be held at Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Tuesday 19 May 2015 at 9.00am.

Notice means this notice of meeting.

Portfolio means the Company's investment portfolio from time to time.

Share means an ordinary share in the capital of the Company.

Shareholder means a holder of a Share.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00 am on Sunday 17 May 2015.**

🖥 TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/wamactiveegm2015

STEP 2: Enter your holding/investment type

STEP 3: Enter your Reference Number

STEP 4: Enter your Voting Access Code

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:00 am on Sunday 17 May 2015**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** www.votingonline.com.au/wamactiveegm2015

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM**STEP 1 APPOINT A PROXY**

I/We being a member/s of **WAM Active Limited** and entitled to attend and vote hereby appoint

☐

Appoint the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy to act generally at the Extraordinary General Meeting of the Company to be held at the **Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Tuesday 19 May 2015 at 9:00 am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit including, in relation to any procedural matters.

The Chairman of the Meeting will vote all undirected proxies in favour of all Resolutions. Unless you indicate otherwise by ticking either the "for" or "against" box below, you are deemed to have directed the Chairman to vote in favour of these resolutions and the Chairman will vote all undirected proxies in favour of all Resolutions. If you wish to vote "against" or "abstain" you should mark the box below accordingly.

STEP 2 VOTING DIRECTIONS

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1

"That, for the purposes of section 256C(1) of the Corporations Act 2001 (Cth) and for all other purposes, the reduction of the share capital of the Company by an amount of 4.0 cents per share applied equally against each fully paid ordinary share on issue in the Company on the Record Date is approved."

For **Against** **Abstain***

☐☐☐**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015