

24 May 2024

## COURT APPROVES CONVENING OF SCHEME MEETING AND DISTRIBUTION OF SCHEME BOOKLET

QV Equities Limited (ASX: QVE) (**QVE** or the **Company**) refers to the proposed acquisition of QVE by WAM Leaders Limited (**WAM Leaders**) (ASX: WLE) by way of a scheme of arrangement (**Scheme**) under which WAM Leaders is to acquire all of the shares in QVE, as announced to the ASX on 12 March 2024.

### Court Approval

The Federal Court of Australia has today made orders in relation to the Scheme:

- that QVE convene and hold a meeting of QVE shareholders to consider and vote on the Scheme (**Scheme Meeting**); and
- approving the distribution of an explanatory statement providing information about the Scheme, including a notice of Scheme Meeting (**Scheme Booklet**).

### Details of Scheme Meeting

The Scheme Meeting, at which QVE shareholders will vote on the proposed Scheme will be held at 10.00am (Sydney time) on Friday, 28 June 2024.

The Scheme Meeting will be held as a hybrid meeting so QVE shareholders will be able to attend:

- in person at Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney NSW 2000; or
- via a live webcast at <https://meetings.linkgroup.com/QVESM24>.

All registered QVE shareholders as at 7.00pm (Sydney time) on Wednesday, 26 June 2024 will be eligible to vote at the Scheme Meeting.

QVE shareholders are encouraged to vote by attending the Scheme Meeting in person or virtually or by attorney or corporate representative, or alternatively, by completing the proxy appointment in the proxy form accompanying the Scheme Booklet and ensuring it is received by 10.00am (Sydney time) on Wednesday, 26 June 2024.

Further information in relation to how to participate and vote at the Scheme Meeting is set out in the Scheme Booklet (including the Notice of Scheme Meeting). QVE shareholders are encouraged to read the Scheme Booklet in its entirety, including the Independent Expert's Report, before deciding how to vote on the Scheme.

### Scheme Booklet and Independent Expert's Report

The Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached to this announcement and will also be made available online on the QVE website at [www.qvequities.com/schemebooklet](http://www.qvequities.com/schemebooklet).

The Scheme Booklet includes a copy of the independent expert's report prepared by Lonergan Edwards & Associates Limited (**Independent Expert**).

The Scheme Booklet, including the Independent Expert's Report, Notice of Scheme Meeting, the proxy form and the election form for the Scheme Meeting, is expected to be dispatched to QVE shareholders on or before 29 May 2024.

The Scheme Booklet will be sent to QVE shareholders as follows:

- QVE shareholders who have elected to receive electronic communications from QVE will receive an email containing instructions about how to view or download a copy of the Scheme Booklet and a Virtual Meeting Online Guide, as well as instructions on how to access and lodge electronic copies of their proxy form and election form;
- QVE shareholders who have elected to receive physical copies of all communications from QVE will receive a physical copy of the Scheme Booklet, Virtual Meeting Online Guide, and a personalised proxy form and personalised election form (by post); and
- all other QVE shareholders will receive a letter (by post) containing instructions about how they can view and download the Scheme Booklet and a Virtual Meeting Online Guide, together with a physical copy of a personalised proxy form and personalised election form as well as instructions on how to lodge those forms.

QVE shareholders should read the Scheme Booklet in its entirety, including the Independent Expert's Report, before deciding whether or not to vote in favour of the Scheme.

#### **QVE Board recommendation**

The non-excluded directors of QVE (comprising non-executive director and chair, Peter McKillop and non-executive directors Eamon Roles, Linda Fox and Anton Tagliaferro) continue to unanimously recommend that QVE shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE shareholders.

Subject to those same qualifications, each of the non-excluded QVE directors intends to vote all their QVE shares, whether held or controlled by them, in favour of the Scheme.

#### **Further information**

For further information, please refer to the Scheme Booklet or if you have any questions, please contact the Shareholder Information Line on 1300 150 530 (for callers within Australia) or +61 2 9066 4054 (for callers outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

-ENDS-

This announcement was authorised for release by QVE's Board of Directors.

#### **For further information, please contact:**

**Peter McKillop, Chairman**  
E: [QVE@hazelbrooklegal.com](mailto:QVE@hazelbrooklegal.com)

**Jake Waddell, Corporate Affairs**  
T: 0417 312 902

## QV EQUITIES LIMITED

ACN 169 154 858

# SCHEME BOOKLET

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in QV Equities Limited by WAM Leaders Limited.

The Non-excluded Directors **unanimously recommend** that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, you

## VOTE IN FAVOUR OF THE SCHEME

Subject to those same qualifications, each Non-excluded Director who holds a Relevant Interest in QVE Shares intends to vote in favour of the Scheme at the Scheme Meeting.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY BEFORE YOU DECIDE HOW TO VOTE ON THE SCHEME. IF YOU HAVE ANY QUESTIONS AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE CONSULT YOUR BROKER OR FINANCIAL, LEGAL, TAXATION OR OTHER PROFESSIONAL ADVISERS.**

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

Legal Adviser to QVE

**Hazelbrook  
Legal.**

Financial Adviser to QVE

 **monash**  
advisory

Legal Adviser to WAM Leaders

 **MILLS  
OAKLEY**

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## WHAT IS THE SCHEME?

QVE and WAM Leaders have agreed to undertake a scheme of arrangement under Part 5.1 of the Corporations Act between QVE and QVE Shareholders (Scheme). The full details of the Scheme are summarised in Section 3 of this Scheme Booklet including the Scheme Conditions which must be satisfied or (if permitted) waived. If the Scheme becomes Effective, on the Implementation Date, WAM Leaders will, in accordance with the terms of the Scheme:

- (a) acquire 100% of the shares in QVE; and
- (b) provide the Scheme Consideration to Scheme Participants, which includes issuing New WAM Leaders Shares to Scrip Participants (or to the Sale Agent in the case of Ineligible Overseas Shareholders entitled to Scrip Consideration who will receive a pro-rated proportion of the Sale Proceeds<sup>1</sup>) and / or providing cash for a Cash Participant's QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share.

## WHAT ARE YOUR CHOICES?

As a QVE Shareholder, you have three choices available to you.

### (a) **Option 1 – Vote at the Scheme Meeting either in favour of or against the Scheme:**

- **Vote in favour of the Scheme:** The Non-excluded Directors<sup>2</sup> believe that the Scheme is in the best interests of QVE Shareholders and the Non-excluded Directors recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, that you vote in favour of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders. To follow the Non-excluded Directors' unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting.
- **Vote against the Scheme:** Notwithstanding the Non-excluded Directors' recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, you may choose not to support the Scheme and to vote against the Scheme Resolution at the Scheme Meeting.

Details of how to vote are set out in Section 4.3 of this Scheme Booklet.

- (b) **Option 2 – Sell your QVE Shares on market:** You may sell some or all of your QVE Shares on the ASX for cash at any time before the close of trading on the Effective Date. If you sell your QVE Shares on the ASX, you may incur brokerage costs and the on-market price that you receive may be more or less than the implied value under the Scheme. QVE Shareholders who wish to sell some or all of their QVE Shares on the ASX should contact their broker for information on how to effect the sale.
- (c) **Option 3 – Do nothing:** If you do not wish to vote for or against the Scheme Resolution, or sell your QVE Shares on the ASX, you may choose to do nothing.

You should be aware that even if you do not vote, or vote against the Scheme, and the Scheme Resolution is passed by the Requisite Majorities and the Scheme Conditions are satisfied or (if permitted) waived, then any QVE Shares held by you on the Record Date will be transferred to WAM Leaders, and if you make no Election you will receive the Scrip Consideration.

If the Scheme does not proceed, subject to any alternate corporate transactions, QVE Shareholders will continue to hold their QVE Shares and will not receive the Scheme Consideration, QVE will continue operating as a standalone entity and the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its appointment (and assuming its term is renewed), and QVE will remain listed on the ASX.

## WHAT SHOULD YOU DO NEXT?

- (a) **Read the remainder of this Scheme Booklet**
- (b) **Ask questions:** If you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to

<sup>1</sup> See Section 3.10 of this Scheme Booklet for further details.

<sup>2</sup> The Non-excluded Directors comprise all QVE Directors except for Mr Simon Conn who is conflicted from opining on the Scheme due to his position as a director and shareholder of the QVE Manager.

Friday between 8:30am and 5:30pm (Sydney time). Please consult your broker, financial adviser or legal adviser, or other professional advisers before making any investment decision in relation to the Scheme.

- (c) **Consider your options:** You should refer to Sections 1.3 and 1.4 of this Scheme Booklet for further guidance on the expected advantages and possible disadvantages of the Scheme.
- (d) **Vote on the Scheme:** Your vote is important. For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting. Please refer to Section 4 of this Scheme Booklet for a summary of the voting procedures for the Scheme Meeting.

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## IMPORTANT NOTICES

### Read this Scheme Booklet

This Scheme Booklet is important. You should read this Scheme Booklet carefully and in its entirety, including the Independent Expert's Report, before deciding whether or not to vote in favour of the Scheme Resolution.

Capitalised terms used in this Scheme Booklet are defined in the Glossary of terms in Section 11.1. Also, the Glossary sets out some rules of interpretation that apply to this Scheme Booklet in Section 11.2.

If you have any doubts as to what you should do with this Scheme Booklet, please contact your legal, financial, taxation or other professional advisers immediately. If you have any additional questions about the Scheme or this Scheme Booklet, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

### Purpose of this Scheme Booklet

This Scheme Booklet describes the effects of the Scheme and explains the terms of the Scheme, which comprises the proposed acquisition of 100% of the Scheme Shares by WAM Leaders by way of a scheme of arrangement under Part 5.1 of the Corporations Act. It includes certain information required by law and all other information known to the Independent Directors and the directors of WAM Leaders which, in their opinion, is material to how you may vote (other than information previously disclosed to QVE Shareholders).

This Scheme Booklet also sets out the manner in which the Scheme will be implemented (if all of the Scheme Conditions are satisfied or (if permitted) waived) and provides such information as is prescribed by law or is otherwise considered material to the decision of QVE Shareholders as to whether or not to vote in favour of the Scheme Resolution.

This Scheme Booklet constitutes an explanatory statement under section 412(1) of the Corporations Act.

This Scheme Booklet and the Scheme do not in any way constitute or contain an offer to QVE Shareholders, or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation.

ASIC Corporations (Compromises or Arrangements) Instrument 2015/358 provides that Part 6D.2 and 6D.3 of the Corporations Act do not apply in relation to an offer of a securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act.

This Scheme Booklet is not a disclosure document or product disclosure statement.

### Important notices associated with the Court order under subsection 411(1) of the Corporations Act

A copy of this Scheme Booklet has been submitted to the Court to obtain an order of the Court approving the convening of the Scheme Meeting.

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court has:

- formed any view as to the merits of the Scheme or as to how QVE Shareholders should vote on the Scheme Resolution (on

this matter, QVE Shareholders must reach their own decision); or

- prepared, or is responsible for the content of, this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

### Responsibility for information

Except as provided below, the information in this Scheme Booklet has been prepared by QVE and is the responsibility of the Independent Directors. Unless otherwise set out below, WAM Leaders and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any such information.

- WAM Leaders has prepared and is responsible for the WAM Leaders Information and the Combined Group information. The Independent Directors and QVE's officers and advisers have not verified the WAM Leaders Information, have relied on WAM Leaders to verify the WAM Leaders Information, do not assume any responsibility for the accuracy or completeness of the WAM Leaders Information; and accordingly, disclaim responsibility and liability for the WAM Leaders Information.
- The Independent Expert, Lonergan Edwards & Associates Limited ACN 095 445 560, has provided, and is responsible for, the Independent Expert's Report. Neither the Independent Directors, WAM Leaders Directors nor any of QVE or WAM Leaders' respective officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except in relation to information given by them to the Independent Expert. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in the Independent Expert's Report. The Independent Expert's Report is set out in Annexure A.
- Link Market Services Limited ACN 083 214 537 (**Link**) has had no involvement in the preparation of any part of this Scheme Booklet other than in carrying out its role as the QVE Registry. Link has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Scheme Booklet.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

### ASIC

A copy of this Scheme Booklet was provided to the Australian Securities and Investments Commission (ASIC) in accordance with section 411(2) of the Corporations Act. This Scheme Booklet has been registered with ASIC under section 412(6) of the Corporations Act before being sent to QVE Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

**ASX**

QVE is listed on the Australian Securities Exchange (ASX). QVE Shares will continue to be quoted on the ASX if the Scheme does not become Effective.

A copy of this Scheme Booklet has been lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

**Notice of Scheme Meeting**

The Notice of Scheme Meeting is set out in Annexure D.

**Notice regarding Second Court Hearing and if a QVE Shareholder wishes to oppose the Scheme**

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any QVE Shareholder may appear at the Second Court Hearing, expected to be held at 10:15am on 4 July 2024. The hearing will be at the Federal Court of Australia at 184 Phillip St, Sydney NSW 2000.

Any QVE Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on QVE a notice of appearance in the prescribed form together with any affidavit that the QVE Shareholder proposes to rely on.

The notice of appearance and affidavit must be served on QVE at its address for service at least 1 day before the Second Court Hearing. The address for service is:

QV Equities Limited  
C/- Hazelbrook Legal  
Level 2, 131 Clarence Street  
Sydney, NSW 2000.

**Investment decisions**

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any QVE Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to QVE Shares and any decision as to whether to vote in favour of the Transaction. The QVE Directors encourage you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 8, and the views of the Independent Expert as set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional advisor immediately.

**Forward-looking statements and intentions**

Certain statements in this Scheme Booklet relate to future matters. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements.

You should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of QVE or WAM Leaders following implementation of the Scheme to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements, or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements.

These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in Section 8 of this Scheme Booklet.

Neither the Non-excluded Directors, WAM Leaders Directors, nor any of QVE or WAM Leaders respective officers, employees or advisers, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur.

QVE Shareholders are cautioned about relying on any such forward-looking statements. The forward-looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet.

Subject to the Corporations Act and any other applicable laws or regulations, QVE and WAM Leaders disclaim any duty to update any forward-looking statements other than with respect to information that they become aware of prior to the Scheme Meeting which is material to the making of a decision regarding whether or not to vote in favour of the Scheme Resolution. Additionally, statements of the intentions of QVE or of the QVE Non-excluded Directors reflect present intentions as at the date of this Scheme Booklet and may be subject to change.

**Privacy and personal information**

QVE and WAM Leaders may need to collect personal information to implement the Scheme.

The personal information may include the names, contact details, bank account details and details of shareholdings of QVE Shareholders, together with contact details of individuals appointed as proxies, representatives of bodies corporate or attorneys for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist QVE and WAM Leaders conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to QVE and WAM Leaders and their respective Related Bodies Corporate; and advisers, print and mail service providers, share registries, securities brokers, financial institutions and any other service provider to the extent necessary to effect the Scheme.

QVE Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. QVE Shareholders may contact the QVE Registry if they wish to exercise these rights.

If the information outlined above is not collected, QVE may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. QVE Shareholders who appoint an individual as their proxy, attorney or corporate



representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

#### **Right to inspect Share Register**

QVE Shareholders have the right to inspect the Share Register under section 173 of the Corporations Act. The Share Register contains personal information of each QVE Shareholder.

#### **Notice to Ineligible Overseas Shareholders**

This Scheme Booklet has been prepared in accordance with and subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Scheme Booklet and the Scheme does not in any way constitute or contain an offer to QVE Shareholders, or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation.

Any QVE Shareholders whose address as shown in the Share Register is outside of Australia (including its external territories) should refer to Section 3.10 of this Scheme Booklet.

No action has been taken to register or qualify the New WAM Leaders Shares or otherwise permit a public offering of such securities in any jurisdiction outside Australia. Restrictions in certain jurisdictions outside Australia may make it impractical or unlawful for New WAM Leaders Shares to be issued under the Scheme to, or received under the Scheme by, QVE Shareholders in those jurisdictions.

To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders who will be entitled to Scrip Consideration will have the New WAM Leaders Shares that would otherwise have been issued to them under the Scheme issued to the Sale Agent, as nominee in trust for those Ineligible Overseas Shareholders, for sale on market following implementation of the Scheme. Each Ineligible Overseas Shareholder will receive a pro-rated proportion of the Sale Proceeds, after deducting any applicable brokerage, taxes and charges.

#### **Restricted distribution**

The release, publication or distribution of this Scheme Booklet (electronically or otherwise) in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. QVE and WAM Leaders disclaims all liabilities to such persons.

Nominees, custodians and other QVE Shareholders who hold QVE Shares on behalf of a beneficial owner resident outside Australia (including its external territories) may not forward this Scheme Booklet (or accompanying documents) to anyone outside Australia without the consent of QVE or WAM Leaders and any such QVE Shareholders are encouraged to seek independent advice as to how they should proceed.

#### **Implied value**

Scheme Participants will have the option to receive their Scheme Consideration as either Scrip Consideration, or Cash Consideration (which will be cash for their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share), or a

combination of Scrip Consideration and Cash Consideration. Any reference to the implied value of the Scheme Consideration should not be taken as an indication that the implied value is fixed. QVE Shareholders should note that the implied value of the Scrip Consideration is not fixed and will vary based on a ratio of the respective NTA value per share of QVE and WAM Leaders, both of which can experience movements over time up until the Calculation Date.

To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, those Ineligible Overseas Shareholders will have their Scrip Consideration remitted to the Sale Agent who will sell that Scrip Consideration on their behalf, so that each Ineligible Overseas Shareholder receives a pro-rated proportion of the Sale Proceeds, after deducting any applicable brokerage, taxes and charges. The amount of cash proceeds received by Ineligible Overseas Shareholders who are entitled to receive Scrip Consideration will depend on the market of New WAM Leaders Shares at the time of sale by the Sale Agent. Ineligible Overseas Shareholders who elect to receive Cash Consideration (which will be cash for their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share) will receive the cash in Australian dollars either by electronic funds transfer to the bank account as noted on the Share Register on the Record Date or by cheque drawn on an Australian bank. Cheques and direct credit payment advice will be mailed, at the Ineligible Overseas Shareholder's risk, to their address as shown on the Share Register on the Record Date. Any overseas bank charges including fees and costs in respect of processing cheques drawn on an Australian bank or currency conversion, will be charged to the Ineligible Overseas Shareholder and will reduce the Sale Proceeds or Cash Consideration (as applicable). This process is set out in further detail in Section 3.10 and in the Scheme set out in Annexure B.

#### **Data in charts, graphs and tables**

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Scheme Booklet.

#### **External websites**

Unless expressly stated otherwise, the content of QVE's and WAM Leaders' websites do not form part of this Scheme Booklet and QVE Shareholders should not rely on any such content for the purposes of making a decision in respect of the Scheme.

#### **Reference to time**

A reference to time in this Scheme Booklet is to Sydney time, unless otherwise indicated.

#### **Date of this Scheme Booklet**

This Scheme Booklet is dated 24 May 2024.

## IMPORTANT DATES

Event	Date and time
<b>Date of Scheme Booklet</b>	24 May 2024
<b>First court hearing</b> First court hearing for convening of the Scheme Meeting by the Court	24 May 2024
<b>Scheme Consideration worked example</b> A worked example of the Scheme Consideration (based on QVE's and WAM Leaders' Pre-tax NTA value per share as at 30 April 2024) is announced on the ASX	27 May 2024
<b>Scheme Consideration worked example</b> A worked example of the Scheme Consideration (based on QVE's and WAM Leaders' Pre-tax NTA value per share as at 31 May 2024) is announced on the ASX	21 June 2024
<b>Proxy return date</b> Latest time and date for receipt of Proxy Forms or powers of attorney by the QVE Registry for the Scheme Meeting	10:00am (Sydney time) on 26 June 2024
<b>Voting entitlement record date</b> Time and date for determining eligibility to vote at the Scheme Meeting	7:00pm (Sydney time) on 26 June 2024
<b>Scheme Meeting</b> Court ordered meeting to consider and vote on the Scheme Resolution	10:00am (Sydney time) on 28 June 2024
<b>Election Date</b> Last time and date by which Election Forms must be received by the QVE Registry	5:00pm (Sydney time) on 28 June 2024
<b><i>If the Scheme is approved by QVE Shareholders and all the other Scheme Conditions in connection with the Scheme are satisfied or (if permitted) waived, the following important dates apply:</i></b>	
<b>Second Court Hearing</b> Second Court Hearing for approval of the Scheme by the Court	4 July 2024
<b>Effective Date / Last day to trade QVE Shares on the ASX</b> Effective Date of the Scheme: <ul style="list-style-type: none"> <li>the date on which the Scheme becomes Effective and is legally binding on QVE Shareholders;</li> <li>the lodgement of the Scheme Order with ASIC and announcement of same to the ASX; and</li> <li>the last day of trading in QVE Shares on the ASX (with QVE Shares suspended from close of trading)</li> </ul>	Close of trade on the ASX on 4 July 2024
<b>Calculation Date</b> The Pre-tax NTA value per QVE Share and WAM Leaders Share at 5:00pm on this date will be used for determining entitlements to Scheme Consideration	5:00pm (Sydney time) on 4 July 2024
<b>Record Date</b> Time and date for determining entitlements to Scheme Consideration	5:00pm (Sydney time) on 8 July 2024
<b>Last day for Pre-tax NTA amounts to be agreed or referred to an auditor for Confirmation</b> Last day for the parties to Confirm the Pre-tax NTA value per QVE Share and the Pre-tax NTA value per WAM Leaders Share on the Calculation Date	11 July 2024

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Event	Date and time
<b><i>The following dates apply if the parties agree the Pre-tax NTA amounts (and auditor Confirmation is not required):</i></b>	
<b>Scheme Consideration calculation is announced</b> The number of New WAM Leaders Shares and Cash Consideration per QVE Share to be issued as Scheme Consideration is announced on the ASX	11 July 2024
<b>Implementation Date</b> The Scheme is implemented and the Scheme Consideration is distributed by QVE and WAM Leaders (as applicable)	15 July 2024
<b>Trading in New WAM Leaders Shares</b> Commencement of trading of New WAM Leaders Shares on the ASX on ordinary (T+2) basis	16 July 2024
<b><i>The following dates apply if one or both Pre-tax NTA amounts are referred to an auditor for Confirmation:</i></b>	
<b>Last day for Pre-tax NTA amounts to be Confirmed</b> Last day for the parties to Confirm the Pre-tax NTA value per QVE Share and the Pre-tax NTA value per WAM Leaders Share on the Calculation Date	16 July 2024
<b>Scheme Consideration calculation is announced</b> The number of New WAM Leaders Shares and Cash Consideration per QVE Share to be issued as Scheme Consideration is announced on the ASX	17 July 2024
<b>Implementation Date</b> The Scheme is implemented and the Scheme Consideration is distributed by QVE and WAM Leaders (as applicable)	18 July 2024
<b>Trading in New WAM Leaders Shares</b> Commencement of trading of New WAM Leaders Shares on the ASX on ordinary (T+2) basis	19 July 2024

All times and dates in the above timetable are indicative only, references to the time and date relate to Sydney, Australia and all such times and dates are subject to change. Certain times and dates are conditional on the approval of the Court. Any changes will be announced by QVE to the ASX.

## LETTER FROM THE QVE CHAIR

24 May 2024

Dear QVE Shareholders,

On behalf of the Non-excluded Directors of QV Equities Limited (**QVE**), I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition of QVE by WAM Leaders Limited (**WAM Leaders**).

### Background to the Scheme

In late December 2023, WAM Leaders approached QVE on a confidential basis with a non-binding proposal for WAM Leaders to acquire 100% of QVE Shares on issue via a scheme of arrangement (**Initial Proposal**). Following consideration of the Initial Proposal, supported by its professional advisers, the Independent Directors<sup>3</sup> resolved to reject the Initial Proposal on the terms it was put to QVE. On 31 January 2024, WAM Leaders announced its intention to make an off-market takeover bid for QVE, subject to certain conditions (**Intended Takeover Offer**). As a result of the Initial Proposal and Intended Takeover Offer, QVE conducted a formal strategic review of its options with the aim of maximising value for QVE Shareholders.

Having completed this strategic review and having undertaken detailed discussions and negotiations with WAM Leaders, supported by its professional advisers, QVE announced on 12 March 2024 that it had entered into a Scheme Implementation Agreement with WAM Leaders for WAM Leaders to acquire 100% of QVE Shares on issue via a scheme of arrangement (**Scheme**). The Scheme replaces the Initial Proposal and supersedes the Intended Takeover Offer. Importantly, the Non-excluded Directors believe, that in the absence of a Superior Proposal, the Scheme reflects a significantly improved set of transaction terms compared with the Intended Takeover Offer.

The Scheme is subject to approval by QVE Shareholders and the Court, and certain other Scheme Conditions (which are set out in this Scheme Booklet).

### Scheme Consideration: What Will You Receive Under the Scheme?

Under the Scheme, QVE Shareholders will have the option to receive Scheme Consideration in one of the following forms:

- (a) New WAM Leaders Shares<sup>4</sup> (**Scrip Consideration**); or
- (b) a cash amount representing the Pre-tax NTA value per QVE Share<sup>5</sup> on the Calculation Date, discounted by 2.5% (**Cash Consideration**); or
- (c) a combination of Scrip Consideration and Cash Consideration.

Each of these options is described further below.

#### Overview of the Scrip Consideration

If the Scheme is approved and becomes Effective:

- (a) QVE Shareholders (other than those who make a valid Election to receive Cash Consideration and Ineligible Overseas Shareholders) will receive WAM Leaders Shares to be issued to QVE Shareholders in exchange for their QVE Shares as Scrip Consideration (**New WAM Leaders Shares**) on the Implementation Date. The number of New WAM Leaders Shares received for each QVE Share will be based on the relative Pre-tax NTA value per share of QVE and WAM Leaders on the Calculation Date; and

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<sup>3</sup> The QVE Board established a committee of the independent Directors (**Independent Directors**) to carefully consider the Scheme, to obtain and consider advice from its appointed advisers, and to seek to maximise value for all QVE Shareholders either by negotiating the terms of the Scheme with WAM Leaders or pursuing other available strategic options.

<sup>4</sup> For each Scheme Share, that number of New WAM Leaders Shares based on the relative Pre-tax NTA value per share of QVE and WAM Leaders on the Calculation Date as determined by the formula set out in Section 3.2(c). The Pre-tax NTA values take into account all accrued but not yet paid Transaction Costs.

<sup>5</sup> The Pre-tax NTA value takes into account all accrued but not yet paid Transaction Costs.

- (b) the Business Day after the Implementation Date<sup>6</sup>, QVE Shareholders who receive Scrip Consideration, in their new capacity as WAM Leaders Shareholders, will be able to trade their New WAM Leaders Shares on the ASX.

To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders who will be entitled to Scrip Consideration will have the New WAM Leaders Shares that would otherwise have been issued to them under the Scheme issued to the Sale Agent, as nominee in trust for those Ineligible Overseas Shareholders, for sale on market following implementation of the Scheme. Each Ineligible Overseas Shareholder will receive a pro-rated proportion of the Sale Proceeds, after deducting any applicable brokerage, taxes and charges.

#### Overview of the Cash Consideration Options

As an alternative to receiving all Scrip Consideration, QVE Shareholders have the option to elect to receive one of the Cash Consideration options below:

- (a) **All Cash Consideration:** cash for their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share on the Calculation Date; or
- (b) **Combination:** a combination of Scrip Consideration and Cash Consideration.

An Election to receive the Cash Consideration for all or part of your QVE Shares will only be valid if you have completed and signed the Election Form in accordance with the instructions in this Scheme Booklet and the Election Form, and the Election is received by the QVE Registry before the Election Date.

#### Default Election

Scrip Consideration is the default consideration under the Scheme (i.e. to the extent you do not make an Election, you will receive New WAM Leaders Shares, or if you are an Ineligible Overseas Shareholder, the Scrip Consideration will be received by the Sale Agent on your behalf and you will receive a pro-rated proportion of the Sale Proceeds<sup>7</sup>). If the Scheme is implemented, QVE Shareholders that do not Elect any Cash Consideration will receive the Scrip Consideration. If you vote against the Scheme and do not make an Election prior to the Election Date, and the Scheme becomes Effective, you will also receive the Scrip Consideration. Persons who become QVE Shareholders after the Election Date but before the Record Date will receive the Scrip Consideration.

#### Scheme Consideration: Calculation and Timing

##### Calculation of Scrip Consideration

The number of New WAM Leaders Shares to be issued as Scrip Consideration is not fixed. The number of New WAM Leaders Shares to be issued per QVE Share will be calculated based on the relative Pre-tax NTA per share of QVE and WAM Leaders as calculated on the Calculation Date.

The formula for calculating the Scrip Consideration, set out in Section 3.2(c), is intended to ensure that each Scheme Participant receives New WAM Leaders Shares that have an aggregate value aligned to the Pre-tax NTA value per QVE Share.

##### Calculation of Cash Consideration

The Cash Consideration will be determined based on a 2.5% discount to the QVE Pre-tax NTA value per share on the Calculation Date.

##### Scheme Consideration is calculated after the Scheme Meeting

The value of the Scheme Consideration will not be known at the time of the Scheme Meeting (currently expected to be 28 June 2024). The value of the Scheme Consideration will be calculated as at the Calculation Date (expected to be 4 July 2024) and is expected to be announced to the ASX around 11 July 2024 provided the parties agree the Pre-tax NTA and do not require a parties' auditor to confirm the Pre-tax NTA value per share. The Scheme Consideration will be calculated using the formulas disclosed in this Scheme Booklet, and illustrative worked examples have been provided (see Section 3.2) to assist QVE Shareholders. The amount of the Scheme Consideration will be dependent on the Pre-tax NTA per QVE Share and WAM Leaders Share which will be calculated before current and deferred tax

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<sup>6</sup> The Implementation Date is expected to occur 7 Business Days after the Calculation Date; however, the timing of the Implementation Date depends on the process to Confirm the QVE and WAM Leaders Pre-tax NTA figures required to calculate the number of New WAM Leaders Shares to be issued per QVE Share. See the 'Important Dates' Section for details.

<sup>7</sup> See Section 3.10 for further detail.

balances, and in accordance with the Scheme Implementation Agreement. QVE and WAM Leaders will work together to review and Confirm the Pre-tax NTA value per share of each entity. QVE will also as per its usual course of business keep QVE Shareholders fully informed of the estimated Pre-tax NTA value of each QVE Share via its weekly ASX announcements on QVE's Pre-tax NTA through to the Calculation Date.

The worked example calculations are illustrative, reflecting a worked example only.

As explained in Section 3.2, the actual Scheme Consideration will be calculated using the Pre-tax NTA of QVE and WAM Leaders as at 5.00pm (Sydney time) on the Calculation Date (expected to be 4 July 2024) and will be announced on the ASX on the Business Day before the Implementation Date.

Accordingly, the actual Scheme Consideration will not be known until immediately before the Scheme is implemented.

QVE will release a further worked example of the Scheme Consideration calculation on 21 June 2024, one week before the Scheme Meeting, based on the 31 May 2024 Pre-tax NTAs published by QVE and WAM Leaders.

In relation to the Scrip Consideration, it was important to the Independent Directors that the Calculation Date be as close as possible to the implementation of the Scheme. This is because adverse movements in the relative Pre-tax NTA values of QVE Shares and WAM Leaders Shares after the Calculation Date could impact the value of your Scrip Consideration. The Independent Directors have sought to minimise this risk by limiting the time between calculation of the Scrip Consideration and implementation of the Scheme. As a result, although QVE Shareholders will know that their Scrip Consideration will have an aggregate Pre-tax NTA value close to the Pre-tax NTA value of their QVE Shares, they will not know the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date. See Section 3.2(b) for further details.

In relation to the Cash Consideration, the Pre-tax NTA value per QVE Share will be calculated on the Calculation Date. QVE Shareholders who elect to receive Cash Consideration for their QVE Shares will receive cash at a 2.5% discount to the Pre-tax NTA value per QVE Share. Unlike Scrip Consideration, adverse movements in the relative Pre-tax NTA value of QVE Shares after the Calculation Date will not impact the value of your Cash Consideration as determined on the Calculation Date. See Section 3.2(d) for further details.

### Non-excluded Directors' Recommendation

The Non-excluded Directors unanimously recommend that you vote in favour of the Scheme, and each Non-excluded Director intends to vote (or procure the voting of) all of the QVE Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

The Non-excluded Directors were unanimous in their decision to recommend the Scheme, in the absence of a Superior Proposal, for the following reasons:

- The Non-excluded Directors believe that the Scheme is in the best interests of QVE Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal.
- QVE Shareholders can choose from a combination of Scrip Consideration and Cash Consideration that best suits their individual circumstances.
- The implied value of the Scrip Consideration and Cash Consideration is expected to deliver a premium to the recent QVE Share price, up to 30 January 2024<sup>8</sup>.
- For Scrip Participants, the ability to exit your investment at the Pre-tax NTA value per QVE Share and, post implementation, have access to a share price that may trade closer to the Combined Group's net tangible assets and have increased market liquidity (compared to QVE on a standalone basis).
- Scrip Participants will exit QVE and gain access to WAM Leaders' investment strategy and its profit reserves and its franking account balance.

<sup>8</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the day before the market became aware of WAM Leaders' interest in acquiring QVE and hence reflecting an "undisturbed" price of QVE Shares).

- Scrip Consideration allows QVE Shareholders to participate in and benefit from the Combined Group.
- No Superior Proposal has emerged as at the date of this Scheme Booklet.
- The QVE Share price may fall if the Scheme is not implemented.
- QVE Shareholders (other than Ineligible Overseas Shareholders) will not incur any brokerage on the disposal of their QVE Shares if the Scheme proceeds.
- Scheme Participants who receive Scrip Consideration may be eligible for CGT rollover relief.
- The Scheme represents an enhanced set of terms compared to the inferior Intended Takeover Offer, and avoids the uncertainty, time and cost associated with QVE defending itself against the Intended Takeover Offer.

In forming their unanimous decision to recommend the Scheme to QVE Shareholders, subject to the qualifications described above, the Non-excluded Directors considered the potential disadvantages of the Scheme proceeding. In particular:

- You may disagree with the Non-excluded Directors and Independent Expert.
- If the Scheme is implemented, you will no longer participate in any potential upside from being a QVE Shareholder.
- Scheme Consideration is not fixed or certain before the Scheme Meeting.
- WAM Leaders' investment strategy or risk profile may not suit you.
- QVE Shareholders will own a smaller portion of the Combined Group.
- No guarantee can be given in respect of the future performance of the Combined Group.
- Deferred tax assets of QVE may not be available for utilisation in the Combined Group.
- You may believe that there is potential for a Superior Proposal to emerge.
- WAM Leaders' management fee is higher than QVE's management fee and it charges a performance fee whereas QVE does not charge a performance fee.
- The tax consequence of the Scheme may not suit your financial position.

The Non-excluded Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks, and recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, that you vote in favour of the Scheme Resolution.

See Sections 1.3 and 1.4 for more information on the advantages and disadvantages of the Scheme.

### Combined Group

Following implementation of the Scheme, WAM Leaders will be a listed investment company with a larger capital and shareholder base, managed by Wilson Asset Management. However, the actual quantum of capital and size of the shareholder base will depend on the number of QVE Shareholders who receive Scrip Consideration for their QVE Shares.

The Combined Group will continue employing WAM Leaders' current investment strategy (see Section 7 of this Scheme Booklet for more details).

### Independent Expert

The Non-excluded Directors' unanimous recommendation of the Scheme is supported by the conclusion of Lonergan Edwards & Associates, the Independent Expert engaged by the Independent Directors to assess the merits of the Scheme and opine on whether it is fair and reasonable and in the best interests of QVE Shareholders. The Independent Expert has determined that the Scheme is both fair and reasonable and in the best interests of QVE Shareholders in the absence of a Superior Proposal. In valuing QVE, the Independent Expert adopted a valuation date of 31 March 2024. QVE's reported unaudited Pre-tax NTA as at this date was \$1.0643 per QVE Share, to which the Independent Expert added and subtracted \$0.02 per QVE Share to allow for potential variations post the valuation

date up to the Calculation Date. On this basis, the Independent Expert has assessed the value of QVE Shares on a 100% controlling interest basis to be in the range of \$0.99 to \$1.02 per QVE Share.

QVE Shareholders are encouraged to read the Independent Expert's Report in full, a complete copy of which is attached at Annexure A to this Scheme Booklet.

### How to Vote

Your vote is important, regardless of how many QVE Shares you own, and I encourage you to vote by completing and returning the Proxy Form accompanying this Scheme Booklet or alternatively by attending the Scheme Meeting in person, virtually, or by proxy, attorney or corporate representative. The Scheme Meeting is currently expected to be held at 10:00am (Sydney time) on 28 June 2024, in person at Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000 and virtually through <https://meetings.linkgroup.com/QVESM24>. For more instructions on how you can vote and participate in the Scheme Meeting, please see Section 4.5 and the Notice of Scheme Meeting at Annexure D.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution at the Scheme Meeting.

### Further Information

The Scheme Booklet sets out important information regarding the Scheme, including the reasons for the Non-excluded Directors' recommendation and the Independent Expert's Report. Also, it sets out some of the potential reasons why you may wish to vote against the Scheme.


Please read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. Also, I would encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your QVE Shares.

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

### Conclusion

On behalf of the Non-excluded Directors, I would like to take this opportunity to thank you for your commitment to QVE, and I look forward to your participation at the Scheme Meeting.

Yours faithfully



Peter McKillop  
Non-Executive Director & Chair  
QV Equities Limited



## LETTER FROM THE WAM LEADERS CHAIR

24 May 2024

Dear QVE Shareholders,

We are pleased to have worked with the Independent Directors to deliver this Scheme Booklet that we anticipate will result in the merger of QV Equities Limited and WAM Leaders Limited.

The WAM Leaders Board and the Non-excluded Directors believe that the Scheme will be beneficial to both companies and will result in a strong merged entity leveraging Wilson Asset Management's investment strategy and experience in managing listed investment companies, to the benefit of all shareholders.

The merged entity will deliver the following benefits to QVE Shareholders receiving Scrip Consideration:

- access to WAM Leaders' stable and clearly articulated investment strategy and a proven investment manager with a track record of providing long-term investment portfolio outperformance;
- access to a higher annual fully franked dividend yield;
- access to a more sustainable fully franked dividend as indicated by WAM Leaders' history of paying fully franked dividends to shareholders and its superior profit reserves;
- access to Wilson Asset Management's investment expertise, experience and commitment to shareholder engagement;
- access to WAM Leaders' significantly larger market capitalisation and on-market liquidity; and
- a reduced management expense ratio as a result of the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs, as well as a larger pool of assets across which to spread expenses.

We look forward to finalising the integration of QV Equities with WAM Leaders and welcoming QVE Shareholders to the Wilson Asset Management community as we continue to grow WAM Leaders.

I encourage you to read the Scheme Booklet carefully and vote for the merger of QVE and WAM Leaders.

If you have any questions, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time). Alternatively, contact your independent legal, financial or other professional advisers.

Yours faithfully,



Geoff Wilson  
Chairman  
WAM Leaders Limited

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# 1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

## 1.1 Introduction

The Scheme has a number of advantages and disadvantages that may affect QVE Shareholders in different ways depending on their individual circumstances. Those advantages and disadvantages are described in this Section 1, a summary of which is set out in Section 1.2.

Section 1.3 describes some of the reasons why the Non-excluded Directors unanimously recommend QVE Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of QVE Shareholders. Section 1.3 should be read in conjunction with Section 1.4, which sets out reasons as to why QVE Shareholders may wish to vote against the Scheme. Section 1.5 also sets out some additional considerations that may be relevant to your vote in respect of the Scheme.

While the Non-excluded Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote. You should also seek independent financial, legal and taxation advice in respect of your particular circumstances, as appropriate, before making any investment decision in relation to your QVE Shares.

## 1.2 Summary of reasons as to why you might vote for and against the Scheme

### (a) Reasons to vote in favour of the Scheme

- The Non-excluded Directors believe that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

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- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal.

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- QVE Shareholders can choose from a combination of Scrip Consideration and Cash Consideration that best suits their individual circumstances.

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- The implied value of the Scrip Consideration and Cash Consideration is expected to deliver a premium to the recent QVE Share price, up to 30 January 2024<sup>9</sup>.

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- For Scrip Participants, the ability to exit your investment at the Pre-tax NTA value per QVE Share and, post implementation, have access to a share price that may trade closer to the Combined Group's net tangible assets and have increased market liquidity (compared to QVE on a standalone basis).

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- Scrip Participants will exit QVE and gain access to WAM Leaders' investment strategy and its profit reserves and its franking account balance.

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- Scrip Consideration allows QVE Shareholders to participate in and benefit from the Combined Group.

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- No Superior Proposal has emerged as at the date of this Scheme Booklet.

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- The QVE Share price may fall if the Scheme is not implemented.

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- QVE Shareholders (other than Ineligible Overseas Shareholders) will not incur any brokerage on the disposal of their QVE Shares if the Scheme proceeds.

<sup>9</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the day before the market became aware of WAM Leaders' interest in acquiring QVE and hence reflecting an "undisturbed" price of QVE Shares).

- Scheme Participants who receive Scrip Consideration may be eligible for CGT rollover relief.
- 
- The Scheme represents an enhanced set of terms compared to the inferior Intended Takeover Offer, and avoids the uncertainty, time and cost associated with QVE defending itself against the Intended Takeover Offer.

**(b) Potential reasons to vote against the Scheme**

- You may disagree with the Non-excluded Directors and Independent Expert.
- 
- If the Scheme is implemented, you will no longer participate in any potential upside from being a QVE Shareholder.
- 
- Scheme Consideration is not fixed or certain before the Scheme Meeting.
- 
- WAM Leaders' investment strategy or risk profile may not suit you.
- 
- QVE Shareholders will own a smaller portion of the Combined Group.
- 
- No guarantee can be given in respect of the future performance of the Combined Group.
- 
- Deferred tax assets of QVE may not be available for utilisation in the Combined Group.
- 
- You may believe that there is potential for a Superior Proposal to emerge.
- 
- WAM Leaders' management fee is higher than QVE's management fee and it charges a performance fee whereas QVE does not charge a performance fee.
- 
- The tax consequence of the Scheme may not suit your financial position.

**1.3 Reasons to vote in favour of the Scheme**

This Section 1.3 sets out some of the reasons why the Non-excluded Directors believe that you should vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders. While the Non-excluded Directors acknowledge that there are reasons to vote against the Scheme, they believe that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against it.

**(a) The Non-excluded Directors believe that the Scheme is in the best interests of QVE Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders**

QVE has undertaken several initiatives to reduce the persistent discount of the QVE Share price to Pre-tax NTA backing per QVE Share (**Price to NTA Discount**), including:

- an on-market share buyback in place between 9 September 2019 and 19 December 2023<sup>10</sup>;
- increased frequency of dividend payments (from half yearly to quarterly) since October 2020;
- increased dividend value;
- more detailed shareholder communications; and
- investor roadshows.

<sup>10</sup> Since the on-market share buyback commenced on 9 September 2019, and up to and including 19 December 2023 (being the last date that QVE bought back QVE Shares), QVE purchased 49.3 million QVE Shares at a total cost of \$44.9 million.

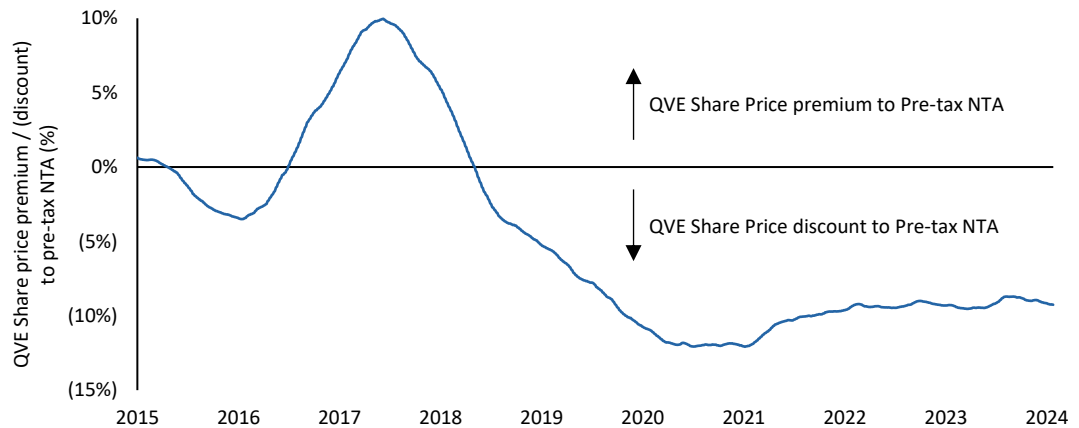
Despite these initiatives, the Price to NTA Discount over varying time periods to 30 January 2024 has not been remedied, as shown in the table below:

Price to NTA Discount (to 30 January 2024 <sup>11</sup> )	1 Month	1 Year	3 Years
Minimum	-6.7%	-3.6%	-3.6%
Maximum	-12.8%	-14.5%	-14.6%
Average	-11.6%	-9.3%	-9.4%

Note: Based on the closing price of QVE Shares relative to its unaudited Pre-tax NTA per QVE Share.  
Source: S&P Capital IQ (QVE Share price data) and QVE Manager (unaudited QVE Pre-tax NTA).

The Independent Directors have reviewed these trends over various periods of trading as tabled above. Furthermore, to support a more detailed and comprehensive analysis, the Independent Directors also examined QVE’s entire trading history since listing on the ASX. A rolling 12-month average to smooth out short-term market fluctuations and identify longstanding trends, was employed, as depicted in **Figure 1** below. This data further demonstrates that, except for brief periods in late September 2015 and between January 2017 and September 2018, QVE Shares have on average traded at a Price to NTA Discount.

**Figure 1: Rolling 12-month average price of QVE Shares relative to its Pre-tax NTA to 30 January 2024<sup>11</sup>**



Note: Based on the 12-month average of the closing price of QVE Shares relative to its unaudited Pre-tax NTA per QVE Share.  
Source: S&P Capital IQ (QVE Share price data) and QVE Manager (unaudited QVE Pre-tax NTA).

In recommending the Scheme, the Non-excluded Directors have taken into account the abovementioned initiatives and reviewed the strategic alternatives to address the persistent Price to NTA Discount, which included, among other things, the continuation of QVE’s operations in their current form. After considering these options, the Non-excluded Directors believe that, in the absence of a superior proposal, implementing the Scheme is an effective way to reduce the Price to NTA Discount. Accordingly, the Non-excluded Directors view the Scheme as a strategic measure that offers a compelling opportunity to remedy the persistent Price to NTA Discount within a clearly defined and limited timeframe. Consequently, and for several other reasons outlined in this Section, they believe that the Scheme is in the best interests of QVE Shareholders, in the absence of a Superior Proposal. This belief is supported by the Independent Expert, whose report is set out in Annexure A.

<sup>11</sup> Being the day prior to WAM Leaders’ announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the day before the market became aware of WAM Leaders’ interest in acquiring QVE and hence reflecting an "undisturbed" price of QVE Shares).

Since the announcement of the Intended Takeover Offer on 31 January 2024, and the subsequent announcement of the Scheme on 12 March 2024, the response of the QVE Share price on each occasion has supported the position of the Independent Directors. Specifically:

- on the announcement of the Intended Takeover Offer, QVE's share price increased by 4.4% and its Price to NTA Discount narrowed from -11.4% to -7.5%; and
- on the date the Scheme was announced, which the Independent Directors assessed as having substantially improved terms compared to the Intended Takeover Offer, the QVE Share price rose by 7.0% and the Price to NTA Discount decreased from -11.6% to -5.4%.

**(b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal**

The Independent Directors appointed Lonergan Edwards & Associates Limited to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

The Independent Expert concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal.

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A. QVE Shareholders should carefully review the Independent Expert's Report in its entirety.

**(c) QVE Shareholders can choose from a combination of Scrip Consideration and Cash Consideration that best suits their individual circumstances**

QVE Shareholders may:

- exchange 100% of their QVE Shares for New WAM Leaders Shares; or
- Elect to receive:
  - Cash Consideration for 100% of their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share; or
  - a combination of Scrip Consideration and Cash Consideration.

Therefore, QVE Shareholders have the choice to exit all or part of their investment in QVE at the value of QVE's Pre-tax NTA less any accrued but unpaid Transaction Costs and may choose the level of exposure to the Combined Group that best suits their individual circumstances.

To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares (see Section 3.10(b) of this Scheme Booklet for further details).

**(d) The implied value of the Scrip Consideration and Cash Consideration is expected to deliver a premium to the recent QVE Share price, up to 30 January 2024<sup>12</sup>**

*Scrip Consideration*

The number of New WAM Leaders Shares to be issued per QVE Share to QVE Shareholders who receive Scrip Consideration is not fixed. It will be determined based on the relative Pre-tax NTA value per share of each company on the Calculation Date (being the date the Scheme becomes legally binding, currently expected to be 4 July 2024). As a result, QVE Shareholders will not know the exact number of New WAM Leaders Shares they will receive until immediately before the Implementation Date. See Section 3.2(c) for further details.

As a worked example, based on the reported end of month Pre-tax NTAs of each company as at 31 March 2024, and after adjusting for estimated transaction related costs (which is partially offset by

<sup>12</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the last day before the market became aware of a potential transaction to acquire QVE reflecting an "undisturbed" price of QVE Shares).

the WLE Contribution in the case of QVE), each QVE Shareholder would receive 0.7323 New WAM Leaders Shares for every 1 QVE Share held.

	QVE	WAM Leaders
Pre-tax NTA value per share (as at 31 March 2024)	\$1.0643	\$1.4259
Transaction Costs (not incurred as at 31 March 2024) less the WLE Contribution (in the case of QVE) per share	\$0.0204	\$0.0003
<b>Proforma Pre-tax NTA per share</b>	<b>\$1.0439</b>	<b>\$1.4256</b>
<b>Illustrative exchange ratio</b>	<b>0.7323</b>	

Note: Based on unaudited Pre-tax NTA values per share of each of QVE and WAM Leaders.  
Source: QVE Manager (unaudited QVE Pre-tax NTA).

The indicative value of the Scrip Consideration in this worked example, calculated based on the closing price of WAM Leaders Shares as at 31 March 2024, is equivalent to \$1.014 per QVE Share, which represents a significant premium of<sup>13</sup>:

- 12.1% to the closing price of QVE Shares on 30 January 2024<sup>14</sup>;
- 13.5% to the 1-month VWAP of QVE Shares up to and including 30 January 2024<sup>14</sup>; and
- 16.2% to the 3-month VWAP of QVE Shares up to and including 30 January 2024<sup>14</sup>.

#### *Cash Consideration*

The indicative value of the Cash Consideration in this worked example, calculated based on the Pre-tax NTA value per QVE Share figure above with a 2.5% discount applied, is equivalent to \$1.018 per QVE Share, which represents a significant premium of<sup>13</sup>:

- 12.5% to the closing price of QVE Shares on 30 January 2024<sup>14</sup>;
- 13.9% to the 1-month VWAP of QVE Shares up to and including 30 January 2024<sup>14</sup>; and
- 16.7% to the 3-month VWAP of QVE Shares up to and including 30 January 2024<sup>14</sup>.

This Section 1.3(d) sets out worked examples only. The implied value of the Scheme Consideration is not fixed. It will depend on the relative Pre-tax NTA value per QVE Shares and WAM Leaders Share on the Calculation Date and, in the case of the Scrip Consideration, the price at which New WAM Leaders Shares trade on the ASX after being issued under the Scheme. There can be no guarantee of the New WAM Leaders Shares maintaining their issue price<sup>15</sup>.

- (e) **For Scrip Participants, the ability to exit your investment at the Pre-tax NTA value per QVE Share and, post implementation, access to a share price that may trade closer to the Combined Group's net tangible assets and have increased market liquidity (compared to QVE on a standalone basis)**

The Price to NTA Discount has been persistent for the last 3 years to 30 January 2024<sup>14</sup>, with an average discount of -9.4% to the Pre-tax NTA value per QVE Share. Similarly, over the last 12 months, the average discount was -9.3%.

In contrast to QVE, on average WAM Leaders has historically traded at a premium to its Pre-tax NTA value per WAM Leaders Share, with an average premium of approximately 4.2% to the Pre-tax NTA over the 3 years ending 30 January 2024. Similarly, over the last 12 months to 30 January 2024<sup>14</sup>, the average premium was 3.8%. If this continues post implementation (which is not guaranteed), the Scrip Consideration will deliver QVE Shareholders a premium to the Pre-tax NTA value per QVE

<sup>13</sup> In Section 1.3(d) of this Scheme Booklet, the closing price of QVE Shares on 30 January 2024 was \$0.905, the closing price of WAM Leaders Shares on 28 March 2024 (being the final trading day of WAM Leaders on the ASX in March 2024) was \$1.385, the 1-month VWAP of QVE Shares on 30 January 2024 was \$0.893, and the 3-month VWAP of QVE Shares on 30 January 2024 was \$0.872.

<sup>14</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the last day before the market became aware of a potential transaction to acquire QVE reflecting an "undisturbed" price of QVE Shares).

<sup>15</sup> The Pre-tax NTA value per QVE Share and WAM Leaders Share may continue to fluctuate from the date of this Scheme Booklet up to the Calculation Date, and such fluctuations will vary the implied value of the Scheme Consideration. QVE intends to provide worked examples per the 'Important Dates' Section of this Scheme Booklet to update QVE Shareholders of the ongoing implied value as the transaction progresses.

Share. As at the Last Practicable Date, WAM Leaders Share price was \$1.410 compared to its last reported Pre-tax NTA per share of \$1.3717 on 30 April 2024, equating to a premium of 2.8%.

Pre-tax NTA discounts are influenced by many factors including market sentiment, market liquidity, investment manager performance and market capitalisation.

If QVE Shareholders approve the Scheme and it becomes Effective, QVE Shareholders who receive Scrip Consideration will hold New WAM Leaders Shares. Upon implementation, QVE will become a wholly owned subsidiary of WAM Leaders. The market capitalisation and liquidity of WAM Leaders post implementation (referred to in this Scheme Booklet as the 'Combined Group') is expected to be significantly greater compared to QVE on a standalone basis.

For QVE Shareholders seeking liquidity at prices closer to the underlying asset value of their investment, the Scheme endeavours to provide QVE Shareholders with:

- the ability to exit their investment at the Pre-tax NTA value per QVE Share (except for Cash Participants); and
- the option to invest in WAM Leaders, a vehicle that:
  - on average has historically traded closer to its Pre-tax NTA than QVE; and
  - may offer greater market liquidity.

**(f) Scrip Participants will exit QVE and gain access to WAM Leaders' investment strategy and the profit reserves and its franking account balance**

QVE Shareholders will be able to leverage WAM Leaders' investment strategy and an experienced investment manager.

As referenced by WAM Leaders in its announcements on the ASX:

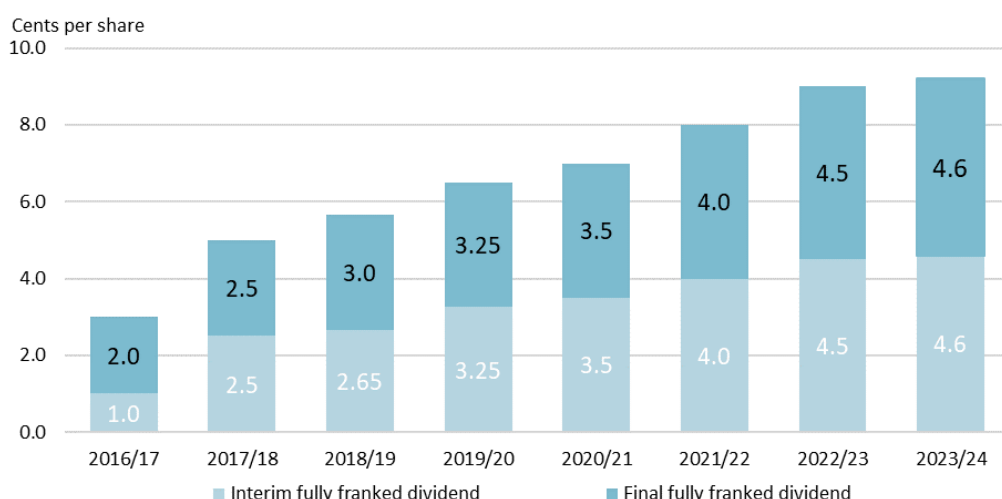
- The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided WAM Leaders has sufficient profits reserves and franking credits, and it is within prudent business practices to do so.
- WAM Leaders' profit reserves as at 31 March 2024 is 34.1 cents per share (**cps**) and forms part of the Pre-tax NTA of WAM Leaders. Since inception in May 2016, WAM Leaders has paid 44.15 cents per share in fully franked dividends to shareholders. The WAM Leaders Board declared a fully franked interim dividend of 4.6 cents per share payable on 31 May 2024.
- The WAM Leaders Board intends to deliver a FY2024 fully franked full year dividend of 9.2 cents per share<sup>16</sup>, with the FY2024 fully franked final dividend to be 4.6 cents per share.
- The current intention of the WAM Leaders Board is to ensure that all QVE Shareholders who receive New WAM Leaders Shares as part of the Scrip Consideration under the Scheme will be eligible to receive the FY2024 fully franked final dividend guidance of 4.6 cents per share<sup>16</sup> which is usually payable in November announced by WAM Leaders on 26 February 2024 provided that the Scheme is Effective prior to the record date for that dividend and Scrip Participants continue to hold the New WAM Leaders Shares as at the record date for the dividend.

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<sup>16</sup> Fully franked final dividend guidance is subject to no material or adverse changes in market conditions. WAM Leaders' ability to pay fully franked dividends is dependent on the receipt of franking credits and the payment of tax on profits.

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**Figure 2: Dividends per WAM Leaders Share from FY17 to FY24**



Source: WAM Leaders' ASX announcements.

The WAM Leaders grossed-up\*\* FY2024 fully franked full year dividend guidance# is 29.6% greater than the current QVE grossed-up\*\* fully franked full year dividend, which is currently 1.86 cents per share each quarter, including the benefit of franking credits.

<b>Fully franked dividend uplift (illustrative example)</b>	
WAM Leaders FY2024 fully franked full year dividend guidance# (cps)	9.2
WAM Leaders grossed-up** FY2024 fully franked full year dividend guidance# (cps) including franking credits	13.1
Indicative exchange ratio^	0.7323
WAM Leaders grossed-up** FY2024 effective dividend per QVE Share (cents per share) including franking credits	9.6
QVE fully franked aggregate dividend for the last four quarters to 31 March (cps)	5.2
QVE grossed-up** fully franked aggregate dividend for the last four quarters to 31 March 2024 (cps) including franking credits	7.4
<b>Estimated fully franked dividend uplift as part of Scheme</b>	<b>29.6%</b>
** Grossed-up dividends include the benefit of franking credits and are based on a tax rate of 30.0%. The QVE amounts as set out in this table are based on QVE's declared dividends for the last four quarters to March 2024.	
# Fully franked final dividend guidance is subject to no material or adverse changes in market conditions. WAM Leaders' ability to pay fully franked dividends is dependent on the receipt of franking credits and the payment of tax on profits.	
^ Based on WAM Leaders' Pre-tax NTA after estimated remaining Transaction Costs of \$1.4256 per share and QVE's Pre-tax NTA after estimated remaining Transaction Costs net of the WLE Contribution of \$1.0439 per share as at 31 March 2024. The indicative exchange ratio depends on the value of WAM Leaders' Pre-tax NTA and QVE's Pre-tax NTA, at the Calculation Date, which could be higher or lower than the example used.	
Source: QVE's ASX announcements and WAM Leaders' ASX announcements.	

As detailed in Section 7, the WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided it has sufficient profit reserves and franking credits and it is within prudent business practices. WAM Leaders' ability to generate franking credits is dependent primarily upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies. This is not intended to be a forecast, it is merely an objective of WAM Leaders. WAM Leaders may not be successful in meeting this objective in the future.

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**(g) Scrip Consideration allows QVE Shareholders to participate in and benefit from the Combined Group**

As noted above, if QVE Shareholders approve the Scheme and the Scheme becomes Effective, QVE Shareholders, who receive Scrip Consideration, will hold New WAM Leaders Shares, and upon implementation, QVE will become a wholly owned subsidiary of WAM Leaders.

The Combined Group is expected to benefit from corporate synergies with cost reductions (when compared to the costs of QVE and WAM Leaders continuing to operate as separate publicly traded companies) across legal, accounting, investor relations, and compliance and the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs<sup>17</sup>.

**(h) No Superior Proposal has emerged as at the date of this Scheme Booklet**

Since 31 January 2024, being the date on which WAM Leaders announced its Intended Takeover Offer, and up to the date of this Scheme Booklet, no Superior Proposal has emerged. The Non-excluded Directors are not aware of any Superior Proposal and have no basis to believe that a Superior Proposal is likely to emerge.

WAM Leaders' associated entity, WAM Strategic Value (ASX: WAR) (**WAR**), holds 15.76% of the issued QVE Shares. This may reduce the likelihood of other third parties putting forward a proposal.

In addition, if the Scheme is not implemented, the ASIC relief granted to WAM Leaders regarding its Intended Takeover Offer would require WAM Leaders to formally submit its Intended Takeover Offer to QVE Shareholders (see Section 5.7(c) for further details). This also reduces the likelihood of other third parties putting forward a proposal. See Section 5.7 for further details in respect of the ASIC relief.

The Scheme Implementation Agreement is subject to customary exclusivity provisions including no talk and no due diligence obligations (subject to the Independent Directors' fiduciary obligation), no shop obligations, notification and matching right obligations. Further details on the key terms of the Scheme Implementation Agreement are provided in Section 3 of this Scheme Booklet.

**(i) The QVE Share price may fall if the Scheme is not implemented**

If the Scheme is not implemented, and no Superior Proposal is received by the QVE Board, then QVE will remain quoted on the ASX and will continue to be subject to the risk factors in Section 8.2.

As such, if the Scheme is not implemented, it is possible that the price at which QVE Shares trade will fall and the Price to NTA Discount could revert to levels exhibited prior to the announcement of the Scheme (although this cannot be predicted with any degree of certainty).

**(j) QVE Shareholders (other than Ineligible Overseas Shareholders) will not incur any brokerage on the disposal of their QVE Shares if the Scheme proceeds**

If the Scheme is implemented, QVE Shareholders (other than Ineligible Overseas Shareholders<sup>18</sup>) will be able to realise their investment in QVE without incurring brokerage costs. QVE Shareholders may incur such charges if they dispose of their QVE Shares in a manner other than that contemplated by the Scheme.

Ineligible Overseas Shareholders, who do not elect all Cash Consideration, must note that their New WAM Leaders Shares will be issued to the Sale Agent as nominee in trust for those Ineligible Overseas Shareholders, for sale on market following implementation of the Scheme. Those Ineligible Overseas Shareholder will incur a brokerage fee as a result of that sale. See Section 3.10 of this Scheme Booklet for further details.

**(k) Scheme Participants who receive Scrip Consideration may be eligible for CGT rollover relief**

If the Scheme is implemented, Scheme Participants that are residents of Australia for income tax purposes and who make a capital gain from the disposal of their Scheme Shares, may be eligible to

<sup>17</sup> There is no certainty that cost savings and synergies will be realised as part of the Combined Group.

<sup>18</sup> See Section 3.10(b) for further details.

choose CGT roll-over relief for that portion of the gain that relates to Scrip Consideration, provided certain conditions are met. Broadly, if a Scheme Participant elects to apply CGT roll-over relief, the capital gain they would otherwise make from the disposal of their Scheme Shares under the Scheme will be disregarded to the extent that the capital proceeds received is Scrip Consideration. CGT roll-over relief is not available in respect of Scheme Shares for which a Scheme Participant realises a capital loss on disposal or to the extent the Scheme Participant receives Cash Consideration.

You are urged to seek professional taxation advice in relation to your own personal circumstances. For further detail regarding the general Australian tax consequences of the Scheme, please refer to Section 9 of this Scheme Booklet. Taxation laws in Australia are complex and you are encouraged to read Section 9 carefully and seek independent professional advice.

**(II) The Scheme represents an enhanced set of terms compared to the inferior Intended Takeover Offer, and avoids the uncertainty, time and cost associated with QVE defending itself against the Intended Takeover Offer**

The Scheme presents a more favourable set of terms compared to the Intended Takeover Offer, providing a clearer and more beneficial alternative. Specifically, the indicative exchange ratio (for calculating Scrip Consideration) under the Scheme is 0.7323 WAM Leaders Shares for each QVE Share, as detailed in Section 3.2(c). This ratio represents a 7.5% increase over the fixed exchange ratio of 0.6814 WAM Leaders Shares for each QVE Share offered under the Intended Takeover Offer. Similarly, the indicative Cash Consideration, as detailed in Section 3.2(d), is also higher than the implied value of the scrip consideration under the Intended Takeover Offer.

The Scheme also introduces added certainty and flexibility, allowing QVE Shareholders the option to choose between Cash Consideration or a combination of Scrip Consideration and Cash Consideration – such options are not available under the Intended Takeover Offer.

If the Scheme is not implemented, WAM Leaders would be required to formally submit its Intended Takeover Offer to QVE Shareholders, as outlined in Section 5.7(c). If this were to occur, the Non-excluded Directors currently intend to recommend that QVE Shareholders do not accept the Intended Takeover Offer, citing its comparative inferiority to the Scheme, among other reasons. As such, QVE would incur additional expenses in defending against the Intended Takeover Offer (for the avoidance of doubt, QVE would also incur additional expenses if the Non-excluded Directors were to recommend that QVE Shareholders accept the Intended Takeover Offer). These would include costs for professional advisers including legal counsel, corporate advisory, an independent expert, registry services and tax specialists, among others. Moreover, addressing and resolving the Intended Takeover Offer would be a prerequisite step before QVE could effectively pursue other corporate strategies and initiatives aimed at reducing the Price to NTA Discount.

#### 1.4 Reasons why you may choose to vote against the Scheme

**(a) You may disagree with the Non-excluded Directors and Independent Expert**

Notwithstanding the unanimous recommendation of the Non-excluded Directors and the determination of the Independent Expert, you may believe that the Scheme is not in your best interests.

There is no obligation to follow the recommendation of the Non-excluded Directors or to agree with the opinion of the Independent Expert.

**(b) If the Scheme is implemented, you will no longer participate in any potential upside from being a QVE Shareholder**

If the Scheme is implemented, your QVE Shares will be acquired by WAM Leaders, and you will cease to be a QVE Shareholder. Consequently, you will no longer be entitled to participate in the future financial stand-alone performance of QVE or exercise the rights of a QVE Shareholder.

If the Scheme is not implemented, there are risks associated with retaining an investment in QVE. For further information in relation to these risks, refer to Section 8.2 of this Scheme Booklet.

**(c) Scheme Consideration is not fixed or certain before the Scheme Meeting***Scrip Consideration*

The number of New WAM Leaders Shares to be issued per QVE Share as Scrip Consideration will not be fixed or known before the Scheme Meeting as explained below:

- It will be calculated based on the relative Pre-tax NTA value per share of each company on the Calculation Date.
- The Calculation Date used in the Scrip Consideration formula occurs after the Scheme Meeting, on the day the Scheme becomes legally binding (currently expected to be 4 July 2024).

The implied value of the Scrip Consideration will not be fixed or known before the Scheme Meeting. It will depend on the number of New WAM Leaders Shares to be issued per QVE Share (based on the relative Pre-tax NTA value per share of QVE and WAM Leaders on the Calculation Date) and the price at which New WAM Leaders Shares trade on the ASX after the issue of the New WAM Leaders Shares under the Scheme. Each of these elements is subject to risk and. There can be no guarantee of the WAM Leaders Share price. The Independent Directors have sought to reduce this risk by limiting the time between calculation of the Scrip Consideration and implementation of the Scheme.

*Cash Consideration*

The Cash Consideration is equal to the Pre-tax NTA value per QVE Share on the Calculation Date less a 2.5% discount, which will only be known after the Scheme Meeting and is therefore not fixed or certain as at the date of this Scheme Booklet.

**(d) WAM Leaders' investment strategy or risk profile may not suit you**

For QVE Shareholders receiving Scrip Consideration, QVE and WAM Leaders employ different investment strategies. The QVE Portfolio is managed by Investors Mutual Limited (**QVE Manager**), using a diversified portfolio strategy focused on entities listed on the ASX primarily outside the S&P/ASX 20 Accumulation Index (see Section 5.2 for details).

WAM Leaders aims to provide investors with exposure to an active investment process with an investment universe focused on S&P/ASX200 securities (see Section 6.1(a) for further details of WAM Leaders' investment strategy).

You may want to remain invested in a vehicle which employs QVE's specific investment strategy.

Also, because of the differences in investment strategy, the risk factors associated with an investment in WAM Leaders differ from QVE. You may consider the risk profile of WAM Leaders inappropriate for you. Please see Section 8 for further details on the risk factors.

**(e) QVE Shareholders will own a smaller portion of the Combined Group**

Assuming the exchange ratio from the worked example in Section 3.2(c) of 0.7323, the New WAM Leaders Shares are expected to form approximately 11.7% of the issued capital of the Combined Group assuming 100% of QVE Shareholders receive Scrip Consideration. If, in aggregate, QVE Shareholders receive Scrip Consideration for 50% of their QVE Shares, Scheme Participants would have a collective voting interest of 6.2% in the Combined Group.

This means QVE Shareholders would have less influence over the Combined Group compared to their current ownership in QVE.

**(f) No guarantee can be given in respect of the future performance of the Combined Group**

For QVE Shareholders receiving Scrip Consideration, the future success and the ability of the Combined Group to meet its investment objectives are dependent on the performance of the investment portfolio. No guarantee can be given in respect of the future performance of the Combined Group or the Combined Group's investment portfolio.

**(g) Deferred tax assets of QVE may not be available for utilisation in the Combined Group**

It is uncertain whether the deferred tax assets (of approximately 2.76 cents per QVE Share as at 31 March 2024) would be available for utilisation by the Combined Group in the future due to various factors including the tax profiles of QVE and WAM Leaders, differing accounting policies between QVE and WAM Leaders, and market movements. As a result, the deferred tax assets of QVE have not been included in the calculation as part of the Scheme Consideration for QVE Shareholders. Deferred tax assets of WAM Leaders are also excluded from the calculation of the exchange ratio which affects the amount of Scrip Consideration.

**(h) You may believe that there is potential for a Superior Proposal to emerge**

You may consider that a Superior Proposal could emerge in the foreseeable future. This may take the form of a takeover offer or an alternative scheme of arrangement, which would deliver total consideration to QVE Shareholders that exceeds the Scheme Consideration.

As at the date of this Scheme Booklet, no Superior Proposal has emerged, and the Non-excluded Directors have no basis to believe that a Superior Proposal is likely to emerge.

**(i) WAM Leaders' management fee is higher than QVE's management fee and it charges a performance fee whereas QVE does not charge a performance fee**

QVE and WAM Leaders have different fee structures. WAM Leaders' management fee is higher than QVE's management fee and it charges a performance fee whereas QVE does not charge a performance fee, as outlined below:

- QVE pays a management fee of 0.9% pa (plus GST) for the first \$150 million of net asset value (**NAV**) and 0.75% pa (plus GST) thereafter.
- QVE does not pay a performance fee.
- WAM Leaders pays a management fee of 1.0% pa (plus GST).
- WAM Leaders pays a performance fee of 20.0% of the returns in excess of the S&P/ASX200 Accumulation Index. The investment manager of WAM Leaders is required to recoup any underperformance compared to its Benchmark (being the S&P/ASX200 Accumulation Index) before being eligible for a performance fee.

However, given WAM Leaders' superior historic performance in comparison to QVE (as noted above), this increase in management fees appears reasonable. Refer to Section 6.1(k) and the Independent Expert's Report (which is set out in full at Annexure A) for further details on WAM Leaders management and performance fees.

**(j) The tax consequence of the Scheme may not suit your financial position**

Implementation of the Scheme may have taxation consequences for QVE Shareholders. A general guide to the potential Australian taxation implications of the Scheme on Scheme Participants is set out in Section 9.

This guide is expressed in general terms only and QVE Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

**1.5 Other relevant considerations****(a) Implications if the Scheme does not proceed**

If the Scheme is not implemented:

- the ASIC relief granted to WAM Leaders regarding its Intended Takeover Offer would require WAM Leaders to formally submit its Intended Takeover Offer (see Section 5.7(c) for further details),

and subject to whether the Intended Takeover Offer is successful:

- the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its appointment (and assuming its term is renewed) and QVE will remain listed on the ASX;
- QVE Shareholders will retain their QVE Shares and remain subject to the risks associated with an investment in QVE and will not receive the Scheme Consideration;
- QVE will continue to operate as a standalone listed entity and QVE Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in QVE; and
- it is possible that the price at which QVE Shares trade will fall and the Price to NTA Discount could revert to levels exhibited prior to the announcement of the Scheme (although this cannot be predicted with any degree of certainty).

A summary of the Independent Directors' intentions and key risks if the Scheme is not implemented are set out in Sections 5.7 and 8.2 of this Scheme Booklet.

Certain Transaction Costs have been or will be incurred by QVE irrespective of whether or not the Scheme is implemented. QVE's estimated fees and expenses in relation to the Scheme are set out in Section 5.10 of this Scheme Booklet. Risks associated with Transaction Costs are detailed in Section 8.6(d).

**(b) Conditions**

The Scheme is subject to the Scheme Conditions. These Scheme Conditions are summarised in Section 3.5 and set out in full in the Scheme Implementation Agreement.

If these Scheme Conditions are not satisfied or (if permitted) waived before the Second Court Hearing, the Scheme will not be implemented and QVE Shareholders will retain their QVE Shares, and will not receive the Scheme Consideration (see Section 1.5(a)).

As at the date of this Scheme Booklet, the Non-excluded Directors are not aware of any matter that would result in the non-fulfilment of the Scheme Conditions.

**(c) The Scheme may proceed even if you vote against it, or do not vote at all**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of QVE Shareholders and the Court. Also, this will be subject to the Scheme Conditions being satisfied or (if permitted) waived. If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.

If this occurs, your Scheme Shares will be transferred to WAM Leaders and you will receive the Scheme Consideration.

## 2 FREQUENTLY ASKED QUESTIONS

This Section answers some potential questions that you may have about the Scheme. It is not intended to address all relevant issues for QVE Shareholders. This Section should be read together with the other parts of this Scheme Booklet. You should read all of this Scheme Booklet before you decide how to vote at the Scheme Meeting.

Question	Answer
<b>AN OVERVIEW OF THE SCHEME</b>	
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are a QVE Shareholder and QVE Shareholders are being asked to vote on the Scheme Resolution to approve the Scheme at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.

Question	Answer
What is the Scheme?	<p>The Scheme is a scheme of arrangement between QVE and QVE Shareholders under Part 5.1 of the Corporations Act.</p> <p>A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company (typically known as the ‘target’ company). In this case QVE is the target company.</p> <p>In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the ‘Requisite Majorities’. See the Glossary for the meaning of ‘Requisite Majorities’.</p>
Who are the Independent Directors?	<p>The QVE Board established a committee of independent QVE Directors (<b>Independent Directors</b>) to carefully consider the Scheme, to obtain and consider advice from its appointed advisers, and to seek to maximise value for all QVE Shareholders either by negotiating the terms of the Scheme with WAM Leaders or pursuing other available strategic options.</p> <p>The Independent Directors means the following QVE Directors:</p> <ul style="list-style-type: none"> <li>(a) Mr Peter McKillop;</li> <li>(b) Ms Linda Wing Yeung Fox; and</li> <li>(c) Mr Eamonn Roles.</li> </ul> <p>Anton Tagliaferro and Simon Conn are also QVE Directors, however they have been excluded from the committee of Independent Directors (and therefore from making any decision around entering into the Scheme) because of their current and/or historic relationship with the QVE Manager.</p> <p>For further information about the QVE Directors please see Section 5.4(a). Please also see “Who are the Non-excluded Directors” below.</p>
Who are the Non-excluded Directors?	<p>While the Independent Directors have been tasked with the review of available strategic options and ascertaining the option which maximises value for QVE Shareholders, and who resolved to enter into the Scheme Implementation Agreement with WAM Leaders, it is the Non-excluded Directors who unanimously recommend the Scheme.</p> <p>The Non-excluded Directors includes all QVE Directors who do not have an immediate conflicting interest with the implementation of the Scheme, and means the following QVE Directors:</p> <ul style="list-style-type: none"> <li>(a) each of the Independent Directors; and</li> <li>(b) Mr Anton Tagliaferro.</li> </ul> <p>Anton Tagliaferro has been included as a Non-excluded Director for the purposes of recommending the Scheme as he has no direct conflict with the implementation of the Scheme. However, Anton has served as a Director of the QVE Manager from its inception in June 1997 to March 2023 and therefore could not be an Independent Director for the purpose of assessing the strategic options given his historic relationship with the QVE Manager.</p> <p>Mr Simon Conn is an employee, shareholder and director of the QVE Manager. Specifically, Simon joined the QVE Manager as part of the founding team in 1998 and has been a Senior Portfolio Manager with the QVE Manager in the small and mid-cap sector since 2002. He was appointed as a director of the QVE Manager in September 2017. In addition to his employment and directorship, Simon also holds a Relevant Interest in</p>

Question	Answer
	<p>shares of the QVE Manager. Upon implementation of the Scheme, the QVE Manager's services under the QVE Management Agreement will be terminated. Accordingly, Simon is conflicted from providing a recommendation in respect of the Scheme.</p> <p>For further information about the QVE Directors please see Section 5.4(a)</p>
<p>Why have the Non-excluded Directors recommended the Scheme?</p>	<p>In late December 2023, WAM Leaders approached QVE on a confidential basis with the Initial Proposal. Following consideration of the Initial Proposal, supported by its professional advisers, the Independent Directors resolved to reject the Initial Proposal on the terms it was put to QVE. On 31 January 2024, WAM Leaders announced its Intended Takeover Offer. QVE separately announced it had, after careful consideration, rejected the Initial Proposal. As a result of this, the QVE Board commenced a formal evaluation of strategic options. The formal evaluation of strategic options was consistent with QVE's regular evaluation of opportunities that seek to maximise value for QVE Shareholders and was undertaken by the Independent Directors.</p> <p>As part of the formal evaluation of strategic options undertaken by the Independent Directors, a key objective of the Independent Directors was to close the persistent discount of QVE Shares to QVE's Pre-tax NTA. The price of QVE Shares has consistently traded below its Pre-tax NTA in the last 3 years to 30 January 2024, with an average discount of -9.4% within a range from -3.6% to -14.6%. QVE's prior efforts to narrow the Price to NTA Discount have had limited, if any, effect (e.g., via share buybacks, increased dividend value and frequency, increased reporting and investor roadshows).</p> <p>The QVE Board was informed of the Independent Directors' findings as part of the formal evaluation of strategic options, and the Non-excluded Directors now believe that the Scheme provides a solution to this persistent discount to Pre-tax NTA as well as access to liquidity for QVE Shareholders from this investment. For further details on the reasons to vote for and against the Scheme please refer to Section 1 of the Scheme Booklet. The Non-excluded Directors believe the reasons to vote 'for' outweigh the reasons to vote 'against' the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.</p>
<p>What happens if the Scheme is approved and becomes Effective?</p>	<p>If the Scheme becomes Effective, on the Implementation Date:</p> <p>(a) All of the QVE Shares held by Scheme Participants will be transferred to WAM Leaders without any need for action by Scheme Participants and QVE will upon implementation become a wholly owned subsidiary of WAM Leaders.</p> <p>(b) In exchange for their QVE Shares, Scheme Participants will receive the Scheme Consideration, which includes:</p> <ul style="list-style-type: none"> <li>• New WAM Leaders Shares to Scrip Participants for the Scrip Participant's QVE Shares with the quantum of the New WAM Leaders Shares based on the Pre-tax NTA value per share of QVE and WAM Leaders as calculated on the Calculation Date; or</li> <li>• cash for a Cash Participant's QVE Shares (to the extent they have made an Election to receive cash for all or part of their QVE Shares) at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date; or</li> <li>• a combination of Scrip Consideration and Cash Consideration.</li> </ul>

Question	Answer
	<p>To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders who will be entitled to Scrip Consideration will have their New WAM Leaders Shares issued to the Sale Agent who will sell those shares on market and the Ineligible Overseas Shareholders will incur any applicable brokerage, taxes and charges as a result of the sale. The proportion of the cash proceeds remitted to each Ineligible Overseas Shareholder who is a Scrip Participant will be net of costs including any applicable brokerage, taxes and charges. See Section 3.10 of this Scheme Booklet for further details.</p> <p>To become Effective, the Scheme Conditions must be satisfied or (if permitted) waived. The Scheme Conditions are summarised in Section 3.5 of this Scheme Booklet and are set out in the Scheme Implementation Agreement.</p> <p>See Section 3.8 of this Scheme Booklet for details regarding implementation of the Scheme and Sections 6 and 7 of this Scheme Booklet for details of the Combined Group post-implementation.</p>
What are the options for QVE Shareholders?	<p>QVE Shareholders may:</p> <ul style="list-style-type: none"> <li>(a) vote in favour of the Scheme by voting ‘for’ the Scheme Resolution at the Scheme Meeting;</li> <li>(b) vote against the Scheme Resolution at the Scheme Meeting;</li> <li>(c) sell their QVE Shares on the ASX before trading is suspended at close of trading on the Effective Date (currently expected to be 4 July 2024); or</li> <li>(d) do nothing.</li> </ul>
What are the reasons to vote for or against the Scheme?	<p>The key reasons to vote in favour of the Scheme are considered in Section 1.3 of this Scheme Booklet.</p> <p>The reasons you may want to vote against the Scheme are considered in Section 1.4 of this Scheme Booklet.</p> <p>Other considerations relevant to your vote are detailed in Section 1.5 of this Scheme Booklet.</p> <p>You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of QVE Shareholders and the Court. Also, this will be subject to the Scheme Conditions being satisfied or (if permitted) waived.</p> <p>If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.</p>
Why do the Non-excluded Directors recommend the Scheme?	<p>The Non-excluded Directors believe that the advantages outlined in Section 1.3 support implementation of the Scheme and outweigh the disadvantages outlined in Section 1.4. Each Non-excluded Director recommends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, that you vote in favour of the Scheme Resolution.</p> <p>Subject to those same qualifications, each Non-excluded Director who holds or controls QVE Shares intends to vote in favour of the Scheme.</p>
What is the opinion of the Independent Expert?	<p>The Independent Expert has considered the merits of the Scheme and has concluded that the Scheme is both fair and reasonable and in the best interests of QVE Shareholders.</p> <p>The Independent Expert’s Report is set out in full in Annexure A.</p>



Question	Answer
<b>WHO PARTICIPATES IN THE SCHEME AND THE TIMETABLE</b>	
Who participates in the Scheme?	<p>If the Scheme becomes Effective, the registered holders of QVE Shares on the Record Date will participate in, and be bound by, the Scheme. These persons are referred to in the Scheme and in this Scheme Booklet as 'Scheme Participants'.</p> <p>It is expected that the Record Date will be 8 July 2024. This date may change. Any changes will be announced to ASX and notified on the ASX announcements platform.</p>
What will I receive under the Scheme?	<p>If the Scheme becomes Effective, you will be entitled to the Scheme Consideration, being:</p> <p>(a) New WAM Leaders Shares for your QVE Shares, with the quantum of the New WAM Leaders Shares based on the Pre-tax NTA value per share of QVE and WAM Leaders as calculated on the Calculation Date (i.e. the Scrip Consideration); or</p> <p>(b) cash for your QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date (i.e. the Cash Consideration); or</p> <p>(c) a combination of Scrip Consideration and Cash Consideration.</p> <p>To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders who will be entitled to Scrip Consideration will have their New WAM Leaders Shares issued to the Sale Agent who will sell those shares on market and the Ineligible Overseas Shareholders will incur any applicable brokerage, taxes and charges as a result of the sale. The proportion of the cash proceeds remitted to each Ineligible Overseas Shareholder who is a Scrip Participant will be net of costs including any applicable brokerage, taxes and charges. See Section 3.10 of this Scheme Booklet for further details.</p> <p>The Pre-tax NTA value per share will be calculated and Confirmed in accordance with the Scheme Implementation Agreement. See Sections 3.2(b) and 3.2(d) of this Scheme Booklet for more details on the method and basis of this calculation.</p> <p>If the Scheme becomes Effective, on the Implementation Date the New WAM Leaders Shares will be issued and the Cash Consideration paid. The timing of the Implementation Date depends on the Confirmation process in respect of the QVE and WAM Leaders Pre-tax NTA figures.</p> <p>The Confirmation process is explained further in Section 3.2(e) below.</p> <p>The timetable is detailed in the 'Important Dates' Section at the front of the Scheme Booklet.</p>
When will I know my entitlement to New WAM Leaders Shares?	<p>QVE Shareholders will not know the exact number of New WAM Leaders Shares or Cash Consideration they will receive until immediately before the Implementation Date.</p> <p>The number of New WAM Leaders Shares to be issued per QVE Share will be calculated based on the relative Pre-tax NTA value per share of QVE and WAM Leaders as calculated on the Calculation Date. The Cash Consideration will be calculated based on the Pre-tax NTA value per QVE Share as calculated on the Calculation Date and be subject to a 2.5% discount.</p> <p>The Calculation Date occurs after the Scheme Meeting, and is the date the Scheme becomes legally binding (currently expected to be 4 July 2024). As a result, the number of New WAM Leaders Shares and the amount of Cash</p>

Question	Answer
	<p>Consideration will not be known at the time of the Scheme Meeting at 10:00am (Sydney time) on 28 June 2024.</p> <p>Following the Calculation Date, the QVE and WAM Leaders Pre-tax NTA figures must be calculated and Confirmed in accordance with the Scheme Implementation Agreement. This process is detailed in Section 3.2.</p> <p>Once these figures have been Confirmed (by the parties or their auditors), QVE will then calculate the number of New WAM Leaders Shares to be issued or cash to be paid per QVE Share and the final Scheme Consideration will be announced on the ASX.</p> <p>The final Scheme Consideration will be announced on the Business Day before the Implementation Date. The timing depends on the confirmation process in respect of the QVE and WAM Leaders Pre-tax NTA figures.</p> <p>If the QVE and WAM Leaders Pre-tax NTA figures are Confirmed by the parties, the final Scheme Consideration is currently expected to be announced on 11 July 2024 and the Implementation Date is currently expected to be 15 July 2024.</p> <p>However, if either QVE's or WAM Leaders' Pre-tax NTA figure is referred to an auditor for Confirmation, the final Scheme Consideration is currently expected to be announced on 17 July 2024 and the Implementation Date is currently expected to be 18 July 2024.</p>
<p>How will I receive the payment of the Scheme Consideration?</p>	<p>If the Scheme becomes Effective:</p> <p>(a) in respect of the Scrip Consideration, WAM Leaders will issue the New WAM Leaders Shares to the Scrip Participants (or to the Sale Agent in the case of Ineligible Overseas Shareholders (see Section 3.10(b) for further details)) on the Implementation Date. The timing of the Implementation Date depends on the Confirmation process in respect of the QVE and WAM Leaders Pre-tax NTA figures which is currently expected to be on or about 15 July 2024 (see Section 3.2(e) below for further details on the Confirmation process); and</p> <p>(b) in respect of the Cash Consideration (i.e. cash for the Scheme Participant's QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share), QVE will make each payment by either:</p> <ul style="list-style-type: none"> <li>• sending (or procuring the QVE Registry to send) the payment to the Scheme Participant's Registered Address by cheque in Australian currency drawn out of the Scheme Trust Account; or</li> <li>• depositing (or procuring the QVE Registry to deposit) the payment into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to QVE (or the QVE Registry) by an appropriate authority from the Scheme Participants.</li> </ul>
<p>Is WAM Leaders bound to pay the Scheme Consideration?</p>	<p>Yes. Under the Scheme, if the Scheme becomes Effective, WAM Leaders must:</p> <p>(a) issue New WAM Leaders Shares to Scrip Participants (or to the Sale Agent in the case of Ineligible Overseas Shareholders); and</p> <p>(b) ensure there is sufficient cash for the Cash Consideration (which will be at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date) to be paid to all Cash Participants.</p>
<p>When will the Scheme become Effective?</p>	<p>Subject to satisfaction or (if permitted) waiver of the Scheme Conditions to the Scheme (as set out in Section 3.5 and the Scheme Implementation Agreement), it is expected that the Scheme will become Effective on 4 July 2024.</p>

Question	Answer
<b>SCHEME CONDITIONS AND KEY IMPLICATIONS (IF THE SCHEME PROCEEDS OR LAPSES)</b>	
What will happen to QVE if the Scheme becomes Effective?	<p>If QVE Shareholders approve the Scheme and the Scheme becomes Effective, on the Implementation Date, Scheme Participants will be issued New WAM Leaders Shares, or depending on each Scheme Participant's Election be paid the Cash Consideration or a combination of Scrip Consideration and Cash Consideration.</p> <p>Upon implementation, QVE will become a wholly owned subsidiary of WAM Leaders. Questions in relation to WAM Leaders post implementation of the Scheme (referred to in this Scheme Booklet as the "Combined Group") are answered below.</p> <p>See Sections 3.7, 6.4 and 7 of this Scheme Booklet for further details.</p>
What are the tax implications of the Scheme?	<p>Implementation of the Scheme may have taxation implications for Scheme Participants, some of which may be adverse. The taxation implications of the Scheme will differ depending on the individual circumstances of each Scheme Participant.</p> <p>Please carefully read and consider Section 9 of this Scheme Booklet, which provides general information on the Australian taxation implications of the Scheme. The information is expressed in general terms and does not constitute taxation advice in respect of the particular circumstances of any Scheme Participant.</p> <p>Your decision on how to vote at the Scheme Meeting should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own investment objectives, financial situation, taxation position and particular needs.</p>
Will I be required to pay broker fees?	<p>Scheme Participants will not have to pay brokerage on the transfer of their QVE Shares.</p> <p>However, Ineligible Overseas Shareholders, whose entitlement to New WAM Leaders Shares, will be issued to the Sale Agent and sold on market, will incur brokerage fees. The brokerage fees will be calculated based on the aggregate sale amount for all Ineligible Overseas Shareholders, and will be a minimum of \$250. For aggregate sale amounts between \$25,000 and \$2 million, the brokerage fee will be 1% of the sale amount. For aggregate sale amounts over \$2 million, the brokerage fee will be 0.5% of the sale amount. The proportion of the Sale Proceeds remitted to each Ineligible Overseas Shareholder will be net of costs including any applicable brokerage, taxes and charges. See Section 3.10(b) of this Scheme Booklet for further details.</p>
What is the Scheme conditional on?	<p>Implementation of the Scheme is subject to a number of conditions precedent (<b>Scheme Conditions</b>), including QVE Shareholder and Court approval. The Scheme Conditions are detailed in Section 3.5 of this Scheme Booklet.</p> <p>The Scheme will not be implemented if all the Scheme Conditions are not satisfied or (if permitted) waived in accordance with the Scheme Implementation Agreement (even if the Scheme is approved by QVE Shareholders at the Scheme Meeting).</p> <p>At the date of this Scheme Booklet the Independent Directors are not aware of any Scheme Condition that is likely to prevent the Scheme becoming Effective.</p>

Question	Answer
Can the Scheme be terminated?	<p>Yes. Implementation of the Scheme is subject to the Scheme Implementation Agreement not being terminated prior to the Effective Date.</p> <p>Section 3.12(g) details the circumstances in which QVE or WAM Leaders can terminate the Scheme Implementation Agreement.</p>
What happens if a Superior Proposal for QVE emerges?	<p>No Superior Proposal has emerged as at the date of this Scheme Booklet. The Non-excluded Directors believe, for reasons outlined in Section 1.3(h), that a Superior Proposal is unlikely to emerge.</p> <p>Under the Scheme Implementation Agreement QVE is subject to no shop, no talk and no due diligence restrictions during an exclusivity period which commenced on 12 March 2024 and ends on 16 September 2024, unless the Scheme Implementation Agreement is terminated earlier. These restrictions in effect limit QVE's ability to engage with third parties unless an offer is a genuine unsolicited Competing Transaction that the Independent Directors are able to determine is a Superior Proposal.</p> <p>Further details in respect of these restrictions are set out in Section 3.12(f). These restrictions are subject to a fiduciary exception that ensures QVE is not restricted from taking or refusing to take any action with respect to a Superior Proposal (if one were to emerge) provided WAM Leaders is given 5 Business Days to provide a counterproposal before QVE takes any action.</p> <p>If the Independent Directors determine that the WAM Leaders' counterproposal (if made) would not provide an equivalent or superior outcome for QVE Shareholders compared to the Competing Transaction, the Scheme Implementation Agreement may be terminated by QVE provided that this determination occurs any time prior to 8:00am on the Second Court Date.</p>
Is there a break fee?	No. There is no break fee payable by either party under the Scheme Implementation Agreement.
Who is responsible for Transaction Costs in the event the Scheme Implementation Agreement is terminated prior to implementation of the Scheme?	QVE and WAM Leaders have agreed to each be responsible for their own Transaction Costs if the Scheme Implementation Agreement is terminated for any reason. In such an instance, there will be no adjustment for the WLE Contribution in QVE's Transaction Costs as the WLE Contribution will only be applied if the Scheme becomes Effective.
What happens if the Scheme is not implemented?	<p>On 31 January 2024, WAM Leaders announced its intention to make an off-market takeover bid for QVE, subject to certain conditions. WAM Leaders has since obtained conditional relief from ASIC in respect of its obligation under the Corporations Act to make offers to QVE Shareholders in accordance with and within 2 months after the announcement of its Intended Takeover Offer (see Section 3.3).</p> <p>If the Scheme for any reason is not implemented:</p> <p>(a) the ASIC relief granted to WAM Leaders regarding its Intended Takeover Offer would require WAM Leaders to formally submit its Intended Takeover Offer to QVE Shareholders (see Section 5.7(c) for further details),</p> <p>and subject to whether the Intended Takeover Offer is successful:</p> <p>(b) the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its</p>

Question	Answer
	<p>appointment (and assuming its term is renewed) and QVE will remain listed on the ASX;</p> <p>(c) QVE Shareholders will retain their QVE Shares and remain subject to the risks associated with an investment in QVE and will not receive the Scheme Consideration;</p> <p>(d) QVE will continue to operate as a standalone listed entity and QVE Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in QVE and</p> <p>(e) it is possible that the price at which QVE Shares trade will fall and the Price to NTA Discount could revert to levels exhibited prior to the announcement of the Scheme (although this cannot be predicted with any degree of certainty).</p> <p>A summary of the Independent Directors' intentions and key risks if the Scheme is not implemented are set out in Sections 5.7 and 8.2 of this Scheme Booklet.</p> <p>Certain transaction related costs will be incurred by QVE irrespective of whether or not the Scheme is implemented. QVE's estimated fees and expenses in relation to the Scheme are set out in Section 5.10 of this Scheme Booklet.</p>
<b>WHAT IS WAM LEADERS AND HOW WILL THE COMBINED GROUP OPERATE</b>	
What is WAM Leaders?	<p>WAM Leaders is an ASX listed investment company managed by Wilson Asset Management and forming part of the Wilson Asset Management group of companies.</p> <p>Listed in May 2016, WAM Leaders provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.</p> <p>WAM Leaders' investment objective is to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. It focuses on investing in large-cap companies in both domestic and international capital markets.</p> <p>See Section 6 of this Scheme Booklet for more information.</p>
What will the Combined Group be called?	<p>The Combined Group will operate under the name of WAM Leaders Limited.</p> <p>If the Scheme is approved, the board of the Combined Group will consider as soon as practicable issues such as whether WAM Leaders will form a tax consolidated group with QVE, and the management of the assets held within QVE. Although the WAM Leaders Board expects that all the assets of the Combined Group will be managed in a similar way to those of WAM Leaders, the board of the Combined Group will only be able to make definitive decisions once it has all the necessary information available to it and upon implementation of the Scheme.</p> <p>See Section 7 of this Scheme Booklet for further information.</p>
What will be the investment strategy of the Combined Group?	<p>WAM Leaders' investment strategy will apply to the Combined Group. See Sections 6.1 and 7 of this Scheme Booklet for further information.</p>
What are the key differences with QVE's strategy?	<p>QVE and WAM Leaders employ different investment strategies. The QVE Portfolio is managed by the QVE Manager, using a strategy involving a diversified and balanced portfolio of ASX listed securities outside the S&amp;P/ASX 20 Index. See Section 5.2 for further details.</p>

Question	Answer
	See Section 6.1 for details about WAM Leaders' investment strategy.
What will the dividend policy of the Combined Group be?	The WAM Leaders Board has a clear dividend policy in place for its shareholders which will apply to the Combined Group on implementation. See Section 6.1(g) of this Scheme Booklet for further information.
<b>SCHEME MEETING, VOTING AND APPROVALS</b>	
When will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held as a hybrid meeting at 10:00am (Sydney time) on 28 June 2024.  Refer to Section 4 of this Scheme Booklet and the Notice of Scheme Meeting, which is contained in Annexure D of this Scheme Booklet for more details.
How can I attend?	QVE Shareholders can attend the Scheme Meeting either: (a) in person: Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000; or (b) virtually on the online platform: <a href="https://meetings.linkgroup.com/QVESM24">https://meetings.linkgroup.com/QVESM24</a> .
Who is entitled to vote at the Scheme Meeting?	Each person that is registered on the Share Register at 7:00pm (Sydney time) on 26 June 2024 is entitled to attend and vote (in person, by proxy or attorney) at the Scheme Meeting.  Refer to Section 4 of this Scheme Booklet for more details.
How do I vote?	QVE Shareholders may vote on the Scheme Resolution in one of the following ways: (a) in person, by attending the Scheme Meeting; (b) virtually; (c) by proxy, by completing and lodging the Proxy Form accompanying this Scheme Booklet so that it is received by 10:00am (Sydney time) on 26 June 2024; (d) by attorney; or (e) by a corporate representative (in the case of a corporate QVE Shareholder).  Voting is not compulsory. However, your vote is important. You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of QVE Shareholders and the Court. Also, this will be subject to the Scheme Conditions being satisfied or (if permitted) waived. If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.  For further information in relation to details of how you can vote and participate at the Scheme Meeting, see Section 4.5 of this Scheme Booklet, and the Notice of Scheme Meeting, which is contained in Annexure D.
Is voting compulsory?	No, voting is not compulsory. However, your vote is important.  If you cannot attend the Scheme Meeting, you should appoint a proxy.  For further details regarding voting and proxies for the Scheme Meeting, see Section 4 and the Notice of Scheme Meeting, which is contained in Annexure D.
What am I being asked to vote on?	As a QVE Shareholder, you are being asked to vote on the Scheme Resolution, to approve the Scheme.

Question	Answer
	The text of the Scheme Resolution is set out in the Notice of Scheme Meeting, which is contained in Annexure D of this Scheme Booklet.
What approvals are required at the Scheme Meeting?	<p>For the Scheme to be approved by QVE Shareholders at the Scheme Meeting, the Scheme Resolution must be passed by the Requisite Majorities, being <b>both</b>:</p> <p>(a) (<b>Headcount test</b>) a majority in number (that is, more than 50%) of QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative); and</p> <p>(b) (<b>Voting test</b>) holders of at least 75% of the total number of votes cast on the Scheme Resolution by QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative).</p> <p>The Court has the power to waive the requirement for the headcount test to be passed.</p> <p>Even if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting, the Scheme will only be implemented if the Scheme Conditions are satisfied or (if permitted) waived (see Section 3.5 of this Scheme Booklet for a summary of the Scheme Conditions).</p>
What happens if I do not vote, or if I vote against the Scheme?	<p>If you do not vote or vote against the Scheme and the Requisite Majorities of QVE Shareholders do not approve the Scheme, then the Scheme will not proceed. If the Scheme does not proceed, subject to any alternate corporate transactions, QVE Shareholders will continue to hold their QVE Shares and will not receive the Scheme Consideration, QVE will continue operating as a standalone entity and the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its appointment (and assuming its term is renewed), and QVE will remain listed on the ASX.</p> <p>However, even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of QVE Shareholders and the Court. Also, this will be subject to the Scheme Conditions being satisfied or (if permitted) waived. If the Scheme is implemented, then you will still be bound by the Scheme even though you have voted against it or not voted.</p>
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting.
<b>ADDITIONAL INFORMATION</b>	
Can I sell my QVE Shares on the ASX?	<p>You can sell your QVE Shares on the ASX up to and including the Effective Date. QVE will apply to the ASX to suspend trading on the ASX in QVE Shares with effect from the close of trading on the Effective Date, so you will not be able to sell your QVE Shares after this time.</p> <p>If you sell your QVE Shares on the ASX on or before the Effective Date:</p> <p>(a) You may pay brokerage on the sale.</p> <p>(b) You will not receive the Scheme Consideration.</p> <p>(c) There may be different tax consequences compared with those that would arise if the Scheme is implemented.</p> <p>Your decision on whether to sell your QVE Shares on the ASX prior to the Effective Date should be made only after consultation with your financial, legal, taxation and other professional advisers based on your own</p>



Question	Answer
	investment objectives, financial situation, taxation position and particular needs.
Is there a number that I can call if I have further queries about the Scheme?	If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

## 3 SUMMARY OF THE SCHEME

### 3.1 Overview of the Scheme

On 12 March 2024, QVE and WAM Leaders entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement sets out the obligations of QVE and WAM Leaders in connection with the implementation of the Scheme.

This Scheme Booklet has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the Scheme between QVE and QVE Shareholders.

If the Scheme becomes Effective:

- (a) the Scheme will apply to, and bind, all persons registered as QVE Shareholders as at the Record Date (currently proposed to be 8 July 2024). These persons are referred to in the Scheme and in this Scheme Booklet as Scheme Participants.
- (b) on the Implementation Date:
  - all of the QVE Shares held by Scheme Participants will be transferred to WAM Leaders without any need for action by Scheme Participants and upon implementation QVE will become a wholly owned subsidiary of WAM Leaders.
  - Scheme Participants will receive the Scheme Consideration (and any Ineligible Overseas Shareholders who are Scrip Participants will receive the Sale Proceeds instead of the Scrip Consideration<sup>19</sup>).

To become Effective, the Scheme Conditions must either be satisfied or (if permitted) waived. The Scheme Conditions are summarised in Section 3.5 of this Scheme Booklet and set out in the Scheme Implementation Agreement.

WAM Leaders has executed a Deed Poll in favour of all Scheme Participants under which, subject to the Scheme becoming Effective, WAM Leaders undertakes to provide the Scheme Consideration in accordance with the Scheme (a copy of the Deed Poll is set out in Annexure C).

### 3.2 Scheme Consideration

If all necessary approvals and Scheme Conditions are satisfied or (if permitted) waived, it is proposed that the Scheme will be implemented on the Implementation Date, currently expected to be 15 July 2024 or 18 July 2024 (depending on the Confirmation process for the QVE and WAM Leaders Pre-tax NTA figures). See Section 3.2(e) below for details.

Scheme Participants will be eligible for the Scheme Consideration on the Implementation Date.

#### (a) Combination of Scrip Consideration and Cash Consideration

A Scheme Participant may Elect to receive Scrip Consideration or Cash Consideration or a combination of Scrip Consideration and Cash Consideration for the QVE Shares which they hold at

<sup>19</sup> See Section 3.10(b) for further details.



the Record Date which is expected to be 5:00pm (Sydney Time) on 8 July 2024 (the second Business Day after the Effective Date).

If a Scheme Participant Elects for a combination of Scrip Consideration and Cash Consideration, the part Scrip Consideration will be provided pursuant to Sections 3.2(b) and 3.2(c), and the part Cash Consideration will be provided pursuant to Section 3.2(d).

**(b) Scrip Consideration**

- Where a Scheme Participant is to receive Scrip Consideration, the number of New WAM Leaders Shares that Scheme Participants will be entitled to receive will be determined based on the Pre-tax NTA value per share of QVE and WAM Leaders as calculated on the Calculation Date. All New WAM Leaders Shares issued under the Scheme will rank equally in all respects with all existing WAM Leaders Shares on issue as at the Implementation Date. Information on the New WAM Leaders Shares is provided in Section 6.2 of this Scheme Booklet.
- On the Implementation Date, WAM Leaders must:
  - issue to each Scrip Participant that is not an Ineligible Overseas Shareholder, such number of New WAM Leaders Shares as that Scrip Participant is entitled; and
  - procure that:
    - the name and address of each Scrip Participant is entered in the WAM Leaders Share Register in respect of those New WAM Leaders Shares; and
    - holding statements (or other evidence of ownership) are sent to the Registered Address of each Scrip Participant (other than Ineligible Overseas Shareholders) representing the number of New WAM Leaders Shares issued to them pursuant to the Scheme.
- In the case of any Scheme Shares held in joint names, any Scheme Consideration will be issued to, and registered in, the names of the joint holders. New WAM Leaders Shares will be registered in the same order as the holders' names appear in the Share Register and documents and cheques will be forwarded to the Registered Address of the joint holder whose name appears first in the Share Register.
- To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an Election, they will not receive New WAM Leaders Shares. Instead, all Ineligible Overseas Shareholders who will be entitled to Scrip Consideration will have all New WAM Leaders Shares which would otherwise have been issued to them under the Scheme issued to the Sale Agent, as nominee in trust for those Ineligible Overseas Shareholders, for sale on market following implementation of the Scheme. See Section 3.10 for further details.

**(c) Calculation of Scrip Consideration**

- The number of New WAM Leaders Shares that Scrip Participants will be entitled to receive pursuant to Section 3.2(b) of this Scheme Booklet will be determined using the following formula:

$$CU = (A \div B) \times D$$

where:

- CU = the number of New WAM Leaders Shares to be issued to each Scrip Participant (rounded to the nearest whole number in accordance with this Section 3.2(c));
- A = the Pre-tax NTA value per QVE Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement);
- B = the WAM Leaders Pre-tax NTA value per WAM Leaders Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement); and

D = the number of Scheme Shares held by the Scrip Participant at the Record Date.

- Where the formula above is used to calculate a Scrip Participant's entitlement to the number of New WAM Leaders Shares and results in an entitlement to a fraction of a New WAM Leaders Share, then, any such fractional entitlement will be rounded to the nearest whole number as follows:
  - fractional entitlements of 0.5 or more to a New WAM Leaders Share will be rounded up to the nearest whole number; and
  - fractional entitlements of less than 0.5 to a New WAM Leaders Share will be rounded down to the nearest whole number.

***Below is a worked example of the Scrip Consideration formula<sup>20</sup>.***

Section 3.2(c) contains a worked example of the exchange ratio, assuming a Calculation Date of 31 March 2024 (being the date prior to the announcement of the Scheme), adjusting the Pre-tax NTA value per share value published by QVE and WAM Leaders in respect of that date for estimated Transaction Costs.

Applying the pro forma Pre-tax NTA calculations in Section 3.2(c) to the Scrip Consideration formula, assuming a QVE Shareholder holding 1,000 QVE Shares on the Record Date, the Scrip Consideration calculation works as follows:

$$CU = (A \div B) \times D$$

where:

- A = \$1.0439 (the pro forma Pre-tax NTA value per QVE Share as at 31 March 2024);
- B = \$1.4256 (the pro forma Pre-tax NTA value per WAM Leaders Share as at 31 March 2024);  
and
- D = 1,000.

In this worked example, CU = 732.30. As there is a fractional entitlement to less than 0.5 of a New WAM Leaders Share, CU will be rounded down to the nearest whole number. Accordingly, in this worked example, the QVE Shareholder would receive 732 New WAM Leaders Shares in exchange for 1,000 QVE Shares.

QVE Shareholders will be provided with updated worked examples of the Scheme Consideration (based on the latest published Pre-tax NTA value per QVE Share and Pre-tax NTA value per WAM Leaders Share available at the time of each announcement) via the ASX announcement platform before the Scheme Meeting. See the 'Important Dates' Section at the front of this Scheme Booklet for further details.

**(d) Calculation of Cash Consideration**

- Where a Scheme Participant Elects to receive Cash Consideration, they will receive cash for their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date.
- QVE must, on the Implementation Date and subject to there being sufficient cleared funds in the Scheme Trust Account, pay or procure the payment of the Scheme Consideration to each Cash Participant from the Scheme Trust Account. QVE will make each payment by either:
  - sending (or procuring the QVE Registry to send) it to the Cash Participant's Registered Address by cheque in Australian currency drawn out of the Scheme Trust Account; or

<sup>20</sup> The Pre-tax NTA value per QVE Share and WAM Leaders Share may continue to fluctuate from the date of this Scheme Booklet up to the Calculation Date and this will vary the implied value of the Scheme Consideration. QVE intends to provide worked examples per the 'Important Dates' Section of this Scheme Booklet to update QVE Shareholders of the ongoing implied value as the transaction progresses.

- depositing (or procuring the QVE Registry to deposit) it into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to QVE (or the QVE Registry) by an appropriate authority from the Cash Participants.
- In the case of QVE Shares held in joint names:
  - any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of QVE, either to the holder whose name appears first in the Share Register as at the Record Date or to the joint holders; and
  - any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of QVE, either to the holder whose name appears first in the Share Register as at the Record Date or to the joint holders.

**(e) Calculation and Confirmation of the Pre-tax NTA on the Calculation Date**

**Pre-tax NTA Calculations**

The Scheme Consideration will be calculated using the Pre-tax NTA value per QVE Share and WAM Leaders Share (respectively), calculated before current and deferred tax balances, and in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations.

For the purpose of calculating the Scheme Consideration, each Pre-tax NTA will:

- be calculated, reviewed and Confirmed in accordance with the Scheme Implementation Agreement;
- include a liability provision for costs associated with implementing the Scheme that have been incurred by QVE or WAM Leaders (as applicable) but remain unpaid as at the Calculation Date (including registry, court and other filing fees, fees for financial, taxation, legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit) and in the case of QVE, an adjustment by way of a deduction of \$550,000 including GST will be applied to such liability provision (this is the agreed notional contribution by WAM Leaders towards QVE's Transaction Costs (**WLE Contribution**)); and
- be calculated based on the last sale price on the Calculation Date for equity holdings and derivative positions (as quoted by Refinitiv in respect of the equity and option components of the QVE and WAM Leaders underlying portfolio positions on the Calculation Date).

**Process to confirm each Pre-tax NTA amount**

Each of QVE and WAM Leaders has agreed to procure that within 2 Business Days of the Calculation Date its Pre-tax NTA value per share is calculated and delivered to the other party, together with:

- written confirmation that the calculation was made in accordance with the Scheme Implementation Agreement and consistent with past accounting practices; and
- sufficient supporting information to permit the calculations to be reviewed and Confirmed.

QVE and WAM Leaders have agreed to use their reasonable endeavours to review and Confirm their respective Pre-tax NTA value per share within 3 Business Days of the Calculation Date.

If QVE and WAM Leaders cannot agree the Pre-tax NTA value per share within 3 Business Days, the calculation must be referred to the responsible party's auditor for Confirmation (i.e. if the Pre-tax NTA value per QVE Share is not agreed, it will be Confirmed by QVE's auditor and if the Pre-tax NTA value per WAM Leaders Share is not agreed, it will be Confirmed by WAM Leaders' auditor). The respective auditors will have 3 Business Days to Confirm in writing the Pre-tax NTA value per share referred to it for the purpose of the Scheme.

### **Calculation and announcement of Scheme Consideration**

Once the Pre-tax NTA value per QVE Share and WAM Leaders Share has been Confirmed (by the parties or their auditors in accordance with the process in the Scheme Implementation Agreement, summarised in this Section 3.2(e)), QVE will calculate the number of New WAM Leaders Shares and Cash Consideration to be issued per QVE Share (using the formula in Section 3.2(c) for the Scrip Consideration and pursuant to Section 3.2(d) for the Cash Consideration) and announce the final Scheme Consideration on the ASX.

The final Scheme Consideration will be announced on the Business Day before the Implementation Date. The timing of implementation depends on the process of Confirming the Pre-tax NTA value per share of QVE and WAM Leaders.

If the QVE and WAM Leaders Pre-tax NTA value per share are Confirmed by the parties (i.e. within 4 Business Days of the Calculation Date), the final Scheme Consideration is currently expected to be announced on 11 July 2024, the Implementation Date is currently expected to be 15 July 2024 (which is also the date which the Scheme Consideration is provided to Scheme Participants) and New WAM Leaders Shares are expected to commence trading on the ASX 16 July 2024.

However, if either the QVE or WAM Leaders Pre-tax NTA figure is referred to an auditor for Confirmation, implementation of the Scheme will be delayed slightly. In these circumstances, the final Scheme Consideration is currently expected to be announced on 17 July 2024, the Implementation Date is currently expected to be 18 July 2024 (which is also the date which the Scheme Consideration is provided to Scheme Participants) and New WAM Leaders Shares are expected to commence trading on the ASX 19 July 2024.

### **3.3 If the Scheme is not implemented**

- (a) On 31 January 2024, WAM Leaders announced its intention to make an off-market takeover bid for QVE, subject to certain conditions (**Intended Takeover Offer**). Notwithstanding the Intended Takeover Offer, ASIC has granted relief to allow QVE and WAM Leaders time for the Scheme to be considered and (if approved and if the Scheme Conditions are satisfied) implemented. However, if the Scheme for any reason is not implemented the ASIC relief granted to WAM Leaders regarding its Intended Takeover Offer would require WAM Leaders to formally submit its Intended Takeover Offer to QVE Shareholders (see Section 5.7(c) for further details on the Intended Takeover Offer).
- (b) If the Scheme does not become Effective and the Intended Takeover Offer is not successful:
- the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its appointment (and assuming its term is renewed) and QVE will remain listed on the ASX;
  - QVE Shareholders will retain their QVE Shares and remain subject to the risks associated with an investment in QVE and will not receive the Scheme Consideration;
  - QVE will continue to operate as a standalone listed entity and QVE Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in QVE; and
  - it is possible that the price at which QVE Shares trade will fall and the Price to NTA Discount could revert to levels exhibited prior to the announcement of the Scheme (although this cannot be predicted with any degree of certainty).
- (c) The key risks relating to an investment in QVE are set out in Section 8.2 of this Scheme Booklet.

### 3.4 Cash holdings

While WAM Leaders will be responsible for procuring the Cash Consideration<sup>21</sup>, as part of the Scheme, the parties have commercially agreed that QVE will:

- use best endeavours to procure that the QVE Portfolio on the Effective Date, holds a minimum of 25% of its investments portfolio in cash and does not hold any put or call options, or options of any kind, within its investment portfolio; and
- take all reasonable steps (with WAM Leaders) to ensure that the QVE Portfolio, at the Implementation Date, has cash or cash equivalent holdings of an amount equal to the aggregate amount of the Cash Consideration that is payable to Cash Participants.

This arrangement is set in further detail in the Scheme Implementation Agreement and the Scheme (which is set out in full Annexure B to this Scheme Booklet).

### 3.5 Scheme Conditions and status

To become Effective, the Scheme Conditions (including the following) must either be satisfied or (if permitted) waived before 8:00am on the Second Court Date:

- Regulatory approval:** ASIC and ASX issue or provide any consents or approvals, or have done any other acts, which are reasonably necessary or desirable to implement the Transaction, and those consents, approvals or other acts have not been withdrawn or revoked at that time;
- QVE Shareholder approval:** QVE Shareholders approve the Scheme at the Scheme Meeting by the Requisite Majorities under the Corporations Act;
- Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- Regulatory intervention:** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8:00am on the Second Court Date;
- No Prescribed Occurrence:** no Prescribed Occurrence has occurred in respect of QVE or WAM Leaders since the date of the Scheme Implementation Agreement;
- No material adverse change:** no event has had or is reasonably likely to have (either individually or when aggregated with any other events):
  - a material adverse effect on the business, assets, liabilities, financial condition or results of WAM Leaders or QVE; or
  - an effect that will prevent, materially delay or materially impair WAM Leaders' or QVE's ability to consummate the Scheme;
- New WAM Leaders Shares:** New WAM Leaders Shares to be issued as Scheme Consideration are approved for official quotation by the ASX, subject to customary conditions, and such approval has not been withdrawn, suspended or revoked; and
- No breach of representation or warranty:** none of the representations or warranties given by QVE or WAM Leaders is or has become false, misleading or incorrect in a material respect or, if this is not the case, has not been remedied within the timeframes mandated by the Scheme Implementation Agreement.

The Scheme Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement. The Scheme will not proceed unless all of the Scheme Conditions are satisfied or (if permitted) waived in accordance with the Scheme Implementation Agreement.

<sup>21</sup> Please see Section 6.1(u) for further details in respect of the funding of the Cash Consideration.

As at the date of this Scheme Booklet, QVE and WAM Leaders are not aware of any circumstances that would cause any condition precedent not to be satisfied. QVE will make a statement regarding the status of the Scheme Conditions at the Scheme Meeting.

### 3.6 Independent Expert's report

The Independent Directors commissioned the Independent Expert to prepare the Independent Expert's Report to express an opinion on whether the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is set out in full in Annexure A to this Scheme Booklet. The Non-excluded Directors encourage you to read this report in full before deciding how to vote on the Scheme.

### 3.7 Non-excluded Directors' recommendation and voting intentions

The Non-excluded Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

Subject to those same qualifications, each Non-excluded Director intends to vote in favour of the Scheme in respect of all of the QVE Shares that they own or control. The interests of all QVE Directors are set out in Section 10.2 of this Scheme Booklet.

In forming their unanimous recommendation, the Non-excluded Directors have carefully considered the Scheme Conditions, advantages, disadvantages and risks of the Scheme. These matters are described in more detail in Sections 1 and 3 of this Scheme Booklet and in the Independent Expert's Report at Annexure A to this Scheme Booklet.

If a Competing Transaction emerges, the Non-excluded Directors will carefully consider whether it is a Superior Proposal and advise you of their recommendation.

### 3.8 Key steps to implement the Scheme

Following approval of the Scheme by the Court, the key steps to implement the Scheme and relevant information concerning these steps is set out below. All dates following the Scheme Meeting are indicative only and are subject to change. QVE will announce to the ASX any change to the dates set out in the 'Important Dates' Section of this Scheme Booklet.

#### (a) Step 1: Scheme Meeting – QVE Shareholders to vote on the Scheme at the Scheme Meeting

In accordance with an order of the Court dated 24 May 2024, QVE has convened the Scheme Meeting to be held at 10:00am (Sydney Time) on 28 June 2024 at Dexu Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000 and <https://meetings.linkgroup.com/QVESM24>.

The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in Section 4 of this Scheme Booklet.

At the Scheme Meeting, the QVE Shareholders must approve the Scheme. For this to occur, the Scheme Resolution must be approved by the Requisite Majorities being:

- **(Headcount test)** unless the Court orders otherwise, a majority in number (that is, more than 50%) of QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative); and
- **(Voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

Steps 2 to 5 described below will only occur if the Scheme Resolution is passed by the Requisite Majorities.

Voting on the Scheme Resolution will be conducted by way of a poll. QVE Shareholders (who are present in person or virtually, or by proxy or corporate representative) will have one vote for each QVE Share that they hold.

Guidance on eligibility for voting and instructions on how to vote at the Scheme Meeting are set out in Section 4 of this Scheme Booklet and the Notice of Scheme Meeting (which contains the Scheme Resolution) in Annexure D of this Scheme Booklet.

The results of the Scheme Meeting will be announced at the conclusion of the Scheme Meeting and released as soon as possible following the Scheme Meeting on the ASX at <http://www.asx.com.au>.

**(b) Step 2: Second Court Hearing – QVE to apply to the Court for approval of the Scheme**

QVE will apply to the Court for approval of the Scheme by way of the Scheme Order if both:

- the Scheme is approved by the Requisite Majorities at the Scheme Meeting (including where the requirement to pass the headcount test is waived by the Court); and
- all of the other Scheme Conditions (other than Court approval) have been satisfied or (if permitted) waived by the Second Court Date.

Any QVE Shareholder and, with the Court's permission, any other interested person has a right to appear at the Second Court Hearing.

**(c) Step 3: Effective Date – QVE to make the Scheme Effective**

If the Court approves the Scheme at the Second Court Hearing by making the Scheme Order, QVE will lodge an office copy of the Scheme Order with ASIC. Once the Scheme Order is lodged, the Scheme will become Effective on that date (referred to in this Scheme Booklet as the Effective Date) and binding on WAM Leaders, QVE and each Scheme Participant.

On the Effective Date, QVE will notify the ASX that the Scheme has become Effective and lodge a copy of the Scheme Order with the ASX upon which the QVE Shares will be suspended from trading from close of trading on the Effective Date. The Effective Date is currently expected to be 4 July 2024.

Once the Scheme is Effective, each Scheme Participant irrevocably appoints QVE and each of the QVE Directors and QVE's officers (jointly and severally) as its attorney and agent for the purposes of enforcing the Deed Poll against WAM Leaders and executing any document or doing any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, without further action by the Scheme Participant. For the avoidance of doubt, this appointment extends to the execution of a proper instrument of transfer in respect of a Scheme Participant's QVE Shares and communicating to WAM Leaders the various consents and notifications provided by the Scheme Participant pursuant to the Scheme.

Once the Scheme is Effective, each Scheme Participant irrevocably appoints WAM Leaders and each of its directors and officers (jointly and severally) as its attorney and agent for the purpose of execution of any form of documentation required to effect the issue of the New WAM Leaders Shares to Scheme Participants, the Sale Agent, or any other person in accordance with the terms of the Scheme without any further action required by the Scheme Participant.

**(d) Step 4: Calculation of the Scheme Consideration**

If the Scheme becomes Effective, the Pre-tax NTA value per QVE Share and Pre-tax NTA value per WAM Leaders Share will be calculated on the Effective Date (referred to as the Calculation Date and currently expected to be 4 July 2024).

The Pre-tax NTA value per share of QVE and WAM Leaders will be unaudited, calculated, and Confirmed in accordance with the Scheme Implementation Agreement (see Section 3.2 for details of this process).

**(e) Step 5: Record Date – QVE to determine entitlements to Scheme Consideration**

Those QVE Shareholders on the Share Register on the Record Date, which is expected to be 5:00pm (Sydney Time) on 8 July 2024 (the second Business Day after the Effective Date), will be entitled to receive the Scheme Consideration in respect of the QVE Shares they hold on that date.

- Dealings on or prior to the Record Date

For the purposes of determining who is a Scheme Participant (i.e. a QVE Shareholder on the Share Register on the Record Date), dealings in QVE Shares will only be recognised if:

- in the case of dealings of the type to be effected using CHES, the transferee is registered on the Share Register as the holder of the relevant QVE Shares on or before 5:00pm (Sydney Time) on the Record Date; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5:00pm (Sydney Time) on the Record Date at the place where the Share Register is kept.

QVE will not accept for registration or recognise for any purpose except a transfer by WAM Leaders or its successors in title, any transfer or transmission application or other request received after 5:00pm (Sydney Time) on the Record Date or received prior to 5:00pm (Sydney Time) on the Record Date but not in registrable or actionable form (as appropriate).

- Dealings after the Record Date

If the Scheme becomes Effective, each Scheme Participant (or person claiming through any Scheme Participant) must not dispose of, transfer, or purport or attempt to dispose of or transfer, any QVE Share or interest in a QVE Share after the Record Date, other than in accordance with the Scheme. Any such disposal, transfer, or purported or attempted disposal or transfer, will be void and of no legal effect, and QVE will disregard any disposal, transfer, or transmission application in respect of QVE Shares received after the Record Date.

For the purposes of determining entitlements to the Scheme Consideration, QVE will maintain the Share Register in its form as at the Record Date until the Scheme Consideration has been paid to the Scheme Participants. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

From the Record Date:

- all statements of holding for QVE Shares will cease to have any effect as documents of title in respect of those QVE Shares; and
- each entry on the Share Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

**(f) Step 6: Implementation Date – Scheme Participants receive the Scheme Consideration and QVE Shares transferred to WAM Leaders**

Unless an alternate date is agreed in writing between QVE and WAM Leaders or as may be required by ASX, the Implementation Date is expected to be 15 July 2024, being the later of:

- the fifth Business Day after the Record Date; or
- the second Business Day after the Pre-tax NTA for QVE and WAM Leaders has been Confirmed.

On the Implementation Date:

- WAM Leaders must issue the New WAM Leaders Shares in accordance with the Scheme, in the manner contemplated by the Scheme and detailed in Section 3.2(b) of this Scheme Booklet; and



- QVE will make payment of the Cash Consideration which will be cash for the Cash Participant's QVE Shares (to the extent they have made a valid Election for all or part of their QVE Shares to receive Cash Consideration) at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date, as required, in the manner contemplated by the Scheme and detailed in Section 3.2(d) of this Scheme Booklet.

Subject to WAM Leaders issuing New WAM Leaders Shares and there being sufficient cash in the Scheme Trust Account on the Implementation Date to make payment of the Cash Consideration (which will be cash for the Cash Participant's QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date), QVE will transfer all of the Scheme Shares to WAM Leaders by:

- transferring any Scheme Shares held in a CHESS holding from the CHESS sub-register to the issuer sponsored sub-register operated by QVE;
- delivering to WAM Leaders a transfer form to transfer the Scheme Shares to WAM Leaders (referred to in this Scheme Booklet as the **Scheme Transfer Form**), duly executed by QVE (or any of the Non-excluded Directors and officers) as attorney and agent of each Scheme Participant; and
- WAM Leaders duly completing and executing the Scheme Transfer Form as transferee and delivering it to QVE for registration.

Immediately following receipt of the duly completed and executed Scheme Transfer Form, QVE will attend to registration of the Scheme Transfer Form and enter or procure the entry of the name and address of WAM Leaders in the Share Register as the holder of all the Scheme Shares.

WAM Leaders will dispatch holding statements for the New WAM Leaders Shares issued as Scheme Consideration on the Implementation Date by prepaid post to each Scrip Participant's Registered Address at the Record Date, or as otherwise directed by the relevant Scrip Participant or the Sale Agent (as applicable).

It is the responsibility of each Scrip Participant to confirm their holding before trading the New WAM Leaders Shares issued as Scheme Consideration. Scrip Participants who sell New WAM Leaders Shares before they receive an initial statement of holding do so at their own risk.

**(g) Step 7: Post implementation – Commencement of trading of New WAM Leaders Shares and intentions for QVE post Implementation Date**

New WAM Leaders Shares will commence trading on the ASX on the first Business Day after the Implementation Date, currently expected to be 16 July 2024 or 19 July 2024<sup>22</sup>.

On the Implementation Date:

- the QVE Directors will retire, and be replaced by nominees of WAM Leaders;
- QVE will become a wholly owned subsidiary of WAM Leaders; and
- QVE will apply for termination of the official quotation of QVE Shares on the ASX, and for QVE to be removed from the official list of the ASX.

QVE's intentions post implementation, as determined by WAM Leaders, are detailed in Section 6.4.

### 3.9 Scheme Participant's warranties and instructions

**(a) Warranties by Scheme Participants**

Under the Scheme, each Scheme Participant is deemed to have warranted to QVE, in its own right and for the benefit of WAM Leaders, that as at the Implementation Date:

<sup>22</sup> This date is currently expected to be 16 July 2024 provided the parties agree the Pre-tax NTA and do not require a party's auditor to confirm the Pre-tax NTA value per share. However, if one or both Pre-tax NTA amounts are referred to an auditor for Confirmation then it is expected that New WAM Leaders Shares will commence trading on the ASX on 19 July 2024. Please see 'Important Dates' Section for further details.

- they agree and acknowledge that the Scheme binds QVE and all Scheme Participants (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme, at the Scheme Meeting);
- all their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the Record Date, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal, equitable or otherwise and restrictions on transfer of any kind, whether legal, equitable or otherwise;
- they have no existing right to be issued any QVE Shares, any securities convertible into QVE Shares (or which carry a right to be issued or transferred any QVE Shares), any convertible notes issued by QVE and / or any other QVE securities; and
- they have full power and capacity to transfer their Scheme Shares to WAM Leaders, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme.

**(b) Shareholder instructions, notifications and elections**

To the extent permitted by law, any instructions or notifications (except for tax file numbers) between a Scheme Participant and QVE relevant to QVE Shares or a QVE Shareholder's status as a Scheme Participant (including without limitation, any instructions in relation to payment of dividends or communications from QVE) shall be deemed binding in respect of any New WAM Leaders Shares provided to the Scheme Participant.

WAM Leaders will accept all such deemed instructions and notifications, until and unless it is revoked or amended by the Scheme Participant giving written notice to the WAM Leaders Share Registry.

### 3.10 Ineligible Overseas Shareholders

**(a) Who is ineligible?**

Restrictions in foreign countries may make it impractical or unlawful for New WAM Leaders Shares to be offered, or issued, under the Scheme to Scheme Participants in those countries.

QVE Shareholders to whom WAM Leaders would be prohibited from issuing the Scrip Consideration, whose address shown in the Share Register on the Record Date is a place outside of, or who (on the Record Date) are acting on behalf, or for the account, of a beneficial owner who resides outside of, Australia (including its external territories) will be Ineligible Overseas Shareholders for the purposes of the Scheme and this Scheme Booklet should be read accordingly.

WAM Leaders is not obliged to issue, and will not issue, any New WAM Leaders Shares to Ineligible Overseas Shareholders, unless WAM Leaders and QVE determine (as applicable in accordance with the Scheme) that it is lawful and not unduly onerous or impracticable to issue to that Scheme Participant the New WAM Leaders Shares if the Scheme becomes Effective.

Notwithstanding the restrictions around the receipt of Scrip Consideration by Ineligible Overseas Shareholders, an Ineligible Overseas Shareholder may still elect for Cash Consideration in respect of their holding of QVE Shares.

**(b) Provision of Scrip Consideration to Ineligible Overseas Shareholders**

Ineligible Overseas Shareholders will participate in the Scheme. To the extent that Ineligible Overseas Shareholders elect to receive Scrip Consideration or do not make an election, they will not receive New WAM Leaders Shares as Scheme Consideration.

Instead, all of the relevant New WAM Leaders Shares to which the Ineligible Overseas Shareholders would otherwise have been entitled will be issued to the Sale Agent and sold, within 20 Business Days of the Implementation Date, on a 'best endeavours' basis.

The Sale Agent will remit the total proceeds of the sales (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Net Proceeds**) to QVE, who will pay, or procure the payment, to each Ineligible Overseas Shareholder, the proportion of the Net Proceeds to which they are entitled to under the Scheme (**Sale Proceeds**).

Each Ineligible Overseas Shareholder's Sale Proceeds will be calculated using the following formula:

$$A = (B \div C) \times D$$

where:

- A = the Ineligible Overseas Shareholder's Sale Proceeds;
- B = the number of New WAM Leaders Shares that the Ineligible Overseas Shareholder would have been entitled to had it not been an Ineligible Overseas Shareholder and which were issued to the Sale Agent;
- C = the total number of New WAM Leaders Shares which would otherwise have been issued to all Ineligible Overseas Shareholders and which were issued to the Sale Agent as described above; and
- D = the Net Proceeds (as defined above).

The Sale Proceeds will be paid to each Ineligible Overseas Shareholder in Australian dollars either by electronic funds transfer to the bank account as noted on the Share Register on the Record Date or by cheque drawn on an Australian bank. Cheques and direct credit payment advice will be mailed, at the Ineligible Overseas Shareholder's risk, to their address as shown on the Share Register on the Record Date. Full details of this process are contained in the Scheme at Annexure B.

The payment of the Sale Proceeds to Ineligible Overseas Shareholders satisfies in full the rights of Ineligible Overseas Shareholders to any Scrip Consideration under the Scheme.

QVE, WAM Leaders and the Sale Agent give no assurance as to the price to be received for the sale of the New WAM Leaders Shares. The sale of the New WAM Leaders Shares by the Sale Agent will be at the risk of the Ineligible Overseas Shareholders. The market price of the WAM Leaders Shares is subject to change. The current market price of WAM Leaders Shares can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Any overseas bank charges including fees and costs in respect of processing cheques drawn on an Australian bank or currency conversion, will be charged to the Ineligible Overseas Shareholder and will reduce the Sale Proceeds.

**(c) Brokerage costs for the provision of Scrip Consideration to Ineligible Overseas Shareholders**

The brokerage costs to provide the Scrip Consideration to Ineligible Overseas Shareholders will be dependent on the aggregate Scrip Consideration to be sold on behalf of all relevant Ineligible Overseas Shareholders and is expected to be as follows:

- where the quantum of the sale is less than \$25,000, then \$250;
- where the quantum of the sale is between \$25,000 and \$2 million, then 1% of the total sale amount; and
- where the quantum of the sale is greater than \$2 million, then 0.5% of the total sale amount.

### 3.11 QVE permitted dividend and WAM Leaders permitted dividend

At the time the Scheme Implementation Agreement was signed:

**(a) QVE intended that, notwithstanding the Scheme:**

- all QVE Shareholders as at the relevant record date for the 2024 March quarter dividend will receive a dividend of up to 1.3 cents (such figure being indicative only and not reflective of the actual quantum of the 2024 March quarter dividend which could be a lower amount); and

- to the extent QVE Shareholders are not eligible for the WAM Leaders fully franked dividend declared in respect of financial year ending 30 June 2024, QVE and WAM Leaders will discuss in good faith and determine, acting reasonably, whether QVE may issue an additional dividend of up to 1.3 cents per QVE Share in relation to the quarter ending 30 June 2024 (which would have been issued by QVE in the usual and ordinary course of business); and
- (b) WAM Leaders advised of their intent for all Scheme Participants who receive Scrip Consideration to be eligible to be paid any fully franked dividend declared in respect of financial year ending 30 June 2024 provided they continue to hold the New WAM Leaders Shares as at the record date for the dividend, and provided that to the extent Scheme Participants are not eligible for any reason to receive the WAM Leaders permitted dividend (or, if the Record Date for the Scheme falls after the record date for the WAM Leaders permitted dividend) then, in accordance with the Scheme Implementation Agreement, the Pre-tax NTA value per WAM Leaders Share will be decreased to reflect the impact of the WAM Leaders permitted dividend.

In respect of the 2024 March quarter dividend described in Section 3.11(a) above, on 24 April 2024, the QVE Board announced on the ASX the 2024 March quarter dividend of 1.3 cents per QVE Share. The ex-dividend and payment dates are set for 14 May 2024 and 31 May 2024, respectively, which will occur prior to the implementation of the Scheme.

### 3.12 Scheme Implementation Agreement

(a) **Overview**

On 12 March 2024, QVE and WAM Leaders entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement sets out the obligations of QVE and WAM Leaders and steps required to be taken in connection with the implementation of the Scheme.

Key terms of the Scheme Implementation Agreement not already summarised in this Scheme Booklet are summarised below.

(b) **Scheme Consideration**

If the Scheme becomes Effective, WAM Leaders must:

- issue New WAM Leaders Shares to Scrip Participants (or to the Sale Agent in the case of Ineligible Overseas Shareholders); and
- is responsible for procuring sufficient cash for the Cash Consideration (which will be at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date) to be paid to all Cash Participants.

(c) **Representations and Warranties**

Both parties give customary power and capacity warranties, as well as a number of warranties in respect of the due diligence and information provided, compliance with the law (including continuous disclosure), and the securities each party has on issue.

(d) **Limitation of liability**

In the event of a breach of the Scheme Implementation Agreement by either party, the offending party may be liable to pay damages to the other party for breach of contract.

The maximum aggregate liability of either party under or in connection with any breach of the Scheme Implementation Agreement is \$2,500,000. No damages, fees, expenses or reimbursements of any kind payable by QVE or WAM Leaders in connection with the Scheme Implementation Agreement will exceed \$2,500,000.

(e) **Conduct of Business**

Before implementation of the Scheme, the Scheme Implementation Agreement requires each party to continue to conduct its business in accordance with applicable laws and in the ordinary and usual

course, including in substantially the same manner as previously conducted in the 12 months prior to the date of the Scheme Implementation Agreement.

There are specific positive and negative obligations in the Scheme Implementation Agreement to support each party conducting its business in the ordinary and usual course, such as maintaining regulatory authorisations, no entry into or termination of material contracts, no changes to accounting policies and no dividends (other than as permitted under the Scheme Implementation Agreement (i.e. in respect of QVE, the March 2024 quarter dividend and the June 2024 quarter dividend)).

Until the Implementation Date, the parties have agreed to consult with each other in good faith, and have adopted the Transition Plan in respect of the period from the Scheme Meeting to the Implementation Date.

Under the Transition Plan, WAM Leaders can request that QVE give instructions permitted under the QVE Management Agreement to the QVE Manager. The Transition Plan does not require QVE give, and the QVE Board will not give, an instruction requested by WAM Leaders it considers:

- is not in the best interests of the QVE Shareholders; or
- could, if given, breach its fiduciary or statutory duties.

WAM Leaders has made no decision in respect of actions under the Transition Plan as at the date of this Scheme Booklet.

**(f) Exclusivity**

QVE is subject to no shop, no talk and no due diligence restrictions and has afforded WAM Leaders a matching right during the exclusivity period which commenced on 12 March 2024 and ends on 16 September 2024 (unless the Scheme becomes Effective or the Scheme Implementation Agreement is terminated earlier).

By way of summary, during the exclusivity period, QVE has agreed that it must not, directly or indirectly:

- **(No Shop)** solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction;
- **(No Talk)** negotiate or enter into, or participate in negotiations or discussions with any other person regarding, a Competing Transaction (or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction), even if the Competing Transaction was not directly or indirectly solicited or initiated by QVE or any of its representatives or the person has publicly announced the Competing Transaction; and
- **(No due diligence)** in relation to a Competing Transaction, enable third parties to undertake due diligence investigations on QVE, its business or operations, or receive non-public information.

However, QVE is not restricted from taking action with respect to a genuine unsolicited Competing Transaction which the Independent Directors determine in good faith (after receiving advice from its legal and financial advisers) is, or could reasonably be considered to become, a Superior Proposal and that failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of its fiduciary or statutory duties.

If QVE receives a Competing Transaction or a request for information which could lead to a Competing Transaction, it must promptly notify and disclose material details of the Competing Transaction and the proposed acquirer to WAM Leaders.

Lastly, QVE has agreed to provide WAM Leaders with a 'matching right'. QVE has agreed that it will not enter into, or agree to enter into, any binding documentation to give effect to any Competing Transaction that the Independent Directors determine is an actual or potential Superior Proposal, unless and until:

- WAM Leaders is given 5 Business Days in which to make a counterproposal; and

- the Independent Directors consider any WAM Leaders' counterproposal that is made and determine it would not provide an equivalent or superior outcome for QVE Shareholders as a whole.

If the Independent Directors determine that the WAM Leaders' counterproposal provides an equivalent or superior outcome for QVE Shareholders, as a whole, QVE and WAM Leaders must use their reasonable endeavours to implement the counterproposal as soon as reasonably practicable.

**(g) Termination rights**

The Scheme will lapse if the Scheme Implementation Agreement is terminated.

- The Scheme Implementation Agreement can be terminated by either QVE or WAM Leaders if:
  - the Scheme has not become Effective by the End Date (being 16 September 2024 or such later date agreed by WAM Leaders and QVE);
  - a Scheme Condition is not satisfied or waived by 8:00am on the Second Court Date (provided the party seeking to terminate did not cause this to occur, including by breaching the Scheme Implementation Agreement); or
  - the other party:
    - is insolvent; or
    - is on notice that it has materially breached the Scheme Implementation Agreement (taken in the context of the Scheme as a whole), and has not remedied the breach within 5 Business Days or prior to 8:00am on the Second Court Date.
- The Scheme Implementation Agreement can be terminated by WAM Leaders if:
  - before the Scheme is approved by QVE Shareholders, a third party (not associated with WAM Leaders) acquires more than 20% of QVE Shares; or
  - at any time before 8:00am on the Second Court Date, any Non-excluded Director changes (or adversely modifies) their recommendation that QVE Shareholders approve the Scheme or publicly states that they no longer support the Scheme.
- The Scheme Implementation Agreement can be terminated by QVE if:
  - the Independent Directors determine that an unsolicited Competing Transaction is a Superior Proposal and either WAM Leaders does not make a counterproposal or the Independent Directors determine that WAM Leaders' counterproposal would not provide an equivalent or superior outcome for QVE Shareholders as a whole; or
  - the Independent Expert adversely changes its opinion in the Independent Expert's Report (or any update or variation to that report) that the Scheme is fair and reasonable and in the best interests of QVE Shareholders.

At the date of this Scheme Booklet, QVE and WAM Leaders are not aware of any reason to terminate the Scheme Implementation Agreement.

### 3.13 Scheme and Deed Poll

WAM Leaders has executed the Deed Poll under which WAM Leaders undertakes in favour of each Scheme Participant to observe and perform its obligations under the Scheme, including providing or procuring the provision of the Scheme Consideration in accordance with the Scheme. Under the Deed Poll, WAM Leaders agrees that the Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

Copies of the Scheme and Deed Poll are set out in Annexure B and Annexure C to this Scheme Booklet, respectively.

### 3.14 Amendment of Scheme Implementation Agreement and Scheme

On 3 May 2024, WAM Leaders and QVE executed a letter of variation to the Scheme Implementation Agreement and Scheme of Arrangement (**Variation Letter**) primarily to:

- amend the indicative timetable to reflect lodgement of the Scheme Booklet with ASIC in “Early May” rather than “Late April”;
- provide that QVE will:
  - use best endeavours to ensure that as at the Effective Date, the QVE Portfolio is made up of at least 25% cash and does not include any put or call options; and
  - take all reasonable steps (with WAM Leaders) to ensure that the QVE Portfolio, at the Implementation Date, has cash or cash equivalent holdings of an amount equal to the aggregate amount of the Cash Consideration that is payable to Cash Participants;
- provide that WAM Leaders remains responsible for paying the Cash Consideration to Scheme Participants;
- clarify payment flows for funds on the Implementation Date; and
- confirm the definition of “Calculation Date” as the Effective Date.

### 3.15 Australian tax implications

The transfer of your QVE Shares to WAM Leaders under the Scheme will have tax consequences for Scheme Participants.

Please seek your own professional advice regarding the individual tax consequences applicable to you. A general summary of the tax implications for Australian residents is set out in Section 9 of this Scheme Booklet.

### 3.16 Questions

If, after reading this Scheme Booklet, you have any questions about the Scheme or require further information, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

## 4 HOW TO VOTE AT THE SCHEME MEETING

### 4.1 Introduction – The Scheme Meeting

This Section 4 provides you with information on the Scheme Meeting and how to vote at the Scheme Meeting.

The Scheme can only be implemented if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting.

The Scheme Meeting will be held at 10:00am (Sydney Time) on Friday, 28 June 2024 at Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000 and <https://meetings.linkgroup.com/QVESM24>.

Details regarding the Scheme Meeting are set out in the Notice of Scheme Meeting (which is contained in Annexure D to this Scheme Booklet).

Additional information about voting by proxy is set out on the Proxy Form, accompanying this Scheme Booklet.

### 4.2 Approvals at the Scheme Meeting

#### (a) Scheme Resolution

QVE Shareholders will consider the Scheme Resolution at the Scheme Meeting. The purpose and effect of the Scheme are as summarised earlier and are more particularly described in Sections 1 and 3 and elsewhere in this Scheme Booklet.



For QVE Shareholders to approve the Scheme, votes in favour of the Scheme Resolution must satisfy the 'Requisite Majorities', being:

- **(Headcount test)** a majority in number (that is, more than 50%) of QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative); and
- **(Voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative).

The Court has the power to waive the requirement for the headcount test to be passed.

**(b) Your Vote Is Important**

The Non-excluded Directors urge all QVE Shareholders to vote on the Scheme Resolution at the Scheme Meeting. The Scheme affects your investment in QVE and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

For the reasons detailed in Section 1.3 and elsewhere in this Scheme Booklet, the Non-excluded Directors unanimously recommend, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE Shareholders, that you vote in favour of the Scheme Resolution. Subject to those same qualifications, each Non-excluded Director who owns or controls QVE Shares intends to vote in favour of the Scheme at the Scheme Meeting.

### 4.3 Format of the Scheme Meeting

QVE will hold the Scheme Meeting to consider the Scheme Resolution as a hybrid meeting, in a manner that is consistent with the Corporations Act and the constitution of QVE.

The Scheme Meeting will be held at 10:00am (Sydney Time) on 28 June 2024.

QVE Shareholders can attend either:

- (a)** in person, at Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000; or
- (b)** virtually at the online platform at <https://meetings.linkgroup.com/QVESM24>.

If you would like to attend the Scheme Meeting in person, please note that places are limited, and you must RSVP by email to [qve@hazelbrooklegal.com](mailto:qve@hazelbrooklegal.com) no later than 10:00am (Sydney time) on 26 June 2024.

QVE Shareholders who join the Scheme Meeting virtually do not need to RSVP by this time and will have the same opportunity as QVE Shareholders who attend in person to ask questions of the Non-excluded Directors, hear the responses to questions given during the Scheme Meeting and cast votes in real-time.

Further details on how to participate in the Scheme Meeting virtually are set out in the Online Meeting Guide which can be found on QVE's website at [www.qvequities.com/onlineetingguide](http://www.qvequities.com/onlineetingguide). The Online Meeting Guide includes details of how to ensure your browser is compatible with the online platform, and a step-by-step guide to logging in, navigating the site, and asking questions and voting at the Scheme Meeting.

### 4.4 Who is entitled to attend the vote?

**(a) Voting entitlement**

Each QVE Shareholder who is registered on the Share Register at 7:00pm (Sydney Time) on 26 June 2024 is entitled to attend and vote at the Scheme Meeting, either in person, virtually, or by proxy or attorney or by corporate representative.

If you are a corporate shareholder, then you can appoint a corporate representative to attend and vote at the Scheme Meeting.

In the case of jointly held QVE Shares, only one of the joint shareholders is entitled to vote. If more than one QVE Shareholder votes in respect of jointly held QVE Shares, only the vote of the QVE Shareholder whose name appears first in the Share Register will be counted.

Voting at the Scheme Meeting will be conducted by poll.



**(b) WAM Leaders voting intentions**

WAM Leaders has advised QVE that the Wilson Asset Management Group members who hold QVE Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting. As at the date of this Scheme Booklet, WAR has a Relevant Interest of 15.76% in QVE Shares. WAR is part of the Wilson Asset Management Group.

**4.5 How to vote and participate at the Scheme Meeting****(a) You may vote:**

- **in person**, by attending the Scheme Meeting either:
  - in person, at Dexu Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000; or
  - virtually at the online platform at <https://meetings.linkgroup.com/QVESM24>.
- **by mailing** the accompanying Proxy Form so that it is received before 10:00am (Sydney time) on 26 June 2024 at:
 

QV Equities Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235
- **by faxing** the accompanying Proxy Form so that it is received before 10:00am (Sydney time) on 26 June 2024 to +61 2 9287 0309.
- **online** by visiting <https://linkmarketservices.com.au> and following the instructions in your Proxy Form to submit your voting intentions by 10:00am (Sydney time) on 26 June 2024.

**(b) Voting in person or virtually**

Attending the Scheme Meeting (whether in person or virtually) enables QVE Shareholders to view, participate in and vote at the Scheme Meeting live.

To vote in person, QVE Shareholders must RSVP and attend the Scheme Meeting on the date and at the place set out above.

QVE Shareholders who wish to vote at the Scheme Meeting using the online platform will have the opportunity to lodge a vote on the Scheme Resolution at the Scheme Meeting.

More information about how to use the online platform for voting is provided in the Online Meeting Guide which is available from QVE's website at [www.qvequities.com/onlineetingguide](http://www.qvequities.com/onlineetingguide). If you intend to use the online platform to submit a vote during the Scheme Meeting, the Independent Directors suggest that you check that the online platform works on your device well in advance of the Scheme Meeting.

If QVE Shareholders attend the Scheme Meeting (in person or virtually) and vote on the Scheme Resolution, any proxy vote previously lodged by those QVE Shareholders will be withdrawn.

**(c) Voting by proxy**

To vote by proxy, you must complete and return the personalised Proxy Forms enclosed with this Scheme Booklet by no later than 10:00am (Sydney time) on 26 June 2024 (or, if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in accordance with the instructions on each of the forms.

You may appoint an individual or body corporate as your proxy.

**(d) Voting by attorney**

QVE Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to QVE for notation, deliver to QVE the original instrument appointing the attorney by no later than 10:00am (Sydney time) on 26 June 2024 (or, if

the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Unless the contrary is evident from the express terms of attorney, any power of attorney granted by a QVE Shareholder will, as between QVE and that QVE Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant QVE Shareholder is lodged with QVE.

**(e) Voting by corporate representative**

To vote by corporate representative at the Scheme Meeting, a corporate QVE Shareholder or proxy should obtain an appointment of corporate representative form from QVE and complete and sign the form in accordance with the instructions on it.

The appointment of corporate representative form must then be lodged with the QVE Registry on or prior to the date of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative or a certificate of the body corporate evidencing the appointment of a representative is evidence of a representative having been appointed.

If a vote by a corporate representative is challenged, the Chair of the Scheme Meeting will have discretion to determine whether the person claiming to be a representative may exercise the appointing body's powers (even if they have not produced a certificate or other).

**(f) Lodgement of Proxy Forms and powers of attorney**

To be effective, completed Proxy Forms, powers of attorney and authorities must be received by the QVE Registry in any of the following ways at least 48 hours before the time for holding the Scheme Meeting (that is, by 10:00am (Sydney time) on 26 June 2024), or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting by one of the following methods:

- By hand delivery:
  - QV Equities Limited
  - C/- Link Market Services Limited
  - Parramatta Square
  - Level 22, Tower 6
  - 10 Darcy Street
  - Parramatta NSW 2150
- By post to:
  - QV Equities Limited
  - C/- Link Market Services Limited
  - Locked Bag A14
  - Sydney South NSW 1235
- By internet at the QVE Registry's website <https://linkmarketservices.com.au>.
- By Fax: +61 2 9287 0309.

#### 4.6 Election of Cash Consideration

You can make an Election to receive Cash Consideration by completing the Election Form (sent with this Scheme Booklet) and returning it in accordance with the instructions on the Election Form so that it is received by the QVE Registry by no later than the Election Date (currently expected to be 5:00pm (Sydney time) on 28 June 2024). A QVE Shareholder may Elect to receive all Cash Consideration or a combination of Scrip Consideration and Cash Consideration for the QVE Shares which they hold at the Record Date which is expected to be 5:00pm (Sydney Time) on 8 July 2024. To the extent a QVE Shareholder Elects a combination of Scrip Consideration and Cash Consideration, where there is a change to the number of QVE Shares held by that QVE Shareholder after the Election Date and prior to the Record Date which renders their Election inconsistent, QVE will fulfil the Election for Cash Consideration in the first instance and the QVE Shareholder

will be issued Scrip Consideration for the balance of QVE Shares held by that QVE Shareholder which are not the subject of the Cash Consideration.

If you do not make a valid Election or your Election is not received by the QVE Registry by the Election Date you will receive the Scrip Consideration. If you become a QVE Shareholder after the Election Date you will receive the Scrip Consideration.

If you hold one or more parcels of QVE Shares as trustee or nominee for, or otherwise on account of, another person who is eligible to make an Election, you may establish separate and distinct holdings for each of your beneficiaries and make individual Elections for each holding (and for the purpose of calculating the Scheme Consideration to which you are entitled, each such parcel of QVE Shares will be treated as though it were held by a separate QVE Shareholder). However, you may not accept instructions from a beneficiary to make an Election unless it is in respect of all parcels of QVE Shares held by you on behalf of that beneficiary.

If you need any assistance with completing an online Election or need a replacement Election Form, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

Where a QVE Shareholder returns more than one Election Form, the last valid form that is received by the QVE Registry before the Election Date will be treated as final and will be used to determine your Election.

In order to be valid, Election Forms must be received by the QVE Registry by no later than the Election Date (currently expected to be 5:00pm (Sydney time) on 28 June 2024).

There are a number of ways Election Forms may be submitted:

**(a) by mail:**

QV Equities Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

**(b) by email:** [Takeover@linkmarketservices.com.au](mailto:Takeover@linkmarketservices.com.au).

**(c) online** by visiting the following link: <https://linkmarketservices.com.au>.

Elections are subject to the Scheme becoming Effective and QVE will announce the indicative results of the Election process to the ASX, including the approximate volume of Elections for Cash Consideration by QVE Shareholders. The announcement is currently expected to be made on 1 July 2024.

#### 4.7 Undirected Proxies

The Chair of the Scheme Meeting will act as your proxy if the Proxy Form is returned to the QVE Registry without naming a proxy or proxies.

Undirected proxies held by the Chair, the company secretary or any Non-excluded Director, will be voted in favour of the Scheme.

#### 4.8 Further Information

If you have any questions in relation to the Scheme or the Scheme Meeting, including the number of QVE Shares you hold or how to vote, please call the Shareholder Information Line on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

## 5 INFORMATION RELATING TO QVE

### 5.1 Overview

QVE is an ASX listed investment company formed on 17 April 2014 and admitted to the official list of the ASX in August 2014. It was established to invest in a diversified portfolio of ASX-listed entities outside the S&P/ASX20 Accumulation Index.

The QVE Portfolio is managed by Investors Mutual Limited ACN 078 030 752 (**QVE Manager**).

## 5.2 INVESTMENT OBJECTIVES AND STRATEGY

### (a) Investment Objective

QVE's primary objectives are to achieve:

- long-term value to shareholders through a combination of capital growth and income by investing in a diversified portfolio of quality ASX-listed entities outside the S&P/ASX20 Index; and
- after-fee returns over a 5-year-plus investment period higher than the Benchmark.

### (b) QVE Investment Strategy

- **Diversified and balanced portfolio:** QVE's investment strategy focuses on building a diversified and balanced portfolio of ASX-listed securities outside the top 20 in the S&P/ASX20 Index. This strategy aims to capitalise on the QVE Manager's disciplined investment methodology and intensive research process to identify opportunities. Additionally, the QVE Manager strives to ensure diversity in the portfolio by spreading investments across various industries and individual securities.
- **Thorough investment selection process:** When assessing investment opportunities, the QVE Manager undertakes a comprehensive 'bottom-up' approach to identifying, researching and valuing companies. Its approach to identifying opportunities for the portfolio is systematic and disciplined and focuses on finding those entities that meet the QVE Manager's investment criteria, and then determining an appropriate valuation for those entities. More specifically, the QVE Manager seeks to invest in well-established companies which possess the following clear characteristics:
  - a competitive advantage over their peers;
  - a recurring, predictable earnings stream;
  - a capable management team; and
  - the ability to grow earnings and dividends over time.
- **Income growth:** In addition to long-term capital growth, the QVE Manager focuses on long-term income growth for the portfolio, seeking investment opportunities that pay sustainable and growing dividends with attractive franking credits.

### (c) Additional investment guidelines

The following investment guidelines apply to implementation of QVE's investment strategy:

- As a guide, QVE holds between 20 and 50 ASX listed securities which fall outside the S&P/ASX 20 Index.
- Should a security move into the S&P/ASX 20 Index, the security must be disposed of within 3 years after the security has entered the S&P/ASX 20 Index.
- Individual security positions should not exceed 5% of the QVE Portfolio's net asset value (NAV) upon purchase. Following such purchase, individual security positions may be up a maximum of 7.5% of the QVE Portfolio's NAV.
- Up to 25% of the QVE Portfolio's NAV may be held in cash (and cash equivalents such as investment grade interest bearing debt securities)<sup>23</sup>.
- Derivatives including options may be used for hedging purposes, to generate additional income or to replicate underlying positions<sup>24</sup>.

<sup>23</sup> Cash is defined as deposits, term deposits and senior debt with less than 12 months to maturity.

<sup>24</sup> Provided there is cash and / or underlying assets available to meet the exposure positions of the derivative instruments.

- Up to 5% of the QVE Portfolio's NAV may be held in unlisted securities (so long as these securities are proposed to be listed on the ASX within 12 months).
- Short selling and borrowing are not permitted.

**(d) Derivatives policy**

Exchange traded derivatives may be used selectively by the QVE Manager for hedging purposes, to generate additional income or to replicate underlying positions. Such derivatives have never been a core part of the QVE Portfolio.

All derivatives are backed by collateral (i.e. cash or other assets of QVE). The collateral for exchange traded derivatives is held by a third-party central clearing facility.

### 5.3 QVE Portfolio

**(a) QVE Portfolio – Top holdings**

As at 31 March 2024, the unaudited QVE Portfolio was made up of 47 listed securities, a summary of which is provided below:

No.	Code	Company	% of Total**
1.	AZJ	Aurizon Holdings Limited	4.9%
2.	APA	APA Group	4.2%
3.	SHL	Sonic Healthcare Limited	4.1%
4.	AMC	Amcor PLC	3.7%
5.	ORI	Orica Limited	3.7%
6.	SUN	Suncorp Group Limited	2.8%
7.	SKC	Skycity Entertainment Group Limited	2.7%
8.	CQR	Charter Hall Retail REIT	2.5%
9.	BXB	Brambles Limited	2.3%
10.	STO	Santos Limited	2.2%
11.	ALD	Ampol Limited	2.2%
12.	TLC	The Lottery Corporation Limited	2.1%
13.	ACL	Australian Clinical Labs Limited	2.0%
14.	VUK	Virgin Money UK plc	2.0%
15.	MYX	Mayne Pharma Group Limited	1.9%
16.	TPG	TPG Telecom Limited	1.9%
17.	IDX	Integral Diagnostics Limited	1.9%
18.	GUD	G.U.D. Holdings Limited	1.9%
19.	ORG	Origin Energy Limited	1.8%
20.	NHC	New Hope Corporation Limited	1.7%
<b>Top 20 equity investments</b>			<b>52.4%</b>
All other equity investments (comprising 27 ASX-listed securities)			27.1%
Cash and cash equivalents			20.5%
<b>Total</b>			<b>100.0%</b>

\*\* Totals may not add due to rounding.

Source: Provided by the QVE Manager.

**(b) QVE Portfolio – Sector Allocation**

The unaudited QVE Portfolio investment allocation by sector as at 31 March 2024 is shown below:

Sector	% of Total**
Cash and cash equivalents	20.5%
Health Care	12.4%
Industrials	9.2%
Materials	9.1%
Real estate	8.7%
Financials	8.5%
Consumer discretionary	8.1%
Communication services	7.4%
Energy	7.2%
Utilities	6.0%
Consumer staples	2.4%
Information technology	0.5%
<b>Total</b>	<b>100.0%</b>

\*\* Totals may not add due to rounding.

Source: Provided by the QVE Manager.

**(c) QVE Portfolio Performance**

The table below summarises QVE's unaudited historical investment performance compared with QVE's Benchmark to 31 March 2024.

Performance	1 Month	3 Months	1 Year	3 Years <sup>^</sup>	5 Years <sup>^</sup>	Since listing <sup>^</sup> (22 Aug 2014)
QVE NTA (pre-tax, before fees)	4.3%	6.6%	12.9%	7.9%	6.0%	7.3%
QVE NTA (pre-tax, after fees)	3.9%	5.9%	11.1%	6.5%	4.7%	6.0%
Benchmark**	4.3%	8.3%	15.3%	8.0%	8.2%	9.1%

Notes:

<sup>^</sup> Performance per annum.

\*\* The Benchmark is the S&P/ASX300 Ex20 Accumulation Index.

The above returns are presented before and after fees (as indicated), assume all declared dividends are reinvested, and exclude tax paid from pre-tax NTA.

Past performance is not a reliable indicator of future performance.

Source: Provided by the QVE Manager.

**5.4 QVE Directors and Management Terms****(a) QVE Directors**

As at the date of this Scheme Booklet, the QVE Directors comprise:

Name and Position	Description	Appointment date
Mr Peter McKillop Non-Executive Director & Chair	Peter has over 30 years' experience in the funds management, financial planning and superannuation industries and was the inaugural Managing Director of State Super Financial Services Limited ( <b>State Super</b> ) in 1990 until his retirement in 2011. At this time State Super had over 45,000 clients throughout Australia and funds under advice in excess of \$9.3 billion. During his time with State Super, Peter was responsible for the overall management of the company's activities, including	17 April 2014

Name and Position	Description	Appointment date
	<p>compliance with all legislative requirements and ensuring that the product range remained appropriate to client needs.</p> <p>Prior to joining State Super, Peter was Group Manager Investment Services at Perpetual Funds Management Limited (<b>Perpetual</b>) where he engineered Perpetual's launch of its house funds into the retail area in 1987, including Perpetual's highly successful Industrial Share Fund.</p> <p>Peter is a Fellow of The Institute of Chartered Accountants of Australia and holds a Bachelor of Economics from the University of Sydney.</p>	
<p>Mr Eamonn Roles Non-Executive Director</p>	<p>Eamonn has more than 25 years' experience in the funds management and financial advisory industries incorporating product development &amp; management, marketing, strategy and business planning, and operations. He commenced his career at PricewaterhouseCoopers in Ireland before joining the Australian firm.</p> <p>Eamonn is qualified as a Chartered Accountant and holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.</p>	30 August 2019
<p>Ms Linda Wing Yeung Fox Non-Executive Director</p>	<p>Linda is a non-executive director with an executive background in wealth management, banking and professional services in organisations including start-ups, global and multi-billion-dollar enterprises.</p> <p>Linda has 25 years of executive experience as a Chief Financial Officer and Chief Operating Officer overseeing businesses in Australia, New Zealand and the Asia Pacific region. Her last executive role was with the Commonwealth Bank of Australia as the CFO for the International Financial Services division until 2015, and for Colonial First State until 2021. Her experience in financial services started as an audit professional at KPMG and then as a CFO and COO in organisations such as Merrill Lynch, Schroder Investment Management and SFG Australia, a start-up that was listed on the ASX.</p> <p>Linda is a non-executive director of Centrepont Alliance Limited (ASX:CAF), QV Equities Limited (ASX:QVE) and Australian Youth Orchestra; and independent compliance committee member of Investors Mutual Limited's listed and unlisted managed investment schemes.</p> <p>Linda is a chartered accountant (CA ANZ) and a member and graduate of the Australian Institute of Company Directors. She holds an executive Masters of Business Administration, a Graduate Diploma in Information Systems, and Bachelor of Commerce.</p>	31 March 2023
<p>Mr Anton Tagliaferro</p>	<p>Anton has served as a Director of the QVE Manager from its inception in June 1997 to March 2023.</p>	30 April 2014

Name and Position	Description	Appointment date
Non-Executive Director	<p>Anton has over 30 years' experience in the financial services industry.</p> <p>Anton commenced his professional career with Deloitte Haskins and Sells (<b>Deloitte</b>) in London in 1981, where he qualified as a Chartered Accountant. After moving to Australia Anton moved into funds management and was Group Investment Manager and Equities Manager of Perpetual Trustees Australia Ltd (<b>Perpetual</b>). At Perpetual, Anton was responsible for running Perpetual's Industrial Share Fund as well as for the management of Perpetual's investment team. During his time at Perpetual, the Industrial Share Fund continually outperformed in the Australian equities market and was highly rated in Money Management's annual Australian Equity Manager surveys for 4 years in a row.</p> <p>In May 1993 Anton moved to County Natwest Investment Management Ltd (<b>County</b>) where he was Director of Industrial Equities and a senior member of the team responsible for managing County's \$5 billion in Australian equity portfolios.</p> <p>In 1994, Anton moved to BNP Investment Management Pty Ltd (<b>BNP</b>) in the role of Senior Equities Manager where he was responsible for managing all of BNP's Australian equity portfolios. During Anton's time at BNP its equity portfolios were consistently ranked in the top quartile for wholesale equities.</p> <p>Anton established Investors Mutual in 1998 and after 25 years at the helm, stepped down from his role in 2023</p> <p>Anton holds a Bachelor of Arts (Honours) in Accountancy from the Metropolitan University in London. Anton is also a member of the Institute of Chartered Accountants and of the Financial Services Institute of Australasia.</p>	
Mr Simon Bradford Conn Executive Director	<p>Simon has served as part of the QVE Manager's investment team since June 1998 and has over 22 years' experience as a Senior Portfolio Manager in the small cap sector. Simon is also the lead manager for the Investors Mutual Future Leaders Fund, the Investors Mutual Australian Smaller Companies Fund and the Investors Mutual Small Caps Fund.</p> <p>Simon commenced his career at KPMG as a tax and investment consultant in 1992 where he was responsible for consulting to a range of companies on their tax affairs and structures. In 1995 Simon joined the investment division of QBE Insurance Group where he was employed as an investment analyst and was responsible for assisting in the management of the company's investment fund across a range of asset classes including equities. Simon was employed with QBE Insurance Group for 3 years before joining the QVE Manager in 1998.</p> <p>Simon holds a Bachelor of Economics and a Bachelor of Laws from the University of Sydney. Simon is a Fellow of the Financial Services Institute of Australasia.</p>	14 June 2016



Peter McKillop, Eamonn Roles and Linda Fox are the Independent Directors.

Peter McKillop, Eamonn Roles, Linda Fox and Anton Tagliaferro are the Non-excluded Directors.

The interests of the QVE Board in QVE are disclosed in Section 10.2 of this Scheme Booklet.

**(b) QVE Management Agreement**

QVE appointed the QVE Manager pursuant to the QVE Management Agreement which was entered into on 23 June 2014 with respect to the management of the QVE Portfolio. A summary of the material terms of the QVE Management Agreement are set out below (see section 9.1 of the QVE Prospectus (which is available on QVE's website at [www.qvequities.com](http://www.qvequities.com)) for further details on the terms of the QVE Management Agreement):

Key terms	Description
Powers and discretions of Manager	<p>Subject to the Corporations Act, the Listing Rules and any written guidelines issued by QVE, the QVE Manager will, on behalf of QVE, invest money constituted in or available to the QVE Portfolio in making, holding, realising and disposing of investments.</p> <p>Subject to the QVE Manager managing the QVE Portfolio in accordance with investment objectives, strategy, guidelines, permitted investments and elements of investment and any proper and reasonable directions or instructions given by QVE, the QVE Manager has absolute discretion to manage the portfolio and to do all things considered necessary or desirable in relation to the portfolio.</p>
Valuations	The QVE Manager must arrange for calculation of the value of the QVE Portfolio and the net tangible asset backing of each share in each class of shares at least monthly.
Fees	The QVE Manager is entitled to be paid a management fee equal to 0.90% per annum (plus GST) of the QVE Portfolio's NAV for the first \$150 million and then 0.75% per annum (plus GST) thereafter. The management fee is calculated and accrued on the last day of each month and paid at the end of each month in arrears.
Expenses	QVE is liable for and must pay out of the QVE Portfolio or reimburse the QVE Manager for certain fees, costs and expenses properly incurred in connection with the investment and management of the QVE Portfolio, the acquisition, disposal or maintenance of any investment or performance of the QVE Manager's obligations under the QVE Management Agreement and is responsible for the payment of any fees or charges of any third parties engaged to provide any services in connection with the provision of administrative support services provided by the QVE Manager, including filing and other similar fees and charges.
Assignment	Neither QVE or the QVE Manager may assign all or any of its right, title and interest in the QVE Management Agreement to a third party except with the prior consent in writing of the other party.
Termination and termination payment	<p>The QVE Management Agreement had an initial term of five years, which automatically extended for a further 5 years on 22 August 2019 (<b>Extended Term</b>). As at the date of this Scheme Booklet, there is approximately 3 months remaining of the Extended Term.</p> <p>Also, the QVE Management Agreement gives QVE the right to immediately terminate the QVE Management Agreement and remove the QVE Manager by written notice for Cause (<b>Cause</b> includes the QVE Manager entering insolvency, ceasing to carry on the business of an</p>

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Key terms	Description
	<p>investment manager or material breach of its obligations, among other circumstances as stipulated in the QVE Management Agreement).</p> <p>The QVE Management Agreement will automatically terminate upon the passing of a resolution by QVE Shareholders to voluntarily wind-up QVE. For the purpose of the Scheme, on 11 March 2024 QVE and the QVE Manager entered a Letter Deed for the purpose of facilitating an orderly transition of the QVE Manager in the event that the Scheme is approved by QVE shareholders and consequently a new investment manager is appointed for QVE. The Letter Deed supplements but does not amend the existing terms of the QVE Management Agreement (which continues in full force and effect). The key terms of the Letter Deed are described in further detail directly below this table.</p> <p>The QVE Manager is entitled to a termination payment of 0.90% (plus GST) of QVE's net tangible assets, except if the QVE Management Agreement is terminated for Cause. Payment of the termination payment will be brought forward by the implementation of the Scheme (see below) and is included in the Transaction Costs of the Scheme.</p>
Rights of members	The QVE Management Agreement may only be altered by the agreement of the parties. However, QVE has provided an undertaking to ASX that it will only make material changes to the QVE Management Agreement if QVE has obtained QVE Shareholder approval to these material changes.
QVE indemnity	QVE must indemnify the QVE Manager against any losses or liabilities reasonably incurred by the QVE Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the QVE Manager or any of its officers, employees or agents acting under the QVE Management Agreement or on account of any bona fide investment decision made by the QVE Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the QVE Manager or its officers or employees. This obligation continues after the termination of the QVE Management Agreement.
QVE Manager Indemnity	The QVE Manager must indemnify QVE against any losses or liabilities reasonably incurred by QVE arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with, any negligence, default, fraud or dishonesty of the QVE Manager or its officers or Supervised Agents (as defined in the QVE Management Agreement). This obligation continues after the termination of the QVE Management Agreement.

If the Scheme is implemented, it is contemplated that services under the QVE Management Agreement may no longer be required by QVE, subject to the provision of transition services for a period after implementation.

To ensure that the QVE Manager continues to manage the QVE Portfolio through an orderly transition period if the Scheme is implemented, the Independent Directors have negotiated a side letter with the QVE Manager dated 11 March 2024 which supplements the QVE Management Agreement. The key terms are summarised below:

- If the Scheme becomes Effective, QVE will have been deemed to have provided the QVE Manager with 3 months' prior written notice of the termination of the QVE Management Agreement, such that the termination is effective from the Implementation Date of the Scheme. If, for any reason, the Scheme is not implemented after obtaining approval in the Requisite Majorities from QVE Shareholders (for example, due to the non-satisfaction of a

Scheme Condition), the notice of termination of the QVE Management Agreement will be deemed to have been withdrawn by QVE and the QVE Management Agreement will remain in full force and effect.

- If the Scheme is successful and the QVE Management Agreement is terminated per this Section 5.4(b), the QVE Manager will be entitled, in accordance with the terms of the QVE Management Agreement, to a termination payment calculated at 4 Business Days before the Implementation Date equal to 0.9% of the net tangible asset value of each class of QVE Share multiplied by the number of QVE Shares on issue in that class of QVE Shares as at that date, payable by QVE to the QVE Manager within 10 Business Days from the date of termination of the QVE Management Agreement. The QVE Manager has also confirmed it will assist with the orderly transition of the QVE Portfolio after termination, including by following reasonable directions of QVE.

## 5.5 QVE Share price performance

### (a) QVE Share price performance – recent history

QVE Shares are listed on the ASX under the ASX Code 'QVE'.

The closing price of QVE Shares on the ASX on 30 January 2024<sup>25</sup> was \$0.905.

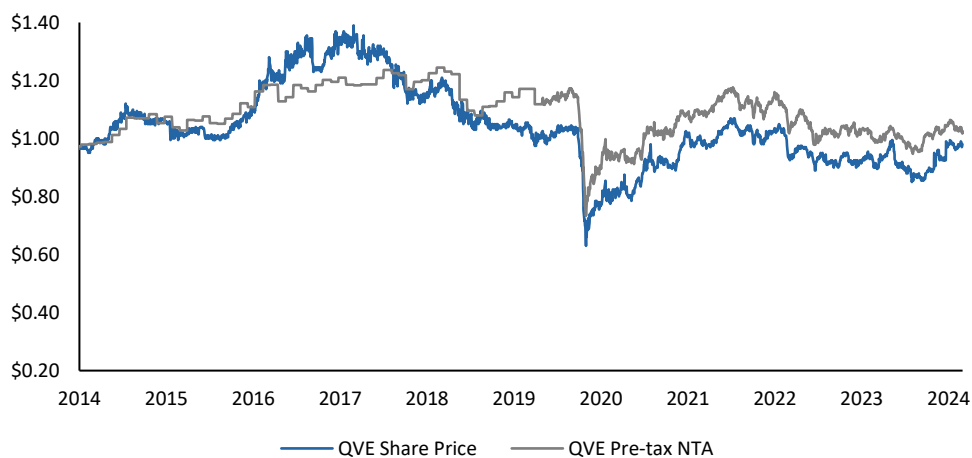
The closing price for QVE Shares on the ASX on 11 March 2024 (being the last date on which QVE Shares were traded prior to the announcement of the Scheme) was \$0.925.

On the Last Practicable Date, the closing price of QVE Shares on the ASX was \$0.980. During the 3-month period up until the Last Practicable Date, the highest and lowest recorded sale prices of QVE Shares on the ASX were, respectively, \$0.995 on 28 March 2024 and \$0.925 on 26-29 February 2024, 4 March 2024, 6-7 March 2024 and 11 March 2024.

### (b) Share Price Performance – Since QVE listed on the ASX

QVE's Share price has traded at a discount to QVE's Pre-tax NTA over the past 6 years. Over the past 3 years to 30 January 2024, the Price to NTA Discount has been an average discount of -9.4% to the Pre-tax NTA value per QVE Share. The Price to NTA Discount has remained despite an extensive on-market share buyback in place from September 2019 to December 2023 as well as other initiatives that have attempted to narrow the discount between the QVE Share price and Pre-tax NTA such as increased value and frequency of dividend payments, more detailed shareholder communications and investor roadshows.

Set out below is the QVE Share price relative to its Pre-tax NTA value since QVE listed on the ASX to the Last Practicable Date:



Source: S&P Capital IQ (QVE Share price data) and QVE Manager (unaudited QVE Pre-tax NTA).

<sup>25</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the QVE Share price before the market became aware of WAM Leaders' interest in acquiring QVE and hence reflecting an "undisturbed" price of QVE Shares).

## 5.6 QVE capital structure and ownership

### (a) Issued capital

As at the date of this Scheme Booklet, there were 227,412,619 QVE Shares on issue.

QVE does not have any other type of securities on issue.

### (b) On-Market Share Buyback

An on-market share buyback has been in place since 9 September 2019. Since the share buyback commenced, and up to and including 19 December 2023 (being the last date that QVE bought back QVE Shares), QVE has purchased 49.3 million QVE Shares at a total cost of \$44.9 million.

### (c) Substantial holders

As at the Last Practicable Date, QVE has only one substantial shareholder, being WAM Strategic Value Limited (ASX: WAR) (**WAR**) (an entity related to WAM Leaders) holding 35,829,919 QVE Shares representing a 15.76% interest in QVE. WAR forms part of the Wilson Asset Management Group and the WAM Leaders Directors' interests in WAR are set out further in Section 10.4 of this Scheme Booklet.

### (d) Top 20 QVE Shareholders

As at the Last Practicable Date, the top 20 shareholders of QVE are:

No	Holder of QVE Shares	Number of QVE Shares Held	% of Total**
1.	WAM Strategic Value Limited	35,829,919	15.76%
2.	Kennedy Financement Luxembourg S.AR.L Kennedy Financement	9,924,692	4.36%
3.	AKAT Investments Pty Limited <Tag Family A/C>	6,000,000	2.64%
4.	Citicorp Nominees Pty Limited	3,138,901	1.38%
5.	Hsbc Custody Nominees (Australia) Limited	3,047,780	1.34%
6.	Bnp Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	2,350,461	1.03%
7.	Ioof Investment Services Limited <IOOF IDPS A/C>	2,095,314	0.92%
8.	Ioof Investment Services Limited <IPS Superfund A/C>	1,971,679	0.87%
9.	Akat Investments Pty Ltd <Tag Super Fund A/C>	1,500,000	0.66%
10.	Mr Anthony Archer	1,258,000	0.55%
11.	Tag Family Foundation Pty Ltd <Tag Family Foundation A/C>	1,100,000	0.48%
12.	Netwealth Investments Limited <Super Services A/C>	1,086,488	0.48%
13.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	1,080,528	0.48%
14.	Investors Mutual Ltd	1,000,000	0.44%
15.	Overton Bros Pty Ltd <Atrol Super Fund A/C>	1,000,000	0.44%
16.	Mr Mark Thorpe-Apps	966,604	0.43%
17.	Perpetual Corporate Trust Ltd <Affluence LIC Fund>	950,000	0.42%
18.	Netwealth Investments Limited <Wrap Services A/C>	934,406	0.41%
19.	HSBC Custody Nominees (Australia) Limited-Gsco Eca	891,572	0.39%
20.	Peter Macgill Investments Pty Ltd <P D Macgill Super Fund A/C>	812,295	0.36%
<b>Total Top 20 QVE Shareholders</b>		<b>76,938,639</b>	<b>33.83%</b>

\*\* Totals may not add due to rounding.

Source: QVE's Share Register.

## 5.7 Intentions of the QVE Board if the Scheme does not proceed

The Corporations Act requires a statement by the QVE Board of their intentions regarding QVE's business. This statement has been prepared by the Independent Directors in lieu of the QVE Board (including the Non-excluded Directors).

(a) **If the Scheme is implemented**

If the Scheme is implemented, the existing QVE Board will resign and the QVE Board will be reconstituted in accordance with the instructions of WAM Leaders after the Implementation Date. Accordingly, it is not possible for the Independent Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of QVE;
- any major changes, if any, to be made to the business of QVE; and
- the future employment of the employees of QVE, noting in this case there are no employees of QVE.

If the Scheme is implemented, WAM Leaders will have 100% control of QVE. The current intentions of WAM Leaders with respect to these matters are set out in Section 6.4.

(b) **If the Scheme is not implemented**

If the Scheme is not approved by QVE Shareholders or the Court, or if any of the other Scheme Conditions are not satisfied or waived (if applicable) or if the Scheme Implementation Agreement is otherwise terminated before the Effective Date, the Scheme will not be implemented.

If the Scheme is not implemented:

- the Independent Directors would then consider possible alternatives, which may include the continuation of QVE's operations in their current form, a restructure or capital management initiatives; and
- WAM Leaders will be required to formally submit its Intended Takeover Offer to QVE Shareholders.

(c) **Intended Takeover Offer**

QVE Shareholders are reminded that on 31 January 2024, WAM Leaders announced its formal intention to make an off-market takeover bid for QVE, subject to certain conditions (**Intended Takeover Offer**).

Under the rules associated with takeover offers, WAM Leaders is ordinarily obliged to make offers to QVE Shareholders in accordance with its Intended Takeover Offer within 2 months of the announcement. However, WAM Leaders obtained conditional relief from ASIC in respect of this obligation. Under the terms of the relief, granted by ASIC on 14 March 2024 and as amended on 3 May 2024, ASIC has allowed QVE and WAM Leaders time for the Scheme to be considered and implemented (if approved by QVE Shareholders and the Court, and if all Scheme Conditions are satisfied or (if permitted) waived). However, WAM Leaders is required to make offers to QVE Shareholders on the same or substantially no less favourable terms than those outlined in the announcement of its Intended Takeover Offer within 3 weeks of QVE or WAM Leaders announcing the Scheme will not otherwise proceed or if orders from the Second Court Hearing approving the Scheme are not lodged with ASIC by 15 August 2024.

Accordingly, if the Scheme is not implemented then WAM Leaders will be required to make offers under its Intended Takeover Offer to QVE Shareholders on terms which are significantly less favourable than the Scheme.

Any possible alternative pathways which the QVE Board may seek to pursue following the Scheme not being implemented will be done so concurrently with QVE defending against the Intended Takeover Offer. Accordingly, the Intended Takeover Offer would weigh on any attempt by QVE to pursue an alternative pathway to maximise value for QVE Shareholders and cause QVE to incur additional costs.

**(d) If the Scheme is not implemented and the Intended Takeover Offer is not successful**

In circumstances where the Scheme is not implemented and the Intended Takeover Offer is unsuccessful:

- the QVE Portfolio will continue to be managed by the QVE Manager under the QVE Management Agreement, subject to the expiry of its appointment (and assuming its term is renewed) and QVE will remain listed on the ASX;
- QVE Shareholders will retain their QVE Shares and remain subject to the risks associated with an investment in QVE and will not receive the Scheme Consideration;
- QVE will continue to operate as a standalone listed entity and QVE Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in QVE; and
- it is possible that the price at which QVE Shares trade will fall and the Price to NTA Discount could revert to levels exhibited prior to the announcement of the Scheme (although this cannot be predicted with any degree of certainty).

Some of the risks relating to an investment in QVE are set out in Section 8.2 of this Scheme Booklet.

**5.8 Financial overview of QVE**

This Section sets out summary historical financial information in relation to QVE. This information has been extracted from QVE's audited financial statements for the relevant full financial years and the audit reviewed financial statements for the half year ending 31 December 2023. It does not take into account the effects of the Scheme.

The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

You can obtain a copy of the complete financial information in the annual reports and half year report issued by QVE for each of these periods, available from QVE's website at [www.qvequities.com](http://www.qvequities.com) or from the ASX website at [www.asx.com.au](http://www.asx.com.au).

**(a) Summary of historical financial information**

This following Section contains historical financial information in relation to QVE for the half year ended 31 December 2023 (**H1FY24**) and the full years ended 30 June 2023 (**FY23**) and 30 June 2022 (**FY22**). The information has been extracted from the financial reports of QVE for the periods H1FY24, FY23 and FY22, which were audited and reviewed (as applicable) by Pitcher Partners.

**(b) Statement of Comprehensive Income**

The historical financial performance of QVE from 1 July 2021 to 31 December 2023 is summarised below:

	H1FY24 (\$)	FY23 (\$)	FY22 (\$)
<b>Investment Income</b>			
Dividend and distribution income	4,827,397	10,023,709	8,089,828
Interest income	326,621	542,627	144,482
Realised gains on options and futures	1,313,128	3,156,944	614,754
Unrealised gains / (losses) on options	157,380	(844,429)	994,218
Other Income	-	4,981	23,591
<b>Total investment income</b>	<b>6,624,526</b>	<b>12,883,832</b>	<b>9,866,873</b>
<b>Expenses</b>			
Management fees	995,659	2,032,315	2,227,514
Directors' fees	50,000	100,000	100,000
ASX fees	34,321	76,349	70,312

	H1FY24 (\$)	FY23 (\$)	FY22 (\$)
Registry fees	29,811	70,064	75,113
Insurance fees	138,344	298,614	308,436
Other expenses	79,328	166,710	182,369
<b>Total Expenses</b>	<b>1,327,463</b>	<b>2,744,052</b>	<b>2,963,744</b>
<b>Profit before income tax</b>	<b>5,297,063</b>	<b>10,139,780</b>	<b>6,903,129</b>
Income tax expense	676,340	959,443	754,430
<b>Profit after income tax attributable to owners</b>	<b>4,620,723</b>	<b>9,180,337</b>	<b>6,148,699</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be recycled to profit and loss</b>			
Movement in fair value of long-term equity investments, net of tax	3,253,234	(111,265)	(1,947,403)
<b>Items that will be recycled to profit and loss</b>			
Movement in fair value of floating rate notes, net of tax	-	-	138,454
<b>Total comprehensive income, net of tax</b>	<b>7,873,957</b>	<b>9,069,072</b>	<b>4,339,750</b>

(c) **Statement of financial position**

The historical financial position of QVE from 1 July 2021 to 31 December 2023 is summarised below:

	H1FY24 (\$)	FY23 (\$)	FY22 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16,758,519	17,118,574	32,092,735
Receivables	5,083,785	867,071	2,089,625
Prepayments	49,320	137,695	143,890
<b>Total current assets</b>	<b>21,891,624</b>	<b>18,123,340</b>	<b>34,326,250</b>
<b>Non-current assets</b>			
Financials assets at fair value	211,243,238	212,495,010	206,870,930
Deferred tax assets	9,959,203	11,258,560	10,667,089
<b>Total non-current assets</b>	<b>221,202,441</b>	<b>223,753,570</b>	<b>217,538,019</b>
<b>Total assets</b>	<b>243,094,065</b>	<b>241,876,910</b>	<b>251,864,269</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade creditors and other payables	536,000	647,947	1,892,072
Current tax liabilities	453,027	441,143	5,719,638
Financial liabilities at fair value	1,100,740	1,524,450	1,126,500
<b>Total current liabilities</b>	<b>2,089,767</b>	<b>2,613,540</b>	<b>8,738,210</b>
<b>Total Liabilities</b>	<b>2,089,767</b>	<b>2,613,540</b>	<b>8,738,210</b>
<b>Net Assets</b>	<b>241,004,298</b>	<b>239,263,370</b>	<b>243,126,059</b>
<b>Equity</b>			
Issued capital	237,953,587	238,169,259	239,449,478
Asset revaluation reserve	(10,103,425)	(22,886,047)	(25,545,039)
Capital profits reserve	10,288,305	19,817,693	25,549,403
Profits reserve	2,865,831	4,162,465	3,672,217
<b>Total equity</b>	<b>241,004,298</b>	<b>239,263,370</b>	<b>243,126,059</b>

(d) **Statement of cash flows**

The historical cash flow of QVE in respect of the period from 1 July 2021 to 31 December 2023 is summarised below:

	H1FY24 (\$)	FY23 (\$)	FY22 (\$)
<b>Cash flows from operating activities</b>			
Dividends / distributions received	4,607,333	9,850,669	7,758,337
Interest received	326,621	626,973	60,137

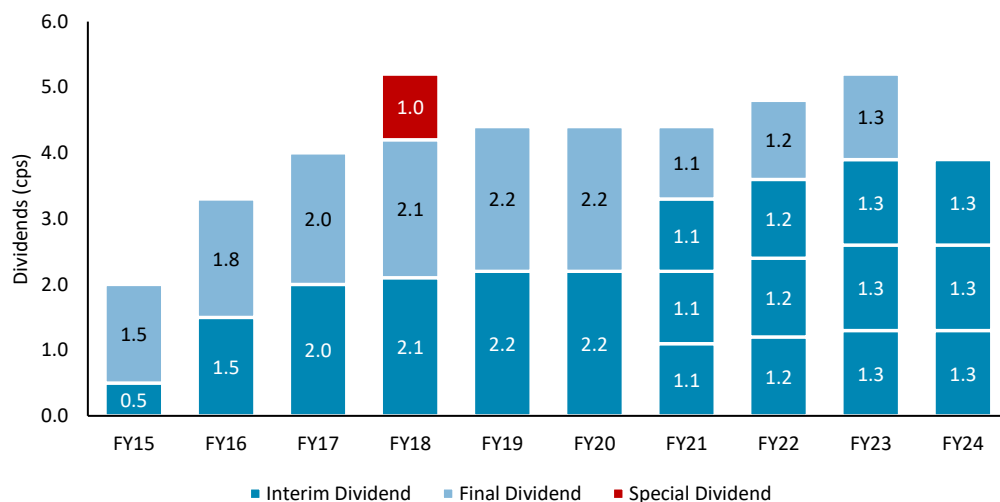
	H1FY24 (\$)	FY23 (\$)	FY22 (\$)
Net realised gains on options	1,097,123	2,674,672	1,571,905
Other income	-	14,588	20,056
Payment for expenses	(1,256,020)	(2,756,659)	(2,941,650)
Income tax paid	(530,794)	(6,368,269)	(5,568,789)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>4,244,263</b>	<b>4,041,974</b>	<b>899,996</b>
<b>Cash flows from investing activities</b>			
Payments for investments	(33,458,413)	(35,322,712)	(85,773,519)
Proceeds from sale of investments	34,987,124	29,314,815	122,450,935
<b>Net cash inflow / (outflow) from investing activities</b>	<b>1,528,711</b>	<b>(6,007,897)</b>	<b>36,677,416</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(5,917,357)	(11,651,542)	(10,962,922)
Payments for share buyback	(215,672)	(1,356,696)	(13,549,188)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(6,133,029)</b>	<b>(13,008,238)</b>	<b>(24,512,110)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(360,055)</b>	<b>(14,974,161)</b>	<b>13,065,302</b>
Cash and cash equivalents at beginning of the period	17,118,574	32,092,735	19,027,433
<b>Cash and cash equivalents at the end of the period</b>	<b>16,758,519</b>	<b>17,118,574</b>	<b>32,092,735</b>

## 5.9 Other Financial Information

### (a) QVE's Dividend History

The chart below sets out QVE's dividend payments by financial year since QVE listed on the ASX in August 2014) up until the Last Practicable Date. All QVE's dividends have been 100% fully franked.

QVE's dividend policy is at the discretion of the QVE Board and depends on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the QVE Board deem relevant. It is the current policy of the QVE Board that all dividends paid to QVE Shareholders are franked to the maximum extent possible. QVE adopted an updated dividend policy of quarterly dividend payments (instead of twice-yearly dividends) effective from 28 October 2020.



#### Notes:

Past performance is not a reliable indicator of future performance as a result past dividends are not indicative of future dividends.

Source: QVE's ASX announcements.



On 24 April 2024, the QVE Board announced on the ASX the 2024 March quarter dividend of 1.3 cents per QVE Share. The ex-dividend and payment dates are set for 14 May 2024 and 31 May 2024, respectively, which will occur prior to implementation of the Scheme.

**(b) Profit Reserve and Franking Credits**

As at 31 March 2024 QVE had an unaudited profit reserve balance of \$1,030,672 and a capital profits reserve balance of \$12,989,846. QVE had an unaudited franking account balance of \$7,685,766 as at 31 March 2024. These balances are after the payment of an interim fully franked dividend of 1.3 cents per QVE Share paid on 1 March 2024 and prior to the 2024 March quarter dividend.

## 5.10 Transaction Costs

QVE has incurred significant costs in responding to WAM Leaders' proposal to acquire QVE Shares and negotiating that proposal to the point that it is capable of being submitted to QVE Shareholders as the Scheme for their consideration.

Transaction Costs<sup>26</sup> include costs associated with negotiating the Scheme Implementation Agreement, retaining professional advisers (including financial, legal and tax advisers), the termination payment under the QVE Management Agreement, facilitating WAM Leaders' access to due diligence, undertaking of due diligence on WAM Leaders by QVE, D&O Run-Off Insurance, engaging the Independent Expert, considering regulatory matters, preparing this Scheme Booklet as well as regulatory filing fees and other expenses.

If the Scheme is implemented, Transaction Costs are expected to total approximately \$5.8 million (including GST, less reduced input tax credits (where available)).

If the Scheme is not implemented, Transaction Costs are expected to total \$1.6 million (including GST, less reduced input tax credits (where available)).

If the Scheme is implemented, unpaid Transaction Costs on the Calculation Date, which would include the termination payment payable to the QVE Manager<sup>27</sup> and D&O Run-Off Insurance costs (estimated in aggregate to be \$0.0184 per QVE Share) will be factored into QVE's Pre-tax NTA calculations used to determine the Scheme Consideration (see Section 3.2(e) for further details on the calculation and Confirmation of the Pre-tax NTA). The quantum of Transaction Costs detailed above in this Section 5.10 are stated before the benefit of the WLE Contribution.

For the avoidance of doubt, the WLE Contribution (of \$550,000 including GST) is a notional contribution which is only applied as a reduction to the Transaction Costs used in determining QVE's Pre-tax NTA and therefore providing a benefit to QVE Shareholders when determining the Scrip Consideration and Cash Consideration on the Calculation Date.

## 5.11 Material Changes in QVE's Financial Position since 31 December 2023

Clause 8302(h) of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Independent Directors, the financial position of QVE has materially changed since the date of the last balance sheet laid before QVE in general meeting or sent to QVE Shareholders in accordance with sections 314 or 317 of the *Corporations Act 2001* (Cth) and, if so, provide full particulars of any such change.

ASIC has granted QVE relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Independent Directors, the financial position of QVE has materially changed since 31 December 2023 (being the date of QVE's published half-yearly accounts) and, if so, provide full particulars of any change.

QVE will provide a copy of the financial statements for the half year ending 31 December 2023 free of charge to any QVE Shareholder who requests a copy before the Scheme is approved by order of the Court.

<sup>26</sup> For the purpose of calculating Pre-Tax NTA and for the avoidance of doubt, all transaction costs whether paid or unpaid are treated as a deduction to the NTA.

<sup>27</sup> The termination payment amounts to 0.9% (plus GST less RITC) of QVE's net tangible assets (post-tax). Based on QVE's net tangible assets (post-tax) as at the Last Practicable Date, this termination payment is estimated to be \$2.2 million (plus GST less RITC). See Section 5.4(b) for further details on the termination payment.

As at the date of this Scheme Booklet, to the knowledge of the Independent Directors, there have been no material changes to the financial position of QVE since 31 December 2023, being the date of QVE's published half yearly accounts, other than as disclosed in this Scheme Booklet or announced on the ASX.

In addition, as a listed investment company, QVE's financial position as reflected by its net assets is subject to market movements in the value of securities within the QVE Portfolio, among other things. QVE provides weekly and monthly updates to the ASX with respect to Pre-tax NTA movements. As at 31 March 2024, QVE's unaudited Pre-tax NTA value per QVE Share was \$1.0643. As at the Last Practicable Date, the most recently announced unaudited Pre-tax NTA value per QVE Share was \$1.04.

## 5.12 Further information

QVE is listed on the ASX. QVE is a disclosing entity for the purposes of the Corporations Act and the Listing Rules, and is subject to regular reporting and disclosure obligations that require QVE to disclose to the market any information of which it is aware that a reasonable person may expect to have a material impact on the price or value of QVE Shares. Such disclosure must be as soon as QVE becomes aware of that information, subject to exceptions for certain confidential information.

QVE's recent announcements are available from the ASX website at [www.asx.com.au](http://www.asx.com.au). QVE will continue to make public announcements as required on this website after the date of this Scheme Booklet.

QVE is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from the QVE Directors and an audit or review report. Also, QVE lodges monthly and quarterly investment updates with the ASX.

Copies of these and other documents lodged with ASIC and ASX may be obtained from or inspected at an ASIC office and are accessible from the ASX website [www.asx.com.au](http://www.asx.com.au). Copies of these documents will also be made available free of charge on request by a QVE Shareholder in writing to the QVE Registry at any time before the Scheme Meeting.

## 6 INFORMATION RELATING TO WAM LEADERS

The information contained in this Section 6 has been prepared by WAM Leaders. QVE and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 6.1 Overview of WAM Leaders

#### (a) Investment Objectives and Strategy

WAM Leaders is an ASX listed investment company that provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WAM Leaders listed on the ASX in May 2016 and has grown to become the third largest listed investment company on the ASX. WAM Leaders is one of eight ASX listed investment companies that is managed by Wilson Asset Management. Wilson Asset Management is an investment manager that invests over \$5 billion on behalf of more than 130,000 retail investors.

WAM Leaders' investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

No material changes to the investment strategy are presently contemplated. Any material changes would be made with the approval of the WAM Leaders Board, after consultation with the WAM Leaders Manager. WAM Leaders will notify its shareholders of any material changes to its investment strategy through the ASX and on the WAM Leaders website.

#### (b) Objectives and investment process

The investment objectives of WAM Leaders are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth; and
- preserve capital of WAM Leaders.

The above are not intended to be a forecast. They are merely the investment objectives of WAM Leaders. WAM Leaders may not be successful in meeting these objectives.

WAM Leaders' investment process combines a top-down macroeconomic analysis with Wilson Asset Management's proven fundamental research-driven and market-driven investment processes.



#### Macroeconomic Analysis

The top-down approach seeks to identify and monitor leading and lagging macroeconomic indicators in order to construct a benchmark agnostic Australian large-cap investment portfolio.

When assessing and analysing the Australian large-cap universe, Wilson Asset Management believes that macroeconomic factors are an important driver of equity valuations and company earnings in making an investment decision. The investment team continuously monitors the macroeconomic environment to identify trends and possible inflection points, positioning the portfolio in anticipation accordingly. Inflection points are events that result in a significant change in the trajectory of a company, industry or economy. The top-down macroeconomic analysis includes:

- monitoring of global asset classes such as fixed interest, commodity and currency data;
- studying monetary, business and fiscal cycles;
- analysing key economic and macroeconomic data releases; and
- regular dialogue with our global network of independent macroeconomic research houses and industry contacts.



#### Research-driven and market-driven investment process

Wilson Asset Management's fundamental research process involves diligent and deep analysis in order to identify longer-term core holdings within the investment portfolio. The investment process is also centred on meeting with senior executives of the potential investee companies. Each potential investee company is carefully analysed with respect to industry position, quality of management, earnings growth potential and valuation.

The market positioning analysis seeks to identify active trading opportunities around the longer-term core holding positions in the investment portfolio and takes advantage of short-term relative arbitrages and mispricing opportunities in the Australian equity market. Once an investment opportunity has been identified, the investment team undertakes a detailed assessment in order to validate the perceived mispricing in the relevant securities. The investment team will then analyse risk and return potential in conjunction with liquidity analysis. The market positioning analysis includes:

- daily global positioning matrix. This involves observing global flows between stocks, bonds, commodities and currencies, between countries, and sectors within the equity market;
- engagement with quantitative research analysts; and
- factor, seasonality, and sensitivity analysis.

Market-driven opportunities may also be derived from participation in corporate transactions, including placements, block trades, corporate spin-offs and restructuring, and short selling securities. It is not expected that exposure to corporate transactions or short selling needs will form a material part of the investment portfolio.

Within the investment process, the investment team will consider the macroeconomic factors, the detailed fundamental research-driven analysis and market-driven positioning analysis, investing in a security once they can identify a catalyst that they believe will alter the market's valuation of the

company. Potential catalysts include earnings surprises, management changes, acquisitions or strategy updates, and liquidity events such as a share issue or sell down by an existing holder.

**(c) Investment philosophy**

The investment philosophy of WAM Leaders follows these broad principles:

- **Focus on the S&P/ASX 200 Index:** The WAM Leaders' investment portfolio is focused on large-cap companies listed on the ASX predominantly within the S&P/ASX 200 Index;
- **Preference for undervalued companies:** WAM Leaders' active investment approach focuses on large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WAM Leaders' preference is to invest in entities where the securities are trading below WAM Leaders Manager's fair value assessment and the identification of a catalyst has not yet been factored into the current valuation of the entity and is likely to change the market's valuation of that entity;
- **Portfolio based investing:** While all investments are considered on a case-by-case basis, the WAM Leader's investment portfolio will usually refrain from taking a majority position in investee entities. This assists WAM Leaders to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. Investments are also considered in the context of the broader portfolio. WAM Leaders seeks to manage investment risk by spreading investments over a range of companies and industry sectors; and
- **Capital preservation:** Capital preservation is a key investment objective. The WAM Leaders Manager's investment process focuses on the risk return for each investment in the portfolio with an emphasis on capital preservation. This ongoing assessment of risk and reward results in tactical weight adjustments, with the portfolio being regularly repositioned. One of the many capital preservation tools available to WAM Leaders is the ability to hold cash in a situation where the WAM Leaders Manager is unable to identify compelling investment opportunities. This could lead to WAM Leaders holding high levels of cash in the investment portfolio from time-to-time. In addition, the WAM Leaders Manager seeks to manage equity market risk within the investment portfolio by increasing exposure to investee companies that present quality defensive characteristics.

**(d) Permitted Investments**

The WAM Leaders Manager may invest in:

- Australian and international securities;
- bills of exchange, negotiable investments and debentures; and
- cash.

**(e) Short selling**

Short selling may be undertaken by the WAM Leaders Manager as part of the investment strategy to benefit from falling security prices. WAM Leaders is expected to engage in short selling by borrowing securities and providing stock or cash collateral. With a view to managing the risks associated with short selling, the WAM Leaders investment portfolio's exposure to short positions will not exceed 50% of the value of the portfolio, without WAM Leaders Board approval. However, in line with the historical implementation of the WAM Leaders Manager's strategy, the exposure to short positions within the WAM Leaders portfolio at any given time is expected to be less than 10% of the WAM Leaders investment portfolio.

The following examples illustrate how short selling may result in a loss or a profit. Both examples assume the WAM Leaders Manager short sells 10,000 shares in ABC Limited (**ABC Shares**) at \$100 per ABC Share, and later closes the position by entering into an equal and opposite trade. It is assumed that the costs associated with the short sales in each example are also the same (i.e. borrowing costs and commissions totalling \$300 and \$250 in interest receivable).

**Example 1: Potential loss**

WAM Leaders short sells 10,000 shares of ABC @ \$100 and closes the position when the share price rises to \$120 by entering into an equal and opposite trade.

Trade	No of shares	Share price (\$)	Total income / (loss)
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$300)
Interest receivable			\$250
Closing buy	10,000	\$120	(\$1,200,000)
<b>Loss</b>			<b>(\$200,050)</b>

**Example 2: Potential gain**

WAM Leaders short sells 10,000 shares of ABC @ \$100 and closes the position when the share price falls to \$80 by entering into an equal and opposite trade.

Trade	No of shares	Share price (\$)	Total income / (loss)
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$300)
Interest receivable			\$250
Closing buy	10,000	\$80	(\$800,000)
<b>Gain</b>			<b>\$199,950</b>

The WAM Leaders Manager does not use leverage in the form of borrowings or derivatives. Short selling may also have the effect of enlarging the fluctuations in the portfolio value in a similar manner to financial leverage or use of derivatives.

**(f) Performance of WAM Leaders**

WAM Leaders' investment portfolio has returned on average 14.7%\* per annum over five years, outperforming the S&P/ASX 200 Accumulation Index by 5.5% per annum.

Performance as at 31 March 2024	1year %pa	3 years %pa	5 years %pa	7 years %pa	Since inception %pa (May-16)
WAM Leaders Investment Portfolio*	6.3%	12.3%	14.7%	13.6%	13.4%
S&P/ASX 200 Accumulation Index	14.4%	9.6%	9.2%	8.6%	9.3%
<b>Outperformance</b>	<b>-8.1%</b>	<b>+2.7%</b>	<b>+5.5%</b>	<b>+5.0%</b>	<b>+4.1%</b>

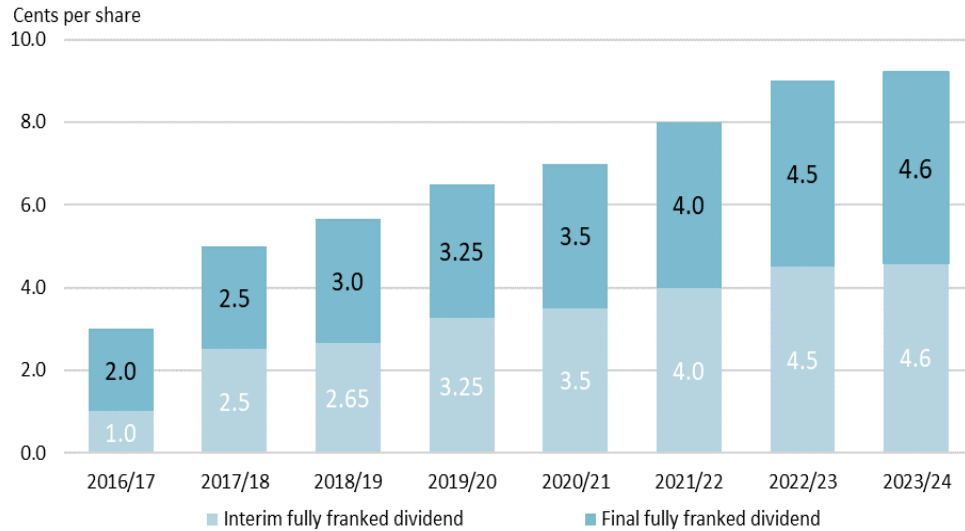
\*Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

The performance of the WAM Leaders investment process has been validated across multiple market cycles. While the investment portfolio may experience temporary short-term underperformance, as is the case currently, this is consistent with previous cycles as the WAM Leaders investment team takes a contrarian view to the market. The WAM Leaders investment team has increased conviction and confidence in the current positioning of the investment portfolio with recent macroeconomic developments.

**(g) Dividend Policy**

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided WAM Leaders has sufficient profits reserves and franking credits, and it is within prudent business practices to do so.

WAM Leaders' profits reserve as at 31 March 2024 is 34.1 cents per share and forms part of the NTA of WAM Leaders. Since inception in May 2016, WAM Leaders has paid 44.15 cents per share in fully franked dividends to shareholders. The WAM Leaders Board declared a fully franked interim dividend of 4.6 cents per share payable on 31 May 2024. The WAM Leaders Board intends to deliver a FY2024 fully franked full year dividend of 9.2 cents per share\*.



\*Fully franked final dividend guidance is subject to no material or adverse changes in market conditions. WAM Leaders' ability to pay fully franked dividends is dependent on the receipt of franking credits and the payment of tax on profits.

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided it has sufficient profit reserves and franking credits and it is within prudent business practices. WAM Leaders' ability to generate franking credits is dependent primarily upon the payment of tax on realised profits and the quantum of fully franked dividends received from investee companies. This is not intended to be a forecast, it is merely an objective of WAM Leaders. WAM Leaders may not be successful in meeting this objective in the future.

(h) **Directors**

<p><b>Geoff Wilson AO</b></p> <p><b>Chairman – non independent (since March 2016)</b></p>	<p><b>Experience and expertise</b></p> <p>Geoff Wilson has more than 44 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Australia Limited and Future Generation Global Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (<b>AICD</b>).</p> <p><b>Other listed company directorships</b></p> <p>Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). He is the founder and a Director of Future Generation Australia Limited (appointed July 2014) and Future Generation Global Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Staude Capital Global Value Fund Limited (appointed April 2014) and Hearts and Minds Investments Limited (appointed September 2018).</p>
<p><b>Kate Thorley</b></p> <p><b>Director – non independent (since March 2016)</b></p>	<p><b>Experience and expertise</b></p> <p>Kate Thorley has almost 20 years' experience in the funds management industry and more than 25 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited,</p>

	<p>Director of WAM Capital Limited, WAM Global Limited, WAM Microcap Limited, WAM Strategic Value Limited, WAM Research Limited, WAM Active Limited, Future Generation Australia Limited and Future Generation Global 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 CA. She is a Graduate member of the Australian Institute of Company Directors (<b>GAICD</b>).</p> <p><b>Other listed company directorships</b></p> <p>Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Australia Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).</p>
<p><b>Lindsay Mann</b></p> <p>Director – independent (since March 2016)</p>	<p><b>Experience and expertise</b></p> <p>Lindsay Mann has more than 50 years’ financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that, Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the institute of Actuaries of Australia and a GAICD.</p> <p><b>Other listed company directorships</b></p> <p>Lindsay Mann is an independent non-executive director and Chair of Uniting Ethical Investors Limited (appointed September 2014) and an independent Director of WAM Capital Limited (appointed December 2012).</p>
<p><b>Dr Ian Langford</b></p> <p>Director – independent (since April 2023)</p>	<p><b>Experience and expertise</b></p> <p>Dr Ian Langford holds a Bachelor’s degree in Management, a Master of Arts, a Master of Defence Studies, a Master of Strategic Studies and a Doctor of Philosophy from Deakin University. With 30 years of experience and as a senior officer in the Australian Defence Force, Ian has led large and small teams in complex and ambiguous environments. Ian has held a range of appointments in the Army and Special Forces throughout his career. Ian commanded the 2<sup>nd</sup> Commando Regiment, as well as multiple Special Operations Task Groups in Afghanistan, Iraq and on domestic counter-terrorism duties. Ian has also led at the strategic level, responsible for the Army’s future strategic investments, future concepts and capabilities, major capital acquisitions and critical sustainment systems as the Head of Land Capability on two separate occasions in both 2019 / 20 and again 2022. Ian has been awarded several Australian commendations, and the Distinguished Service Cross on three occasions. In 2019, he was appointed as an Honorary Aide de Camp to the Governor-General of the Commonwealth of Australia.</p> <p><b>Other listed company directorships</b></p> <p>Dr Ian Langford has no other listed company directorships</p>
<p><b>Alexa Henderson</b></p> <p>Director –</p>	<p><b>Experience and expertise</b></p> <p>Alexa Henderson has over 30 years’ global experience in finance, accounting and audit having previously held roles with KPMG, Arthur Andersen and Deutsche Bank (<b>WM Company</b>). Alexa is currently a</p>



<b>independent (since June 2023)</b>	<p>non-executive director of abrdn UK Smaller Companies Growth Trust PLC, James Walker (Leith) Limited and Chairman of JPMorgan Japan Small Cap Growth &amp; Income PLC. Alexa holds a Bachelor of Science in Economics and Accounting from Edinburgh University and is a Chartered Accountant.</p> <p><b>Other listed company directorships</b></p> <p>Alexa Henderson is currently Chairman of JPMorgan Japan Small Cap Growth &amp; Income PLC (appointed April 2016) and non-executive director of James Walker (Leith) Limited (appointed December 2013) and abrdn UK Smaller Companies Growth Trust PLC (appointed October 2018).</p>
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**(i) Interests of WAM Leaders Board in WAM Leaders**

As at the Last Practicable Date, WAM Leaders Directors and their Associates hold the following Relevant Interests in WAM Leaders:

Directors	Ordinary Shares
Geoff Wilson AO	12,950,842
Kate Thorley	319,994
Lindsay Mann	262,576
Alexa Henderson	25,000
Dr Ian Langford	-

**(j) WAM Leaders Manager**

Established in 1997 by Geoff Wilson AO, Wilson Asset Management is an independently owned investment manager and listed investment company specialist based in Sydney, Australia. The WAM Leaders Manager was established in 2002, has a track record of making a difference for shareholders and the community for 25 years and is the investment manager for eight listed investment companies – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 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 WAM Leaders Manager.

Entities associated with Geoff Wilson hold 100% of the shares on issue in the WAM Leaders Manager. Kate Thorley is the Chief Executive Officer and indirect owner of non-voting preference shares in Wilson Asset Management.

Wilson Asset Management employs over 50 staff and is led by WAM Leader's Chairman and Chief Investment Officer Geoff Wilson and Chief Executive Officer Kate Thorley. The investment team is comprised of 19 experienced investment professionals to manage their respective portfolios. The investment team is supported by high-performing professionals who work across the corporate affairs, finance, and operations teams tasked with delivering shareholders transparency, insights and experiences. Their work adds discipline, depth and reach to Wilson Asset Management's core business and supports the investment strategy and the market-driven investment process of WAM Leaders.

WAM Leaders' Lead Portfolio Manager is Matthew Haupt. Matthew joined Wilson Asset Management in 2011 and has more than 20 years' experience in the investment industry working both as a portfolio manager and analyst. He gained extensive large-cap experience in his previous role with Australian Executor Trustees (now part of IOOF). Matthew holds a Bachelor of Commerce



from the University of Adelaide, a Graduate Diploma in Applied Finance and Investment, and has been awarded the Chartered Financial Analyst (**CFA**) designation and is a member of the CFA Institute. The WAM Leaders' investment team is also comprised of Portfolio Manager John Ayoub, Senior Investment Analyst Anna Milne and Investment Analyst Hailey Kim.

John joined Wilson Asset Management in 2016 and is the Portfolio Manager responsible for WAM Leaders. John has 17 years' industry experience, working at Credit Suisse as a director in equity sales and trading, focusing on both large and small-cap companies. Prior to this, John worked as a research analyst and in corporate finance at Ord Minnett and was previously a corporate lawyer.

Anna has more than 7 years' experience in financial markets. Prior to joining Wilson Asset Management in 2020, Anna was a sell-side equity research analyst at UBS, Credit Suisse and Jarden.

Hailey has worked in the financial industry for over 6 years. Prior to joining Wilson Asset Management, Hailey was an equity research analyst at J.P. Morgan and Bank of America and was previously in debt and capital advisory at PwC.

The WAM Leaders Manager manages the WAM Leaders portfolio in accordance with the WAM Leaders Investment Management Agreement. The WAM Leaders Manager:

- implements the investment strategy, including actively managing the WAM Leaders portfolio;
- manages the WAM Leaders portfolio's exposure to markets;
- calculates the value of the WAM Leaders portfolio daily;
- regularly updates WAM Leaders regarding its portfolio and provides all information necessary for the maintenance of WAM Leaders' financial accounts to be completed; and
- provides administrative support to assist and ensure the maintenance of WAM Leaders' corporate and statutory records, compliance with the Listing Rules and the Corporations Act.

**(k) WAM Leaders Investment Management Agreement**

Set out below is a summary of the terms of the WAM Leaders Investment Management Agreement between WAM Leaders and the WAM Leaders Manager.

*Powers of the WAM Leaders Manager*

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by WAM Leaders from time-to-time, the WAM Leaders Manager has the powers necessary to, on behalf of WAM Leaders, invest money constituted in or available to the WAM Leaders portfolio, and make, hold, realise and dispose of investments within the WAM Leaders portfolio. Any investment outside the written guidelines of the WAM Leaders Board requires WAM Leaders Board approval.

Subject to an obligation to liquidate the WAM Leaders portfolio to meet WAM Leaders' operating costs, dividend payments, capital returns, buybacks or other distributions, the WAM Leaders Manager has absolute and unfettered discretion to manage the WAM Leaders portfolio and to do all things considered necessary or desirable in relation to the WAM Leaders portfolio, including, without limitation:

- investigation, negotiation, acquisition, or disposal of every investment;
- to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments;
- if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies;

- retain or sell any shares, debentures or other property received by WAM Leaders by way of bonus, or in satisfaction of a dividend in respect of any investments or from the amalgamation or reconstruction of any entity; and
- to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

#### *Valuations*

The WAM Leaders Manager must arrange for calculation of the value of the WAM Leaders portfolio at least monthly or at such more frequent times as may be agreed between the WAM Leaders Manager and WAM Leaders. All costs incurred by the WAM Leaders Manager in arranging this calculation are to be paid by WAM Leaders.

#### *Management Fee*

In return for the performance of its duties the WAM Leaders Manager is entitled to be paid a monthly management fee equal to 0.0833334% per month or 1% per annum (plus GST) of the value of the WAM Leaders portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears) (**Management Fee**).

As a worked example, assuming the value of the WAM Leaders' portfolio is \$1,850,000,000 at 1 July 2023, and nil performance on the WAM Leaders' portfolio each month, the management fee payable on the portfolio for the 12-month period from 1 July 2023 to 30 June 2024 would be approximately \$18,500,000 (plus GST) or 1% of the value of the WAM Leaders' portfolio for the period.

Management fees would increase if the value of the WAM Leaders portfolio increases, and decrease if the value of the WAM Leaders portfolio decreases, over the month.

#### *Performance Fee*

The WAM Leaders Manager is entitled to be paid by WAM Leaders a fee (performance fee) equal to 20% (plus GST) of the base amount (BA). Except as set out below and subject to the recoupment of prior underperformance, BA for a Performance Calculation Period is calculated in accordance with the following formula:

$$BA = (FV - IV) - \left[ IV \times \frac{(FI - II)}{II} \right]$$

Where:

- BA** = is the base amount to be used in calculating the performance fee outlined above;
- FV** = is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the relevant Performance Calculation Period;
- IV** = is the Value of the Portfolio, before corporate expenses and taxes, but after payment of Management Fees, calculated on the last Business Day of the preceding Performance Calculation Period;
- FI** = is the level of the S&P/ASX 200 Accumulation Index published by the ASX on the last Business Day of that Performance Calculation Period; and
- II** = is the level of the S&P/ASX 200 Accumulation Index published by the ASX on the last Business Day of the preceding Performance Calculation Period.

The **Performance Calculation Period** is the 12 month period ending on 30 June each year.

The **Value of the Portfolio** is the gross assets of WAM Leaders from time to time.

If the amount calculated for BA above is a negative number, no performance fee is payable in respect of that Performance Calculation Period.

Where the amount calculated is a negative, it is to be carried forward to the following Performance Calculation Period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

In calculating the performance fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of securities, capital reductions, share buybacks, payment of tax and dividend distributions by WAM Leaders will be disregarded or adjusted for that Performance Calculation Period in a manner determined by WAM Leaders' auditor at the conclusion of that Performance Calculation Period.

For the purpose of this calculation, the Value of the Portfolio is defined in the WAM Leaders Investment Management Agreement as the aggregate sum of the gross value of each investment less any liability directly or indirectly attributable to the acquisition, maintenance or disposal of any investment or the management and administration of the WAM Leaders portfolio incurred or accrued on or before the date of the calculation (including any unpaid purchase consideration, accrued legal or other expenses, brokerage, stamp duty, borrowings or other liabilities).

For the year ended 30 June 2023, no performance fee was payable to the WAM Leaders Manager (2022: \$45,950,159 inclusive of GST). As at 31 December 2023, no performance fee was accrued and \$32,025,737 (inclusive of GST) of prior underperformance was required to be recouped before a performance fee was payable.

#### *Expenses*

WAM Leaders is liable for and must pay out of the WAM Leaders portfolio or reimburse the WAM Leaders Manager for the following fees, costs and expenses approved by the WAM Leaders Board provided they were properly incurred in connection with the investment and management of the WAM Leaders portfolio or the acquisition, disposal or maintenance of any investment:

- fees payable to any securities exchange, ASIC or other regulatory body;
- all costs, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by WAM Leaders or the WAM Leaders Manager in connection with:
  - the acquisition and negotiation of any investment or proposed investment;
  - any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
  - the receipt of income or other entitlements from the investments of the WAM Leaders portfolio;
  - the engagement of a custodian to hold an investment on behalf of WAM Leaders;
  - outgoings in relation to the WAM Leaders portfolio such as rates, levies, duties, taxes and insurance premiums; and
  - marketing expenses including website and research reports.

Notwithstanding the above, the WAM Leaders Manager is solely responsible for payment of the fees of any investment manager engaged by the WAM Leaders Manager to assist it in undertaking its duties under the WAM Leaders Investment Management Agreement.

#### *Assignment*

The WAM Leaders Manager may assign the WAM Leaders Investment Management Agreement to a third party with the prior consent in writing of WAM Leaders, which must not be unreasonably withheld or delayed.

#### *Term of WAM Leaders Investment Management Agreement*

The WAM Leaders Investment Management Agreement had an initial term of 10 years, with automatic 5-year extensions, unless terminated earlier in accordance with the WAM Leaders Investment Management Agreement.

*Termination and termination fee under WAM Leaders Investment Management Agreement*

The WAM Leaders Investment Management Agreement gives WAM Leaders certain termination rights including the right to immediately terminate if the WAM Leaders Manager becomes insolvent or breaches its obligations under the WAM Leaders Investment Management Agreement in a material respect and such breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach.

WAM Leaders may also terminate the WAM Leaders Investment Management Agreement following the initial term:

- by giving the WAM Leaders Manager 6 months' prior written notice; or
- on 3 months' notice if shareholders pass an ordinary resolution directing WAM Leaders to terminate the WAM Leaders Manager's appointment.

If the WAM Leaders Investment Management Agreement is so terminated, WAM Leaders must pay to the WAM Leaders Manager a fee equal to the aggregate fees (including the Management Fee and performance fee described above) paid to the WAM Leaders Manager in respect of the 12 month period up to the date of termination.

The WAM Leaders Manager may terminate the WAM Leaders Investment Management Agreement at any time after the initial term by giving WAM Leaders at least 6 months' written notice. No fee is payable upon such a termination.

*Removal of WAM Leaders Manager*

WAM Leaders may remove the WAM Leaders Manager by not less than 6 months' notice on the occurrence of any one of the following events:

- the WAM Leaders Manager persistently fails to ensure that investments made on behalf of WAM Leaders are consistent with the investment strategy applicable at the time the investment is made;
- the WAM Leaders Manager is in default or breach of its obligations under the WAM Leaders Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after WAM Leaders has notified the WAM Leaders Manager in writing to rectify the default or breach; or
- the WAM Leaders Manager's AFSL is suspended for a period of no less than 3 months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

If the WAM Leaders Manager is so removed, the WAM Leaders Manager may appoint a replacement manager provided such appointment takes place within the 6 month notice period referred to above. The WAM Leaders Manager must assign all its rights, title and interest in and to the WAM Leaders Investment Management Agreement to the replacement manager provided the replacement manager:

- holds a valid and current AFSL;
- undertakes to WAM Leaders to comply with all the obligations imposed on the WAM Leaders Manager under the WAM Leaders Investment Management Agreement; and
- if appointed as a result of a breach by the WAM Leaders Manager, rectifies the breach or default within the 30 day notice period.

The effect of this assignment is the novation of the WAM Leaders Investment Management Agreement for the benefit of the replacement manager and WAM Leaders is deemed to have consented to that assignment.

WAM Leaders may terminate the WAM Leaders Investment Management Agreement if a replacement manager has not been appointed within the 6 month notice period referred to above.

If the replacement manager, having been so appointed is itself removed in the circumstances outlined above:

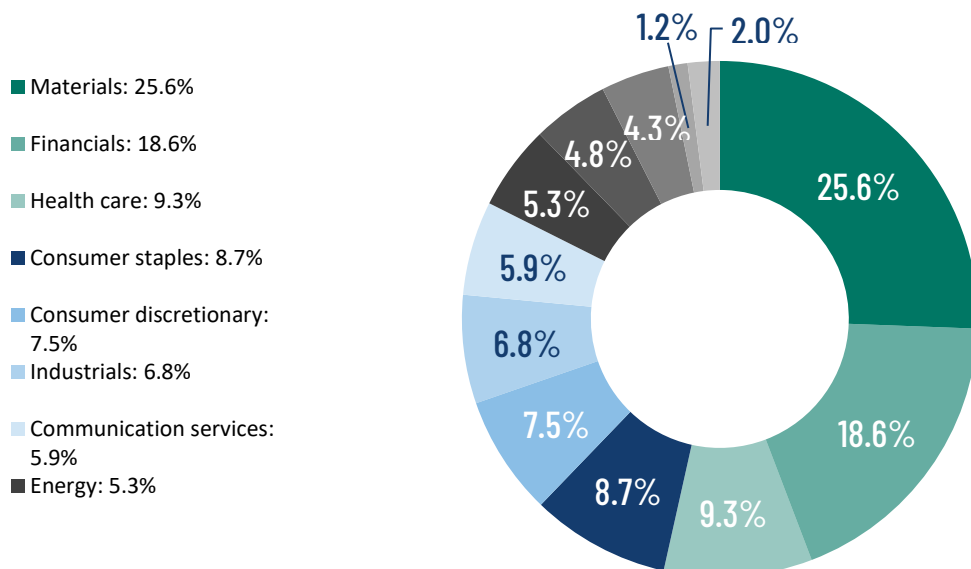
- it has no right to in turn appoint a replacement manager; and
- WAM Leaders may terminate the WAM Leaders Investment Management Agreement at the expiry of the 6 month notice period referred to above.

**(II) Investment portfolio as at 31 December 2023**

As at 31 December 2023, the top 20 holdings in the investment portfolio of WAM Leaders were:

No.	Code	Company	%
1	BHP	BHP Group Limited	9.0%
2	CSL	CSL Limited	7.3%
3	RIO	Rio Tinto Limited	5.9%
4	ORA	Orora Limited	5.5%
5	NAB	National Australia Bank Limited	4.5%
6	SGR	The Star Entertainment Group Limited	4.2%
7	S32	South32 Limited	4.2%
8	TWE	Treasury Wine Estates Limited	3.9%
9	LLC	Lendlease Group	3.6%
10	CGF	Challenger Limited	3.6%
11	MQG	Macquarie Group Limited	2.9%
12	STO	Santos Limited	2.7%
13	WDS	Woodside Energy Group Limited	2.7%
14	ALL	Aristocrat Leisure Limited	2.0%
15	ANZ	ANZ Group Holdings Limited	1.8%
16	BXB	Brambles Limited	1.6%
17	TCL	Transurban Group Limited	1.5%
18	RHC	Ramsay Health Care Limited	1.5%
19	WOW	Woolworths Group Limited	1.5%
20	MGR	Mirvac Group	1.5%

WAM Leaders’ investment allocation by sector as at 31 March 2024 is shown below:



WAM Leaders' key portfolio metrics as at 31 March 2024 are set out in the table below:

WAM Leaders portfolio metrics	31 March 2024
Share price (\$ per share)	\$1.385
NTA before tax (cents per share)	142.59 c
NTA before unrealised tax (cents per share)	142.06 c
NTA after tax (cents per share)	141.75 c
Market capitalisation (\$ million)	\$1,745 m
Gross assets (\$ million)	\$1,798 m

**(m) Capital structure and ownership of WAM Leaders**

The WAM Leaders Shares on issue as at the Last Practicable Date are 1,260,001,474.

*WAM Leaders substantial holders*

As at the Last Practicable Date, WAM Leaders had no substantial shareholders.

*Top 20 WAM Leaders Shareholders as at 31 March 2024*

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	29,285,346	2.32%
Netwealth Investments Limited	25,973,686	2.06%
BNP Paribas Nominees Pty Ltd	18,930,656	1.50%
IOOF Investment Services Limited	16,050,020	1.27%
Entities associated with Geoff Wilson	12,950,842	1.03%
Australian Investors Pty Ltd	8,045,478	0.64%
Gold Tiger Equities Pty Ltd	6,620,576	0.53%
LEKK Pty Ltd	5,239,500	0.42%
Syssha Pty Ltd	3,990,400	0.32%
Jorlyn Pty Ltd	3,750,000	0.30%
Sterda Pty Ltd	2,800,000	0.22%
Guwarra Pty Ltd	2,465,907	0.20%
Federation University Australia	2,459,292	0.19%
Mr Robert James Watson & Mrs Lesla Lyle Townend	2,302,102	0.18%
R W Kirby Pty Ltd	2,256,646	0.18%
DCM Bluelake Partners Pty Ltd	2,031,520	0.16%
DPOB Pty Ltd	2,027,500	0.16%
Greybox Holdings Pty Ltd	1,899,330	0.15%
Citicorp Nominees Pty Limited	1,767,663	0.14%
Keofferam Investments Pty Limited	1,728,398	0.14%
<b>TOTAL</b>	<b>152,574,862</b>	<b>12.11%</b>

**(n) Valuations and reporting**

Valuation of the WAM Leaders portfolio is calculated daily (released to ASX monthly) and uses a framework for valuing financial instruments that is consistent with current industry practice and regulatory requirements. WAM Leaders' assets are valued using market accepted practices to accurately and independently price all securities and other assets within the portfolio from time to time.

Within 14 days after the end of each month, WAM Leaders releases to the ASX a statement of the net tangible asset backing per WAM Leaders Share as at month end, calculated in accordance with the Listing Rules. WAM Leaders provides to its shareholders on request, free of charge, a copy of statements released to the ASX of the net tangible asset backing of WAM Leaders Shares.

WAM Leaders and the WAM Leaders Manager also release reports to the ASX on WAM Leaders' activities, the investment portfolio performance, and WAM Leaders Manager's investment outlook.

These reports are also available on the WAM Leaders website  
[www.wilsonassetmanagement.com.au/lic/wam-leaders/](http://www.wilsonassetmanagement.com.au/lic/wam-leaders/).

**(o) Key service providers and custody**

The WAM Leaders Manager is the key service provider to WAM Leaders, providing investment and administration services. WAM Leaders reviews the performance and quality of services on a quarterly basis to ensure performance standards are met and the services remain fit for purpose.

WAM Leaders delegates custody of its investments to external custodian Citigroup Pty Limited (AFSL no. 238098) in accordance with the terms of a custodial services arrangement. As a licensed custody provider, Citigroup Pty Limited must comply with all relevant requirements under the Corporations Act and ASIC Regulatory Guidance. WAM Leaders monitors Citigroup Pty Limited to ensure its ongoing compliance with the minimum standards of ASIC RG 133, and has a risk management policy in place to deal appropriately with any deficiencies that arise.

WAM Leaders retains custody of some of its assets such as cash and certain investments, where applicable.

**(p) Risk management philosophy and approach**

The WAM Leaders Manager is primarily responsible for managing investment portfolio risk. The WAM Leaders Manager is committed to robust corporate governance practices and has implemented risk policies and controls which are designed to be relevant to WAM Leaders' investment strategy and objectives, create value, and provide accountability and a control system commensurate with the risk involved. WAM Leaders Manager continuously monitors the investment portfolio to ensure compliance with the investment strategy and investment guidelines, and fair allocation of trades between all relevant entities. This ensures, among other things, ongoing monitoring of net and gross exposure within the WAM Leaders portfolio.

WAM Leaders has adopted a corporate governance charter (available on its website) which sets out the practices to which WAM Leaders and each director is committed to. The WAM Leaders Board is committed to operating effectively and in the best interests of WAM Leaders Shareholders. The WAM Leaders Board aims to ensure that all its directors and the WAM Leaders Manager act with the utmost integrity, objectivity and endeavour to enhance the reputation of WAM Leaders. The WAM Leaders Board aims to act in a manner designed to create and build sustainable value for WAM Leaders Shareholders.

**(q) Financial overview of WAM Leaders**

This Section sets out summary historical information in relation to WAM Leaders. This information has been extracted from WAM Leaders' audited financial statements for the relevant financial periods and does not take into account the effects of the Scheme.

*Basis of preparation*

The historical financial information in this Section has been derived from WAM Leaders' audited financial statements for years ended 30 June 2023 and 30 June 2022, which were audited by Pitcher Partners and the reviewed financial information for the half year period to 31 December 2023, which was reviewed by Pitcher Partners.

The financial information in this Section is a summary only and is prepared for the purpose of this Scheme Booklet. The historical financial information of WAM Leaders is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual financial report prepared in accordance with the Corporations Act. WAM Leaders considers that for the purpose of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to QVE Shareholders.

Further detail on WAM Leaders' financial performance can be found in:

- the Appendix 4E and financial statements for the year ended 30 June 2022 (included in the Annual Financial Report released to the ASX on 3 August 2022);

- the Appendix 4E and financial statements for the year ended 30 June 2023 (included in the Annual Financial Report released to the ASX on 17 August 2023); and
- the Appendix 4D and the interim financial statements for the half-year ended 31 December 2023 (included in the Interim Financial Report released to the ASX on 26 February 2024),

each of which can be found on the WAM Leaders website at [www.wilsonassetmanagement.com.au/lic/wam-leaders/](http://www.wilsonassetmanagement.com.au/lic/wam-leaders/) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Shareholders without internet access can obtain these reports by contacting WAM Leaders.

#### *WAM Leaders' historical income statements*

Set out below are WAM Leaders' statement of financial performance, statement of financial position and statement of cash flows for the periods ended 31 December 2023 (representative of a 6 month period), 30 June 2023 and 30 June 2022 (each a 12 month period).

All amounts disclosed are presented in Australian dollars and rounded to the nearest dollar, except earnings per share which is disclosed in cents.

Statement of financial performance	December 2023 \$	June 2023 \$	June 2022 \$
Net realised and unrealised gains on financial investments	1,135,995	121,285,137	52,965,289
Other revenue from operating activities	29,151,046	74,167,570	81,892,593
Performance fees	-	-	(42,817,182)
Management fees	(8,825,617)	(16,741,958)	(15,650,988)
Directors fees	(66,250)	(132,500)	(125,000)
Brokerage expense on share purchases	(3,987,826)	(8,116,725)	(6,422,508)
Expenses paid on borrowed stock	-	-	(38,886)
Custody fees	(77,328)	(144,104)	(132,120)
ASX listing and CHESS fees	(92,677)	(216,471)	(193,067)
Share registry fees	(106,334)	(219,975)	(189,455)
Disbursements, mailing and printing	(96,390)	(158,621)	(138,941)
ASIC industry funding levy	(20,882)	(52,086)	(51,212)
Legal and professional fees	(2,876)	(160,914)	(96,890)
Other expenses from ordinary activities	(148,712)	(520,607)	(427,385)
<b>Profit before income tax</b>	<b>16,862,149</b>	<b>168,988,746</b>	<b>68,574,248</b>
Income tax expense	(105,034)	(38,906,062)	(2,813,805)
<b>Profit after income tax attributable to members of WAM Leaders</b>	<b>16,757,115</b>	<b>130,082,684</b>	<b>65,760,443</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,757,115</b>	<b>130,082,684</b>	<b>65,760,443</b>
<b>Basic and diluted earnings per share</b>	<b>1.33 cents</b>	<b>11.71 cents</b>	<b>6.52 cents</b>



Statement of financial position	December 2023 \$	June 2023 \$	June 2022 \$
<b>Current assets</b>			
Cash and cash equivalents	48,229,192	59,332,306	39,899,696
Trade and other receivables	16,570,910	61,754,347	82,419,488
Financial assets	1,685,102,852	1,709,017,832	1,449,580,195
<b>Total current assets</b>	<b>1,749,902,954</b>	<b>1,830,104,485</b>	<b>1,571,899,379</b>
<b>Non-current assets</b>			
Deferred tax assets	6,047,951	3,338,075	10,956,753
<b>Total non-current assets</b>	<b>6,047,951</b>	<b>3,338,075</b>	<b>10,956,753</b>
<b>Total assets</b>	<b>1,755,950,905</b>	<b>1,833,442,560</b>	<b>1,582,856,132</b>
<b>Current liabilities</b>			
Trade and other payables	11,859,864	30,764,937	129,205,902
Current tax liabilities	-	25,339,536	30,727,970
<b>Total current liabilities</b>	<b>11,859,864</b>	<b>56,104,473</b>	<b>159,933,872</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	2,814,446	-	-
<b>Total non-current liabilities</b>	<b>2,814,446</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,674,310</b>	<b>56,104,473</b>	<b>159,933,872</b>
<b>Net assets</b>	<b>1,741,276,595</b>	<b>1,777,338,087</b>	<b>1,422,922,260</b>
<b>Equity</b>			
Issued capital	1,532,810,837	1,529,049,510	1,204,404,516
Profits reserve	397,290,317	425,363,639	375,802,671
Accumulated losses	(188,824,559)	(177,075,062)	(157,284,927)
<b>Total equity</b>	<b>1,741,276,595</b>	<b>1,777,338,087</b>	<b>1,422,922,260</b>

Statement of cash flows	December 2023 \$	June 2023 \$	June 2022 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments	4,709,803,474	9,312,357,853	7,037,523,562
Payments for purchase of investments	(4,666,572,561)	(9,391,556,252)	(7,233,810,705)
Dividends received	31,262,643	60,019,940	78,239,822
Trust distributions received	5,137,747	7,145,257	2,012,042
Interest received	975,407	1,872,343	161,179
Other investment income received	-	785,795	2,890
Management fee (GST inclusive)	(9,527,699)	(17,679,183)	(16,555,743)
Performance fee (GST inclusive)	-	(45,950,159)	(16,056,505)
Brokerage expense on share purchases (GST inclusive)	(4,279,337)	(8,710,456)	(6,891,974)
Payments for administration expenses (GST inclusive)	(895,716)	(1,760,689)	(1,351,696)
Income tax paid	(25,340,000)	(35,755,094)	(39,054,542)
GST on brokerage expense on share sales	(311,177)	(607,999)	(476,978)
Net GST received from the ATO	1,462,712	5,554,901	3,138,678

Statement of cash flows	December 2023 \$	June 2023 \$	June 2022 \$
<b>Net cash provided by operating activities</b>	<b>41,715,493</b>	<b>(114,283,743)</b>	<b>(193,119,970)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	-	230,079,774	277,212,446
Dividends paid – net of reinvestment	(52,818,607)	(93,294,342)	(71,281,118)
Share issue costs	-	(3,069,079)	(1,243,700)
<b>Net cash used in financing activities</b>	<b>(52,818,607)</b>	<b>133,716,353</b>	<b>204,687,628</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(11,103,114)</b>	<b>19,432,610</b>	<b>11,567,658</b>
Cash and cash equivalents at the beginning of the half year	59,332,306	39,899,696	28,332,038
<b>Cash and cash equivalents at the end of the half year</b>	<b>48,229,192</b>	<b>59,332,306</b>	<b>39,899,696</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan	3,761,327	7,017,509	6,047,955
Shares issued via scheme of arrangement	-	89,696,066	-

*Material changes to WAM Leaders' financial position since 31 December 2023*

As at the date of this Scheme Booklet, as far as the WAM Leaders Board are aware there have been no material changes in the financial position of WAM Leaders since 31 December 2023, other than as disclosed in this Scheme Booklet or otherwise disclosed to the ASX by WAM Leaders.

**(r) Profits reserve and franking credits**

As at 31 March 2024, WAM Leaders had a profits reserve balance of \$430,257,000 (or 34.1 cents per share), before the payment of the fully franked interim dividend of 4.6 cents per share payable on 31 May 2024. WAM Leaders' profits reserve forms part of the NTA of WAM Leaders.

WAM Leaders had a franking credit balance of \$91,303,952 (or 16.9 cents per share in a fully franked dividend) as at 31 March 2024, before the fully franked interim dividend of 4.6 cents per share payable on 31 May 2024. The franking credit balance does not include the franking credits that would be generated from the payment of the deferred tax liability of WAM Leaders when realised.

**(s) Dividend policy**

The WAM Leaders Board has a clear dividend policy in place for its shareholders. The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided the Combined Group has sufficient profits reserves and franking credits and it is within prudent business practices. The Combined Group's ability to generate franking credits is dependent primarily upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies.

The table below sets out WAM Leaders' dividends declared and paid / payable from 2021 to 2024.

Cents per share	Type	% Franked	Date paid / payable
4.6	Final FY2024 guidance <sup>28</sup>	100%	Expected to be October / November 2024

<sup>28</sup>Fully franked final dividend guidance is subject to no material or adverse changes in market conditions. WAM Leaders' ability to pay fully franked dividends is dependent on the receipt of franking credits and the payment of tax on profits.

Cents per share	Type	% Franked	Date paid / payable
4.6	Interim FY2024	100%	31 May 2024
4.5	Final FY2023	100%	31 October 2023
4.5	Interim FY2023	100%	31 May 2023
4.0	Final FY2022	100%	30 November 2022
4.0	Interim FY2022	100%	29 April 2022
3.5	Final FY2021	100%	29 October 2021
3.5	Interim FY2021	100%	26 April 2021

**(t) Further information**

As a company listed on the ASX and a “disclosing entity” under the Corporations Act, WAM Leaders is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. WAM Leaders’ most recent announcements are available from its website <https://wilsonassetmanagement.com.au/lic/wam-leaders/> and on the ASX website [www.asx.com.au](http://www.asx.com.au). Further announcements concerning WAM Leaders will continue to be made available on these websites after the date of this Scheme Booklet.

The ASX maintains publicly available information about entities listed on their exchange. Information about WAM Leaders is available for inspection at the ASX during normal business hours and is available from their website [www.asx.com.au](http://www.asx.com.au).

WAM Leaders is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by WAM Leaders may be obtained from, or inspected at, ASIC offices.

WAM Leaders will provide a copy of any of the following documents free of charge to any person who requests a copy:

- WAM Leaders’ Annual Financial Report for the period ended 30 June 2023;
- WAM Leaders’ Interim Financial Report for the period ended 31 December 2023; and
- any continuous disclosure notices given by the body after lodgement of WAM Leaders’ Annual Financial Report for the period ended 30 June 2023.

On 17 August 2023, WAM Leaders released its Annual Financial Report for the period ended 30 June 2023 and on 26 February 2024, WAM Leaders released its Interim Financial Report for the period ended 31 December 2023. A copy of the Annual Financial Report and Interim Financial Report can be found at [www.wilsonassetmanagement.com.au/lic/wam-leaders/](http://www.wilsonassetmanagement.com.au/lic/wam-leaders/) and on the ASX website [www.asx.com.au](http://www.asx.com.au).

**(u) Funding of the Scheme Consideration**

WAM Leaders has entered into the Deed Poll to covenant in favour of the Scheme Participants to perform its obligations in relation to the Scheme.

One such obligation is to provide or procure the provision of the Scheme Consideration in accordance with the Scheme, by way of issuing all New WAM Leaders Shares required to be issued to Scrip Participants and ensuring there is sufficient cleared funds for the payment of the Cash Consideration to all Cash Participants.

In respect of the Cash Consideration, the Scheme provides that WAM Leaders must use its best endeavours to pay or procure payment of the Cash Consideration to each Cash Participant. WAM Leaders will be responsible for procuring that by no later than the Business Day before the Implementation Date cleared funds in an amount equal to the aggregate amount of the Cash Consideration payable to Scheme Participants has been deposited in the Cash Consideration Account.

Based on the pro forma Pre-Tax NTA of QVE Shares as at 31 March 2024 (set out at Section 3.2(c)), in the event that all QVE shareholders elect to receive Cash Consideration, the maximum amount payable by WAM Leaders would be approximately \$231.5 million.

As at 31 March 2024, the investment portfolio of WAM Leaders is comprised of 2.0% cash (\$35.2 million), with the remaining 98.0% (\$1.8 billion) predominantly comprised of highly liquid

investments listed on the ASX, which WAM Leaders can liquidate at short notice as required to fund the Cash Consideration and/or costs.

**(v) WAM Leaders' interest and dealings in QVE Shares**

*Interest in QVE Shares*

As at the date of this Scheme Booklet, the Wilson Asset Management Group has a Relevant Interest in 15.76% of QVE Shares.

The table below sets out Wilson Asset Management Group's respective holdings in QVE Shares as at the date of this Scheme Booklet:

Holder of QVE Shares	Number of QVE Shares held	% of issued capital of QVE
Wilson Asset Management Group	35,829,919	15.76%

WAM Leaders has advised QVE that the Wilson Asset Management Group members who hold QVE Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting.

*Acquisition of QVE Shares in the previous 4 months*

Other than as contemplated by the Scheme, none of WAM Leaders or any of its Associates has provided or agreed to provide consideration for any QVE Shares under any purchase, agreement or other transaction during the 4 months before the date of this Scheme Booklet.

*Benefits to holders of QVE Shares*

During the 4 months before the date of this Scheme Booklet, none of WAM Leaders or any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of QVE Shares,

where the benefit was not offered to all QVE Shareholders.

*Benefits to QVE officers*

None of WAM Leaders nor any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of QVE or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

**(w) Disclosure of interests**

Except as otherwise disclosed in this Scheme Booklet, no:

- WAM Leaders Board member or proposed WAM Leaders director;
- person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of WAM Leaders;
- promoter of WAM Leaders or the Combined Group;
- underwriter to the issue of Scheme Consideration or promoter or financial services licensee named in the Scheme Booklet as a financial services licensee involved in the issue of Scheme Consideration,

(together, the **WAM Leaders Interested Persons**) holds, or held at any time during the 2 years before the date of this Scheme Booklet any interests in:

- the formation or promotion of WAM Leaders or the Combined Group;

- property acquired or proposed to be acquired by WAM Leaders in connection with the formation or promotion of WAM Leaders or the Combined Group or the offer of Scheme Consideration under the Scheme; or
- the offer of Scheme Consideration under the Scheme.

**(x) Disclosure of fees and other benefits**

Except as otherwise disclosed in this Scheme Booklet, WAM Leaders has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- to a member of the WAM Leaders Board or proposed WAM Leaders' director to induce them to become or qualify as a member of WAM Leaders Board; or
- for services provided by any WAM Leaders Interested Person in connection with:
  - the formation or promotion of WAM Leaders or the Combined Group; or
  - the offer of Scheme Consideration under the Scheme.

**(y) WAM Leaders' rationale for the Scheme**

The following should be considered by QVE Shareholders from the perspective of becoming WAM Leaders Shareholders following implementation of the Scheme.

Should the Scheme proceed, WAM Leaders as a single listed entity will have net assets of almost \$2.0 billion with approximately 30,000 shareholders<sup>29</sup>. The WAM Leaders Board believes the Scheme will provide QVE and WAM Leaders Shareholders with appealing benefits. See Section 7 for more detail about the Combined Group.

## 6.2 Summary of key rights attaching to New WAM Leaders Shares

This Section summarises the key provisions of the WAM Leaders constitution in relation to rights attaching to WAM Leaders Shares which will equally apply to the New WAM Leaders Shares.

The rights and liabilities attaching to New WAM Leaders Shares that will be issued to participants in the Scheme as Scheme Consideration will be the same as those attaching to existing WAM Leaders Shares and will rank equally in all respects with all issued fully paid ordinary shares of WAM Leaders from the date of their issue. These rights and liabilities are detailed in the WAM Leaders constitution and are subject to the Corporations Act and the Listing Rules.

The table below summarises some of the key rules in the WAM Leaders constitution in relation to the rights and liabilities currently attaching to WAM Leaders Shares, and which will apply to the New WAM Leaders Shares. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities attaching to WAM Leaders Shares. It must be read subject to the full text of the WAM Leaders' constitution. A copy of the WAM Leaders' constitution can be obtained through ASIC or from the WAM Leaders company secretary.

QVE Shareholders should obtain their own independent advice in relation to their rights and liabilities as potential holders of WAM Leaders Shares in specific circumstances.

Item	Description
Voting at a general meeting	Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of WAM Leaders or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid WAM Leaders Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.
Meeting of members	Each WAM Leaders Shareholder is entitled to receive notice of, attend and vote at meetings of WAM Leaders and to receive all notices, accounts and other

<sup>29</sup> Based on the net asset value and number of shareholders of WAM Leaders and QVE as at 31 December 2023, and assuming that all QVE Shareholders participate in the Scrip Consideration.

Item	Description
	documents required to be sent to WAM Leaders Shareholders under WAM Leaders' constitution, the Corporations Act and the Listing Rules.
Dividends	The WAM Leaders Board may authorise the payment of dividends to members as and when permitted by the Corporations Act. Dividends are payable on all WAM Leaders Shares in proportion to the amount of the total issue price paid or credited as paid for the WAM Leaders Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the WAM Leaders Shares. If a fully paid share is on issue for only part of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion that the part of that period for which the share is on issue and is fully paid is of the total period for which the dividend is payable.
Transfer of WAM Leaders Shares	<p>WAM Leaders Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the WAM Leaders Board.</p> <p>The WAM Leaders Board may only decline to register a transfer of WAM Leaders Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules. If the WAM Leaders Board refuse to register a transfer, WAM Leaders must, within 5 Business Days after the transfer is lodged with WAM Leaders, give the party lodging the transfer written notice of the refusal and the reason for refusal. The WAM Leaders Board must decline to register a transfer of WAM Leaders Shares when required by the Corporations Act or the Listing Rules.</p>
Issue of further WAM Leaders Shares	The WAM Leaders Board may allot, issue, grant options in respect of, or otherwise dispose of, further shares in WAM Leaders on terms as they see fit. However, the WAM Leaders Board must act in accordance with the restrictions imposed by WAM Leaders' constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.
Winding-up	If WAM Leaders is wound up, the liquidator may, with the sanction of a special resolution, divide among the WAM Leaders Shareholders the whole or any part of the property of WAM Leaders and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the WAM Leaders Shareholders or different classes of WAM Leaders Shareholders.
Share buyback	Subject to the provisions of the Corporations Act and the Listing Rules, WAM Leaders may buyback WAM Leaders Shares on terms and at times determined by the WAM Leaders Board.
Variation of class rights	<p>Unless otherwise provided by WAM Leaders' constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:</p> <ul style="list-style-type: none"> <li>• with the consent in writing of the holders of three-quarters of the issued shares included in that class; or</li> <li>• with the sanction of a special resolution passed at a separate meeting of the holders of those shares.</li> </ul>
Dividend reinvestment plan	WAM Leaders' constitution authorises the WAM Leaders Board to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by WAM Leaders be reinvested by way of subscription for shares in WAM Leaders).

Item	Description
Indemnities	To the extent permitted by law, WAM Leaders indemnifies every officer and former officer of WAM Leaders against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of WAM Leaders against any liability incurred in defending any civil or criminal proceedings in which judgment is given in favour of the officer, or in which the officer is acquitted or the proceedings are withdrawn before judgment.
Alteration of WAM Leaders' constitution	In accordance with the Corporations Act, WAM Leaders' constitution can only be amended by special resolution passed by at least 75% of WAM Leaders Shareholders present and voting at a general meeting of WAM Leaders. WAM Leaders must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

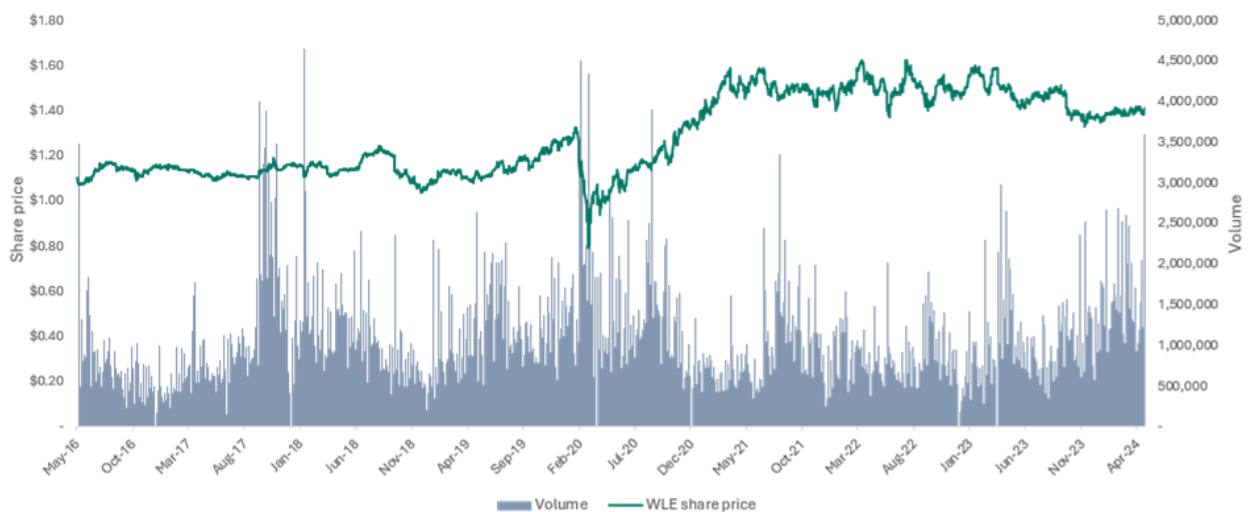
### 6.3 Recent price of WAM Leaders Shares

The latest recorded sale price for WAM Leaders Shares on the Last Practicable Date was \$1.41 per share.

The highest and lowest recorded sale price for WAM Leaders Shares during the 3 months immediately before the Last Practicable Date was \$1.42 and \$1.35 respectively.

The latest recorded sale price for the WAM Leaders Shares immediately before announcement of the Scheme on 12 March 2024 was \$1.39 per share.

The below chart shows WAM Leaders Share price from inception to the Last Practicable Date. Since inception, WAM Leaders has also paid 44.2 cents per share in fully franked dividends.



The current price of WAM Leaders Shares on the ASX can be obtained from the WAM Leaders website at <https://wilsonassetmanagement.com.au/lic/wam-leaders/> or the ASX website at [www.asx.com.au](http://www.asx.com.au).

### 6.4 Intentions if the Scheme is implemented

The statements set out in this Section are statements of current intentions only, which may change as new information becomes available or circumstances change. Decisions will only be reached after implementation when all material facts and circumstances are known to the board of the Combined Group.

If the Scheme is implemented, upon implementation, QVE will become a wholly owned subsidiary of WAM Leaders. The Scheme will create a single listed structure with a larger capital and shareholder base.

#### (a) QVE to be delisted and removed from the ASX

If the Scheme becomes Effective and is implemented so that QVE becomes a wholly owned subsidiary of WAM Leaders, QVE will apply to the ASX for the termination of the official quotation of



QVE Shares and removal of QVE from the official list of the ASX with effect on and from a date after the Implementation Date.

**(b) Board of the Combined Group**

The WAM Leaders Board comprises:

- Geoff Wilson AO
- Kate Thorley
- Alexa Henderson
- Lindsay Mann
- Dr Ian Langford

If the Scheme is approved, the board of the Combined Group will consider as soon as practicable issues such as whether WAM Leaders will form a tax consolidated group with QVE and the management of the assets held within QVE.

Although the WAM Leaders Board expects that all the assets of the Combined Group will be managed in a similar way to those of WAM Leaders, the board of the Combined Group will only be able to make definitive decisions once it has all the necessary information available to it and upon implementation of the Scheme.

**(c) Management of the Combined Group**

The WAM Leaders Manager will continue as the investment manager of the Combined Group and there will be no substantive changes to WAM Leaders' existing management arrangements already in place.

The WAM Leaders Manager is entitled to a performance fee as part of its role as investment manager of the Combined Group. The WAM Leaders Manager's performance fee is calculated on 20% (plus GST) of WAM Leaders' outperformance of the investment portfolio against the S&P/ASX 200 Accumulation Index (subject to the recoupment of prior underperformance, where applicable).

**(d) No employees**

Neither WAM Leaders nor QVE have any employees, meaning that implementation of the Scheme has no impact on either entity's employment arrangements.

**(e) Dividend policy**

The WAM Leaders Board has a clear dividend policy in place for its shareholders.

The WAM Leaders Board is committed to paying a stream of fully franked dividends to shareholders, provided the Combined Group has sufficient profits reserves and franking credits and it is within prudent business practices. The Combined Group's ability to generate franking credits is dependent primarily upon the receipt of franked dividends from investments and the payment of tax on profits.

## 6.5 Other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being knowledge that is within the knowledge of any director of WAM Leaders, as at the date of this Scheme Booklet, that has not been previously disclosed to QVE Shareholders.

## 7 OVERVIEW OF COMBINED GROUP

The information contained in this Section 7 has been prepared by WAM Leaders. The information concerning the Combined Group and the intentions, views and opinions contained in this Section 7 are the responsibility of WAM Leaders (except to the extent that the Combined Group information is based on information provided by QVE, for which QVE takes responsibility).



QVE and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information (except to the extent that the Combined Group information is based on information provided by QVE).

## 7.1 The Combined Group

If the Scheme is implemented, QVE Shareholders will either receive New WAM Leaders Shares, or receive the Cash Consideration, or a combination of the two, and, upon implementation, QVE will become a wholly owned subsidiary of WAM Leaders. Post implementation of the Scheme, WAM Leaders (the **Combined Group**) will be a listed investment company, with a larger capital and shareholder base, managed by Wilson Asset Management. It is expected that the Combined Group will deliver the following benefits:

- (a) a stable and clearly articulated investment strategy and a proven investment manager with a track record of delivering investment portfolio outperformance for shareholders;
- (b) access to a higher annual fully franked dividend yield;
- (c) access to a more sustainable fully franked dividend yield as indicated by WAM Leaders' history of paying fully franked dividends to shareholders and its superior profits reserve;
- (d) access to Wilson Asset Management's investment expertise, experience and commitment to shareholder engagement;
- (e) access to WAM Leaders' significantly larger market capitalisation and on-market liquidity; and
- (f) a reduced management expense ratio as a result of the removal of duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs, as well as a larger pool of assets across which to spread expenses.

## 7.2 Prospects for the Combined Group

The operation and financial performance of QVE and WAM Leaders (as standalone entities) within the Combined Group are subject to various risks, some of which are summarised in this Scheme Booklet and some of which may be beyond the control of the Combined Group. As a result, the actual results of the Combined Group's operations, earnings and investment portfolio performance following implementation of the Scheme and the actual advantages of the Scheme may differ from those that are anticipated or may not be achieved.

WAM Leaders has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Combined Group. The WAM Leaders Board has concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance.

The Combined Group will continue to pursue investment activities – primarily investing in listed equities – to achieve its stated objectives.

The future performance of the Combined Group is dependent on the performance of its investment portfolio. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments. As such, the WAM Leaders Board does not believe it is possible or appropriate to predict the future performance of the Combined Group's investments and, therefore, its performance.

## 7.3 Unaudited Pro Forma Historical Financial Information

Set out in Section 7.5 below is the unaudited pro forma statement of financial position of WAM Leaders, using the half-year 31 December 2023 financial accounts of QVE and WAM Leaders (**Pro Forma Historical Financial Information**). The Pro Forma Historical Financial Information is to be read in conjunction with the accompanying notes to and forming part of the pro forma statement of financial position as set out in Section 7.4. All amounts disclosed are presented in Australian dollars and are rounded to the nearest thousand dollars.

## 7.4 Summary of information

The Pro Forma Historical Financial Information is to be read in conjunction with the accompanying notes to and forming part of the pro forma statement of financial position as set out in this Section.

The Pro Forma Historical Financial Information is provided for illustrative purposes and is reflective of the Combined Group on the basis of the half-year 31 December 2023 financial accounts.

The WAM Leaders Board has assessed the requirements of AASB 10 Consolidated Financial Statements and has applied the criteria set out in that standard to the operations of WAM Leaders. WAM Leaders is therefore considered to be an investment entity and as a result, the investment in QVE (being a wholly owned entity of WAM Leaders) would not be consolidated into the financial statements of WAM Leaders, but rather is accounted for as a financial asset at FVTPL. After acquisition, subsequent movements in the fair value of the identifiable net assets of the controlled entity are recorded as fair value gains or losses through the statement of comprehensive income.

The Pro Forma Historical Financial Information does not represent what the Combined Group would look like on a combined consolidated basis since it is not possible to produce this information from publicly available information and due to the accounting policies of WAM Leaders. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Historical Financial Information does reflect the issue of New WAM Leaders Shares to Scheme Participants, and other adjustments required as a result of the Scheme.

The Pro Forma historical Financial information has been prepared by the management of WAM Leaders. QVE has provided the half-year 31 December 2023 financial statements of QVE for WAM Leaders to use for the preparation for the Pro Forma Historical Financial Information. WAM Leaders does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of information relating to QVE or input from the management of QVE. The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards and in accordance with WAM Leaders' accounting policies, as set out in WAM Leaders' annual report for the financial year ended 30 June 2023 and the interim financial report for the period ended 31 December 2023. While both the accounting policies of WAM Leaders and QVE are in accordance with Australian Accounting Standards, the two companies are on revenue account and capital account respectively – as a consequence, there are differences between the entities' accounting policies.

The Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of WAM Leaders and QVE.

The information provided in this Section is presented on a pro forma basis only and is based on numerous assumptions that may or may not reflect the actual financial position of the Combined Group after completion of the Scheme and, as a result, it is likely that this information will differ from the actual financial information of the Combined Group.

The Pro Forma Historical Financial Information presented in this Section should be read in conjunction with risks set out in Section 8, other information contained in this Scheme Booklet, and the accounting policies of WAM Leaders and QVE as disclosed in their most recent audited financial reports.

## 7.5 Pro Forma Historical Financial Information – 31 December 2023

The pro forma financial information has been prepared under four example scenarios, as set out in the accompanying notes.

### (a) Example 1 – 100% Scrip Consideration

The below pro forma financial information and adjustments of the Combined Group have been prepared on the basis that all QVE Shareholders receive the Scrip Consideration under the Scheme and using the half-year 31 December 2023 financial accounts of QVE and WAM Leaders:

		WAM Leaders	Pro forma Adjustments	Combined Group Pro Forma
	Notes	31-Dec-23 \$	\$	31-Dec-23 \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		48,229,192	-	48,229,192
Trade and other receivables		16,570,910	-	16,570,910
Financial assets		1,685,102,852	-	1,685,102,852
Financial assets – investment in controlled entity at FVTPL (QVE)	1		231,045,095	231,045,095
<b>Total Current Assets</b>		<b>1,749,902,954</b>	<b>231,045,095</b>	<b>1,980,948,049</b>
<b>Non-Current Assets</b>				
Deferred tax assets		6,047,951	-	6,047,951
<b>Total non-current assets</b>		<b>6,047,951</b>	<b>-</b>	<b>6,047,951</b>
<b>Total assets</b>		<b>1,755,950,905</b>	<b>231,045,095</b>	<b>1,986,996,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		11,859,864	-	11,859,864
<b>Total current liabilities</b>		<b>11,859,864</b>	<b>-</b>	<b>11,859,864</b>
<b>Non-Current liabilities</b>				
Deferred tax liabilities	2	2,814,446	472,224	3,286,670
<b>Total non-current liabilities</b>		<b>2,814,446</b>	<b>472,224</b>	<b>3,286,670</b>
<b>Total liabilities</b>		<b>14,674,310</b>	<b>472,224</b>	<b>15,146,534</b>
<b>Net assets</b>		<b>1,741,276,595</b>	<b>230,572,871</b>	<b>1,971,849,466</b>
<b>EQUITY</b>				
Issued capital	3	1,532,810,837	229,471,014	1,762,281,851
Profits reserve	4	397,290,317	1,101,857	398,392,174
Accumulated losses		(188,824,559)	-	(188,824,559)
<b>TOTAL EQUITY</b>		<b>1,741,276,595</b>	<b>230,572,871</b>	<b>1,971,849,466</b>

**Notes:**

- WAM Leaders' recognition of the investment in QVE, assuming 100% of QVE Shareholders receive the Scrip Consideration as part of the Scheme. The value of QVE has been recognised utilising the QVE NTA after current tax but before deferred tax and Transaction Costs as at 31 December 2023.
- In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments, the tax effect of the Transaction is recognised for the Combined Group as part of the recognition of the investment in QVE, assuming that 100% of QVE Shareholders receive the Scrip Consideration as part of the Scheme.
- Forming part of the pro forma adjustments to the 31 December 2023 statement of financial position for WAM Leaders is the issue of WAM Leaders Shares to QVE Shareholders in accordance with the terms of the Scheme. It is expected that WAM Leaders would issue a maximum of approximately 167,497,090 New WAM Leaders Shares as part of the Scheme in this example. The value of the New WAM Leaders Shares has been determined based on the WAM Leaders Share price as at 31 December 2023, being \$1.37 per WAM Leaders Share.
- In recognising the acquisition of QVE in the Combined Group, the identifiable fair value of QVE, being the QVE NTA after current tax, but before deferred tax and Transaction Costs as at 31 December 2023 is recognised in consideration for the issue of WAM Leaders Shares as part of the Scheme. The difference between the value of the WAM Leaders Shares issued when compared to the identifiable fair value of QVE is recognised through the statement of financial performance and resulting equity reserves.

(b) **Example 2 – 75% Scrip Consideration**

The below pro forma financial information and adjustments of the Combined Group have been prepared on the basis that 75% of QVE Shareholders receive the Scrip Consideration under the Scheme and using the half-year 31 December 2023 financial accounts of QVE and WAM Leaders:

		WAM Leaders	Pro forma	Combined Group
	Notes	31-Dec-23	Adjustments	Pro Forma
		\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		48,229,192	-	48,229,192
Trade and other receivables		16,570,910	-	16,570,910
Financial assets		1,685,102,852	-	1,685,102,852
Financial assets – investment in controlled entity at FVTPL (QVE)	1		173,283,821	173,283,821
<b>Total Current Assets</b>		<b>1,749,902,954</b>	<b>173,283,821</b>	<b>1,923,186,775</b>
<b>Non-Current Assets</b>				
Deferred tax assets		6,047,951	-	6,047,951
<b>Total non-current assets</b>		<b>6,047,951</b>	<b>-</b>	<b>6,047,951</b>
<b>Total assets</b>		<b>1,755,950,905</b>	<b>173,283,821</b>	<b>1,929,234,726</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		11,859,864	-	11,859,864
<b>Total current liabilities</b>		<b>11,859,864</b>	<b>-</b>	<b>11,859,864</b>
<b>Non-Current liabilities</b>				
Deferred tax liabilities	2	2,814,446	354,168	3,168,614
<b>Total non-current liabilities</b>		<b>2,814,446</b>	<b>354,168</b>	<b>3,168,614</b>
<b>Total liabilities</b>		<b>14,674,310</b>	<b>354,168</b>	<b>15,028,478</b>
<b>Net assets</b>		<b>1,741,276,595</b>	<b>172,929,653</b>	<b>1,914,206,248</b>
<b>EQUITY</b>				
Issued capital	3	1,532,810,837	172,103,260	1,704,914,097
Profits reserve	4	397,290,317	826,393	398,116,710
Accumulated losses		(188,824,559)	-	(188,824,559)
<b>TOTAL EQUITY</b>		<b>1,741,276,595</b>	<b>172,929,653</b>	<b>1,914,206,248</b>

**Notes:**

1. WAM Leaders' recognition of the investment in QVE, assuming 75% of QVE Shareholders receive the Scrip Consideration as part of the Scheme. The value of QVE has been recognised utilising the QVE NTA after current tax but before deferred tax and Transaction Costs as at 31 December 2023 and assuming that the 25% of QVE Shareholders receiving the Cash Consideration under the Scheme is funded from existing cash and cash equivalents within the QVE Portfolio.
2. In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments, the tax effect of the Transaction is recognised for the Combined Group as part of the recognition of the investment in QVE, assuming that 75% of QVE Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 31 December 2023 statement of financial position for WAM Leaders is the issue of WAM Leaders Shares to QVE Shareholders in accordance with the terms of the Scheme. It is expected that WAM Leaders would issue a maximum of approximately 125,622,818 New WAM Leaders Shares as part of the Scheme in this example. The value of the New WAM Leaders Shares has been determined based on the WAM Leaders Share price as at 31 December 2023, being \$1.37 per WAM Leaders Share.

4. In recognising the acquisition of QVE in the Combined Group, the identifiable fair value of QVE, being the QVE NTA after current tax, but before deferred tax and Transaction Costs as at 31 December 2023 is recognised in consideration for the issue of WAM Leaders Shares as part of the Scheme. The difference between the value of the WAM Leaders Shares issued when compared to the identifiable fair value of QVE is recognised through the statement of financial performance and resulting equity reserves.

(c) **Example 3 – 50% Scrip Consideration**

The below pro forma financial information and adjustments of the Combined Group have been prepared on the basis that 50% of QVE Shareholders receive the Scrip Consideration under the Scheme and using the half-year 31 December 2023 financial accounts of QVE and WAM Leaders:

		WAM Leaders	Pro forma	Combined Group
	Notes	31-Dec-23	Adjustments	Pro Forma
		\$	\$	31-Dec-23
				\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		48,229,192	-	48,229,192
Trade and other receivables		16,570,910	-	16,570,910
Financial assets		1,685,102,852	-	1,685,102,852
Financial assets – investment in controlled entity at FVTPL (QVE)	1	-	115,522,548	115,522,548
<b>Total Current Assets</b>		<b>1,749,902,954</b>	<b>115,522,548</b>	<b>1,865,425,502</b>
<b>Non-Current Assets</b>				
Deferred tax assets		6,047,951	-	6,047,951
<b>Total non-current assets</b>		<b>6,047,951</b>	<b>-</b>	<b>6,047,951</b>
<b>Total assets</b>		<b>1,755,950,905</b>	<b>115,522,548</b>	<b>1,871,473,453</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		11,859,864	-	11,859,864
<b>Total current liabilities</b>		<b>11,859,864</b>	<b>-</b>	<b>11,859,864</b>
<b>Non-Current liabilities</b>				
Deferred tax liabilities	2	2,814,446	236,112	3,050,558
<b>Total non-current liabilities</b>		<b>2,814,446</b>	<b>236,112</b>	<b>3,050,558</b>
<b>Total liabilities</b>		<b>14,674,310</b>	<b>236,112</b>	<b>14,910,422</b>
<b>Net assets</b>		<b>1,741,276,595</b>	<b>115,286,436</b>	<b>1,856,563,031</b>
<b>EQUITY</b>				
Issued capital	3	1,532,810,837	114,735,507	1,647,546,344
Profits reserve	4	397,290,317	550,929	397,841,246
Accumulated losses		(188,824,559)	-	(188,824,559)
<b>TOTAL EQUITY</b>		<b>1,741,276,595</b>	<b>115,286,436</b>	<b>1,856,563,031</b>

**Notes:**

- WAM Leaders' recognition of the investment in QVE, assuming 50% of QVE Shareholders receive the Scrip Consideration as part of the Scheme. The value of QVE has been recognised utilising the QVE NTA after current tax but before deferred tax and Transaction Costs as at 31 December 2023 and assuming that the 50% of QVE Shareholders receiving the Cash Consideration under the Scheme is funded from existing cash and cash equivalents within the QVE Portfolio.
- In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments, the tax effect of the Transaction is recognised for the Combined Group as part of the recognition of the investment in QVE, assuming that 50% of QVE Shareholders receive the Scrip Consideration as part of the Scheme.

3. Forming part of the pro forma adjustments to the 31 December 2023 statement of financial position for WAM Leaders is the issue of WAM Leaders Shares to QVE Shareholders in accordance with the terms of the Scheme. It is expected that WAM Leaders would issue a maximum of approximately 83,748,545 New WAM Leaders Shares as part of the Scheme in this example. The value of the New WAM Leaders Shares has been determined based on the WAM Leaders Share price as at 31 December 2023, being \$1.37 per WAM Leaders Share.
4. In recognising the acquisition of QVE in the Combined Group, the identifiable fair value of QVE, being the QVE NTA after current tax, but before deferred tax and Transaction Costs as at 31 December 2023 is recognised in consideration for the issue of WAM Leaders Shares as part of the Scheme. The difference between the value of the WAM Leaders Shares issued when compared to the identifiable fair value of QVE is recognised through the statement of financial performance and resulting equity reserves.

**(d) Example 4 – 25% Scrip Consideration**

The below pro forma financial information and adjustments of the Combined Group have been prepared on the basis that 25% of QVE Shareholders receive the Scrip Consideration under the Scheme and using the half-year 31 December 2023 financial accounts of QVE and WAM Leaders:

		WAM Leaders	Pro forma	Combined Group
	Notes	31-Dec-23	Adjustments	Pro Forma
		\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		48,229,192	-	48,229,192
Trade and other receivables		16,570,910	-	16,570,910
Financial assets		1,685,102,852	-	1,685,102,852
Financial assets – investment in controlled entity at FVTPL (QVE)	1	-	57,761,274	57,761,274
<b>Total Current Assets</b>		<b>1,749,902,954</b>	<b>57,761,274</b>	<b>1,807,664,228</b>
<b>Non-Current Assets</b>				
Deferred tax assets		6,047,951	-	6,047,951
<b>Total non-current assets</b>		<b>6,047,951</b>	<b>-</b>	<b>6,047,951</b>
<b>Total assets</b>		<b>1,755,950,905</b>	<b>57,761,274</b>	<b>1,813,712,179</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		11,859,864	-	11,859,864
<b>Total current liabilities</b>		<b>11,859,864</b>	<b>-</b>	<b>11,859,864</b>
<b>Non-Current liabilities</b>				
Deferred tax liabilities	2	2,814,446	118,056	2,932,502
<b>Total non-current liabilities</b>		<b>2,814,446</b>	<b>118,056</b>	<b>2,932,502</b>
<b>Total liabilities</b>		<b>14,674,310</b>	<b>118,056</b>	<b>14,792,366</b>
<b>Net assets</b>		<b>1,741,276,595</b>	<b>57,643,218</b>	<b>1,798,919,813</b>
<b>EQUITY</b>				
Issued capital	3	1,532,810,837	57,367,753	1,590,178,590
Profits reserve	4	397,290,317	275,465	397,565,782
Accumulated losses		(188,824,559)	-	(188,824,559)
<b>TOTAL EQUITY</b>		<b>1,741,276,595</b>	<b>57,643,218</b>	<b>1,798,919,813</b>

**Notes:**

1. WAM Leaders' recognition of the investment in QVE, assuming 25% of QVE Shareholders receive the Scrip Consideration as part of the Scheme. The value of QVE has been recognised utilising the QVE NTA after current tax but before deferred tax and Transaction Costs as at 31 December

2023 and assuming that the 75% of QVE Shareholders receiving the Cash Consideration under the Scheme is funded from existing cash and cash equivalents within the QVE Portfolio.

2. In reference to the fair value gain on acquisition of a controlled entity as part of the pro forma adjustments, the tax effect of the Transaction is recognised for the Combined Group as part of the recognition of the investment in QVE, assuming that 25% of QVE Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 31 December 2023 statement of financial position for WAM Leaders is the issue of WAM Leaders Shares to QVE Shareholders in accordance with the terms of the Scheme. It is expected that WAM Leaders would issue a maximum of approximately 41,874,273 New WAM Leaders Shares as part of the Scheme in this example. The value of the New WAM Leaders Shares has been determined based on the WAM Leaders Share price as at 31 December 2023, being \$1.37 per WAM Leaders Share.
4. In recognising the acquisition of QVE in the Combined Group, the identifiable fair value of QVE, being the QVE NTA after current tax, but before deferred tax and Transaction Costs as at 31 December 2023 is recognised in consideration for the issue of WAM Leaders Shares as part of the Scheme. The difference between the value of the WAM Leaders Shares issued when compared to the identifiable fair value of QVE is recognised through the statement of financial performance and resulting equity reserves.

## 8 RISK FACTORS

### 8.1 Overview

This Section 8 identifies some, but not all, of the risks associated with QVE, WAM Leaders, the Combined Group and the Scheme. In summary, this Section 8 highlights:

- (a) the risks to which you are currently exposed to as a QVE Shareholder (see Section 8.2);
- (b) the risks to which you will be exposed to as a new WAM Leaders Shareholder if the Scheme is implemented (see Sections 8.3 to 8.5); and
- (c) the risks associated with the Scheme (see Section 8.6).

It is important for you to note that this Section is not an exhaustive list of all the risks associated with QVE, WAM Leaders, the Combined Group or the Scheme and it should be considered in conjunction with all other information disclosed in this Scheme Booklet. You should read the whole of this Scheme Booklet in order to fully appreciate such risks before any decision is made on how to vote at the Scheme Meeting.

You should also carefully consider the following risks in light of your personal circumstances and seek professional advice from your independent legal, financial, accounting, taxation or other professional advisers before any decision is made on how to vote at the Scheme Meeting.

The outline of risks in this Section 8 is a summary only and no assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by QVE, WAM Leaders or the Combined Group.

### 8.2 Risk factors faced by QVE

The operating results and profitability of QVE are sensitive to a number of risks specific to QVE set out below, as well as others described elsewhere in this Scheme Booklet, and should be carefully considered before any decision is made on how to vote at the Scheme Meeting. It is not possible to identify every risk associated with QVE and there may be other risks associated with QVE that are not set out in the following paragraphs. A full summary of the risk factors associated with an investment in QVE is set out in Section 5 of the QVE Prospectus. If the Scheme does not proceed (and subject to the Intended Takeover Offer), you will continue to hold your QVE Shares and will continue to be exposed to risks associated with that investment.

#### (a) Key risks: QVE investment strategy and the QVE Manager's performance

The past performance of the QVE Portfolio is not necessarily a guide to future performance.

QVE's investment portfolio is managed by the QVE Manager under the QVE Management Agreement. The profitability and success of QVE depends almost entirely on the continued ability of the QVE Manager to assess business risks, make appropriate investments and construct a portfolio, in accordance with the QVE Management Agreement and the Corporations Act, to achieve long term value via a combination of capital growth and income (i.e. via investment opportunities that pay sustainable and growing dividends with attractive franking credits). Also, the QVE Portfolio is less diversified than other listed investment entities and focuses on long term investments (5 years plus).

With any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.

It cannot be expected nor can there be any guarantee that an investment or investment decision by the QVE Manager will prove to be profitable. Accordingly, QVE may incur losses if the QVE Manager does not successfully carry out its investment objectives and investment strategy.

Should the QVE Manager be unable to perform investment management services for QVE, if there are significant key personnel changes of the QVE Manager, QVE's investment activities may be disrupted, and its performance impacted. Even if QVE does not perform well, it may be difficult to remove the QVE Manager.

**(b) Other risks specific to investing in QVE**

There are general risks inherent to QVE's business including the following, which does not constitute an exhaustive list of the risks of investing in QVE. Please refer to the QVE Prospectus for a more detailed list of the risks applicable to an investment in QVE.

- **Manager and key person risk:** The success and profitability of QVE in part will depend upon the ability of the QVE Manager to make investments that increase in value over time and the retention of the QVE Manager as manager of the QVE Portfolio (together with the retention of key personnel within the QVE Manager responsible for managing the QVE Portfolio).

If the QVE Management Agreement is terminated or expires and is not renewed, QVE will need to identify and engage a suitably qualified and experienced manager to implement its investment strategy.

- **Market risk and equity risk:** There is a risk that the value of the assets selected by the QVE Manager and held by QVE may decline in value. Securities prices are dependent upon the financial circumstances of the entities in which the securities are purchased, their profits, earnings and cash-flow. Also, the return on a security investment may be affected by the quality of company management, government policy and the general health of the sector in which it operates.

Stock markets tend to move in cycles, and so individual security prices may fluctuate and underperform other asset classes over time. Investors in QVE are exposed to this risk through QVE's investments.

Also, the securities may trade on the ASX at a discount to NAV per QVE Share for short or long periods of time.

Investments and their returns are influenced by market factors such as changes in global and domestic markets and economic conditions, interest rate and exchange rate movements, the legislative, regulatory and political environment, investor sentiment, natural disasters and acts of terrorism.

Although the QVE Manager will seek to minimise market and economic risks, there can be no assurance that the QVE Manager can eliminate such risks entirely. In a strong share market, the QVE Portfolio may underperform the market indices, as the QVE Portfolio will have limited exposure to market risk.

As a result, no guarantee can be given in respect of the future earnings of QVE or the earnings and capital appreciation of QVE's investments. QVE Shares may fall in value over short or extended periods of time. QVE Shareholders are exposed to this risk both through their holding of shares in QVE as well as through QVE's investment portfolio.

- **Listed investment companies:** A listed investment company's share price may trade at a premium or discount to Pre-tax NTA backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including domestic and international economic and market conditions, political events, and relevant regulations.



- **Business risk:** The success of QVE is highly dependent on the ability of its directors and the QVE Manager to assess business risks and make appropriate investment decisions. No guarantee can be given in respect of the future earnings of QVE or the performance of the QVE Portfolio.
- **Derivative risk:** The QVE Manager may use various derivative instruments, including futures, options on futures and exchange-traded options, which may be volatile and speculative. There is a risk that the use of derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain.

The use of derivatives, including the sale of call options, potentially exposes QVE to counterparty, legal and documentation risks.

- **Liquidity risk:** The ability to sell QVE Shares will be a function of the turnover of the QVE Shares at the time of sale. Turnover itself is a function of the size of QVE and the cumulative investment intentions of all current and possible investors in QVE at any one point in time.  
Further there is a risk that the QVE Portfolio's underlying investments or the securities, may not be easily converted to cash. This can result in a loss if the holder of the security needs to sell within a particular time frame.
- **Operational costs:** Operational costs representing a greater proportion of total assets will reduce the operating results of QVE and its ability to make dividend payments.

(c) **Discount to Pre-tax NTA**

- If the Scheme does not proceed, QVE will continue to be listed on the ASX and may not trade in line with the underlying value of the QVE Portfolio. The Price to NTA Discount has persisted in the last 6 years and the Price to NTA Discount may continue or improve in the future.

### 8.3 Risk factors associated with WAM Leaders and the Combined Group

In considering the Scheme, you should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of WAM Leaders, the value of WAM Leaders Shares and future dividends, and the Combined Group. These risks will only be relevant to you if the Scheme is approved and implemented and you receive New WAM Leaders Shares.

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether WAM Leaders Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, it is recommended that you consult your independent legal, financial or other professional advisers before deciding how to vote.

This Section describes the potential risks associated with WAM Leaders' and the Combined Group's business, and risks associated with WAM Leaders Shares. It does not purport to list every risk that may be associated with an investment in WAM Leaders Shares now or in the future, and the occurrence of consequences of some of the risks described in this Section are partially or completely outside the control of WAM Leaders and the WAM Leaders Board.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the WAM Leaders Board as at the date of this Scheme Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

(a) **Key risks: Investment strategy and WAM Leaders Manager performance**

The success and profitability of the Combined Group will largely depend on the WAM Leaders Manager's continued ability to manage the Combined Group's investment portfolio in a manner that complies with the Combined Group's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Combined Group and its securities. There

are risks inherent in the investment strategy that the WAM Leaders Manager will employ for the Combined Group, including the risks identified in this Section.

The past performance of portfolios managed by the WAM Leaders Manager, and persons associated with the WAM Leaders Manager, are not necessarily a guide to future performance of the Combined Group, and the success and profitability of the Combined Group depends almost entirely on the WAM Leaders Manager's performance. The WAM Leaders Investment Management Agreement has an initial term of 10 years and may be continually extended for additional terms of 5 years. Even if the Combined Group does not perform well, it may be difficult to remove the WAM Leaders Manager.

**(b) Other risks specific to investing in WAM Leaders, which also apply to the Combined Group**

The following risks should be carefully evaluated before voting on the Scheme. Also, consideration must be given to the speculative nature of WAM Leaders' or the Combined Group's investments. The following is not an exhaustive list of the risks of investing in WAM Leaders or the Combined Group.

- **Key person risk:** WAM Leaders' investment strategy has been developed by Wilson Asset Management, and leverages the WAM Leaders Manager's significant experience in identifying, investing in and realising opportunities. Geoff Wilson is WAM Leaders' Chair and the Chair and Chief Investment Officer of the WAM Leaders Manager, with Matthew Haupt as Lead Portfolio Manager of WAM Leaders' investment portfolio, supported by the broader Wilson Asset Management investment team. If Geoff Wilson ceased his role with Wilson Asset Management, there is a risk to the successful execution of the investment strategy going forward. WAM Leaders has no right to terminate the WAM Leaders Investment Management Agreement in the event of a change of control of Wilson Asset Management or in the event of a material change to the composition of the Wilson Asset Management investment team. The risks associated with Geoff Wilson leaving Wilson Asset Management are mitigated by the depth of experience across both the Wilson Asset Management investment team, and the broader management team. Notably, excluding Geoff Wilson, the Wilson Asset Management investment team still has over 200 years' collective investing experience which WAM Leaders' investment strategy leverages. The risk of Geoff Wilson leaving the WAM Leaders Manager is further mitigated by the fact that Geoff Wilson is the sole director and indirect owner of 100% of the ordinary (voting) shares on issue in the WAM Leaders Manager.
- **Listed investment companies:** A listed investment company's share price may trade at a premium or discount to Pre-tax NTA backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including domestic and international economic and market conditions, political events, and relevant regulations.
- **Market risk and equity risk:** Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The WAM Leaders Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Combined Group shares may 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 underperform other asset classes over extended periods of times. Shareholders in the Combined Group are exposed to this risk both through their holding in the Combined Group's shares as well as through the Combined Group's investment portfolio.

- **Business risk:** The success of the Combined Group is highly dependent on the ability of its directors and the WAM Leaders Manager to assess business risks and make appropriate investment decisions. No guarantee can be given in respect of the future earnings of the Combined Group or the performance of its investment portfolio.
- **Compensation fee structure risk:** Performance fee arrangements may create an incentive for the WAM Leaders Manager to make more speculative or higher risk investments than might otherwise be the case. Performance fee arrangements, however, make the payment of future performance fees subject to the recoupment of prior underperformance, mitigating the overall risk that such an incentive might otherwise create.
- **Foreign issuer and market risk:** WAM Leaders (and the Combined Group) is not focused on, but may invest in, global listed securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.
- **Short selling risk:** Selling securities short involves borrowing stock and selling these borrowed securities. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the securities lender may request 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 WAM Leaders Manager's choosing.
- **Leverage risk:** While the Combined Group and the WAM Leaders Manager do not currently intend to use debt or derivatives to increase the scale of the Combined Group's investment portfolio, the use of short selling does create leverage. Short selling can enlarge the fluctuations in the portfolio value of the Combined Group in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the WAM Leaders Manager's choosing.
- **Default risk:** Investment in securities and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of the Combined Group.

The Combined Group will outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Combined Group or provide services below standards that are expected by the Combined Group, causing loss to the Combined Group.

#### 8.4 General risks which also apply to the Combined Group

(a) **Regulatory risk**

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 Combined Group holds investments.

(b) **Changes in accounting policies**

Changes in accounting policies including changes arising from amended accounting standards by the Australian Accounting Standards Board and changes in taxation and other relevant law which may affect the reported earnings of the Combined Group and its financial position from time to time.

(c) **Future pandemics and health crises and its impacts on the global economy and financial markets**

Pandemics or health crises are factors which will generally be beyond the control of the Combined Group and can influence the outcome of the Combined Group's performance. To the extent there are future pandemics or health crises, this may create uncertainty which will impact the global economy and financial markets, including Australian and international equity markets, the Combined Group's portfolio, and the market for the Combined Group's securities.

**(d) Share price movements**

An investment in the Combined Group will be subject to fluctuations in share price which are normal and expected for ASX listed entities. These fluctuations are due to a wide variety of factors, some of which the Combined Group will seek to mitigate, while others are outside the control of the Combined Group.

Please note there is no guarantee that after the Scheme becomes Effective, the WAM Leaders Shares of the Combined Group will trade at NAV or above.

**(e) Litigation risk**

The Combined Group may become exposed to litigation brought by third parties such as investors, regulators, employees or business associates, which could negatively impact operations and financial performance through increased costs, payment of damages and damage to reputation.

The WAM Leaders Board is not currently aware of any impending litigation.

**(f) General economic conditions**

Material adverse changes in general economic conditions may have an adverse impact on the operations and performance of the Combined Group. The various general domestic and international economic factors that shareholders in WAM Leaders and the Combined Group are exposed to include:

- economic growth;
- interest rates;
- inflation;
- currency exchange rates;
- employment levels;
- consumer and business sentiment; and
- financial market volatility.

**(g) Other risks**

Before deciding to accept Scheme Consideration, QVE Shareholders should consider whether shares are a suitable investment.

There may be tax implications arising from acquiring New WAM Leaders Shares, the receipt of dividends (both franked and unfranked) from WAM Leaders, participation in any dividend reinvestment plan of WAM Leaders and on the disposal of shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in WAM Leaders as a medium-to-long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should vote in favour of the Scheme, you should seek advice on the matters contained in this Scheme Booklet from your independent legal, financial, accounting, taxation or other professional advisers.

**8.5 Risks specific to the Combined Group**

The risks that are set out above will also be applicable to the Combined Group. Risks specific to an investment in the Combined Group include that success of the Combined Group is dependent on the performance of its investment portfolio, no guarantee can be given in respect of the future earnings of the Combined Group or the Combined Group's investment portfolio performance, and no guarantee can be provided that the Combined Group will be able to meet its investment objectives as this will depend on the extent of the investment portfolio performance.

## 8.6 Risks specific to the Scheme

### (a) Scheme Consideration may fluctuate and is not fixed

QVE Shareholders are not offered a fixed number of New WAM Leaders Shares or Cash Consideration per QVE Share as the Scheme Consideration.

QVE Shareholders who participate in the Scheme will receive the Scheme Consideration, being:

- the **Scrip Consideration**: a number of New WAM Leaders Shares for their QVE Shares based on the Pre-tax NTA value per share of QVE and WAM Leaders as calculated on the Calculation Date; or
- the **Cash Consideration**: cash for their QVE Shares at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date; or
- a combination of Scrip Consideration and Cash Consideration.

The Calculation Date is aligned with the Effective Date and is expected to occur on 4 July 2024.

The final Scheme Consideration will be announced on the Calculation Date.

A worked example of the Scheme Consideration (including the Scrip Consideration and Cash Consideration), based on the Pre-tax NTA value per QVE Share and Pre-tax NTA value per WAM Leaders Share on 31 March 2024, is provided in Section 3.2.

QVE Shareholders will also be provided with updated worked examples of the Scheme Consideration (based on the latest published NTAs available at the time of each announcement) via the ASX announcement platform before the Scheme Meeting. See the 'Important Dates' Section at the front of this Scheme Booklet for further details.

### (b) Fluctuations of QVE's Pre-tax NTA affecting the Scheme Consideration

- Scrip Consideration

The number of New WAM Leaders Shares to which each Scrip Participant will be entitled if the Scheme becomes Effective, will be determined based on the Pre-tax NTA value per share for QVE and WAM Leaders as calculated on the Calculation Date.

The Pre-tax NTA value per QVE Share may fluctuate relative to the Pre-tax NTA value per WAM Leaders Share, which would affect the number of New WAM Leaders Shares to which Scrip Participants will be entitled. Relevantly, a decrease in QVE's Pre-tax NTA relative to WAM Leaders' Pre-tax NTA between the date of the Scheme Booklet and the Calculation Date will result in Scrip Participants being entitled to a smaller number of New WAM Leaders Shares as Scrip Consideration.

Fluctuations in QVE's Pre-tax NTA relative to WAM Leaders' Pre-tax NTA prior to the Calculation Date do not change the value proposition for the Scheme. Adverse movements in the relative Pre-tax NTA values of QVE and WAM Leaders after the Calculation Date may impact the value of the Scrip Consideration. QVE has sought to minimise this risk by limiting the timeframe between calculation of the Scheme Consideration and implementation of the Scheme.

- Cash Consideration

The amount of Cash Consideration to which each Cash Participant's will be determined based on the Pre-tax NTA value per QVE Share as calculated on the Calculation Date. Cash Consideration will be at a 2.5% discount to the Pre-tax NTA value per QVE Share as calculated on the Calculation Date.

The Pre-tax NTA value per QVE Share may fluctuate between the date of the Scheme Booklet and the Calculation Date and such fluctuations may vary the amount of Cash Consideration which a Cash Participant is entitled to.

Fluctuations in QVE's Pre-tax NTA prior to the Calculation Date do not change the value proposition for the Scheme. Adverse movements in the Pre-tax NTA value of QVE after the

Calculation Date may impact the value of the Cash Consideration. QVE has sought to minimise this risk by limiting the timeframe between calculation of the Scheme Consideration and implementation of the Scheme.

**(c) Fluctuations of the value of Scrip Consideration**

The implied value of the Scrip Consideration will vary over time depending on the prevailing WAM Leaders Share price and as a result, the implied value of the Scrip Consideration is likely to change, including between the date of this Scheme Booklet, the date of the Scheme Meeting and the date on which the Scrip Consideration is issued to Scrip Participants on the Implementation Date. Following implementation of the Scheme, the price of New WAM Leaders Shares will continue to rise or fall based on market conditions and the Combined Group's financial and operating performance.

If the Scheme is implemented, a number of additional WAM Leaders Shares (being the New WAM Leaders Shares issued as Scrip Consideration) will be available for trading in the public market (see Section 7 for details of the capital structure of the Combined Group if the Scheme is implemented). The increase in the number of WAM Leaders Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, WAM Leaders Shares.

Further, some Scrip Participants who receive New WAM Leaders Shares may not wish to retain their shareholding and may sell their New WAM Leaders Shares soon after receiving them. This may have an adverse impact on the market price of WAM Leaders Shares traded on the ASX in the short term.

In addition, the process to be undertaken by the Sale Agent of selling the New WAM Leaders Shares that would otherwise be issued to Ineligible Overseas Shareholders after the Implementation Date may place short-term downward pressure on the market price for WAM Leaders Shares by creating additional selling volumes.

**(d) Transaction Costs**

Certain transaction related costs<sup>30</sup> will be incurred by QVE irrespective of whether or not the Scheme is implemented. These costs include financial advisory, legal, accounting, D&O Run-Off Insurance, Independent Expert, tax and administration fees, Scheme Booklet production, registry and other expenses.

WAM Leaders has agreed to deduct from the calculation of QVE's Pre-tax NTA \$550,000 (including GST) of QVE's transaction related costs under the Scheme Implementation Agreement if the Scheme becomes Effective.

**(e) Conditions not met**

The Scheme is subject to a number of Scheme Conditions which are summarised in Section 3.5.

At the date of this Scheme Booklet, neither QVE nor WAM Leaders is aware of any circumstances which could cause the Scheme Conditions not to be satisfied or (if permitted) waived. However, there is a possibility that one or more of the Scheme Conditions will not be met or waived and that the Scheme does not proceed as a result.

**(f) QVE Share price and discount to Pre-tax NTA**

Notwithstanding the Intended Takeover Offer, if the Scheme is not implemented, QVE Shares will remain quoted on the ASX and will continue to be subject to the risk factors in Section 8.2. There is a risk that the price at which QVE Shares trade will fall in these circumstances.

Also, there is a risk that the Price to Pre-tax NTA Discount will continue if the Scheme is not implemented.

**(g) Integration risks and realisation of synergies**

The Scheme may deliver cost savings in operating synergies following its implementation. However, it is possible that the integration of QVE and WAM Leaders will be more difficult or take more time

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<sup>30</sup> For the purpose of calculating Pre-Tax NTA and for the avoidance of doubt, all transaction costs whether paid or unpaid are treated as a deduction to the NTA.

than currently anticipated, and could delay the realisation of synergy benefits expected to result from the Scheme.

The accounting, company secretarial and general administrative expenses are fixed, and are not expected to increase. It is therefore expected that the Combined Group should, following transition, realise the benefits of scale. Also, there is no certainty that cost savings and synergies will be realised as part of the Combined Group. Failure to achieve targeted synergies may have an adverse effect on the operations and financial performance and position of the Combined Group and the value of WAM Leaders Shares. Further information about the potential synergies is detailed in Section 7 of the Scheme Booklet.

**(h) Investment risks**

Scheme Participants who receive New WAM Leaders Shares will become shareholders in the Combined Group. Risks specific to an investment in the Combined Group are detailed in Sections 8.4 to 8.5 (inclusive).

## 9 AUSTRALIAN TAXATION IMPLICATIONS

### 9.1 Introduction

The following is a general summary of the Australian income tax, goods and services tax (GST), and stamp duty implications for Scheme Participants relating to their disposal of QVE Shares under the Scheme.

This summary is general in nature only, should be read in conjunction with the rest of this Scheme Booklet, and is not intended to be an authoritative or complete analysis of the tax consequences arising from the Scheme. It is not intended to provide, and should not be relied on for, tax or legal advice. Scheme Participants are advised to seek professional tax advice in relation to their particular circumstances.

This summary is based on the provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**) and the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**), the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the Australian stamp duties legislation, as at the date of this Scheme Booklet. The laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities.

The information provided below is not applicable to all Scheme Participants. This tax summary applies to Australian tax resident and non-resident shareholders who hold their shares on capital account for income tax purposes. This summary will not apply to Scheme Participants who:

- hold their QVE Shares on 'revenue account' (such as share trading entities or entities who acquired their QVE Shares for the purposes of resale at a profit) or as 'trading stock';
- may be subject to special tax rules, such as partnerships, tax exempt organisations, insurance companies, dealers in securities or shareholders who change their tax residency while holding their QVE Shares;
- have a functional currency for Australian tax purposes other than an Australian functional currency;
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their QVE Shares; or
- are non-residents of Australia who hold their QVE Shares in carrying on a business at or through a permanent establishment in Australia.

### 9.2 Application for Class Ruling

QVE is in the process of applying for a class ruling from the ATO to obtain the Commissioner of Taxation's views on specific Australian income tax implications for certain QVE Shareholders in relation to their disposal of QVE Shares under the Scheme (**Class Ruling**). The Scheme is not conditional on the receipt of the Class Ruling.

Specifically, the class ruling application seeks the ATO's confirmation on the CGT implications for Australian resident QVE Shareholders, including the availability for scrip roll-over relief on the disposal of QVE Shares under the Scheme.

The Class Ruling is not expected to be issued until after the implementation of the Scheme. Scheme Participants should refer to the Class Ruling once it is published. The Class Ruling will be available on the ATO website at <https://www.ato.gov.au>.

It is important that QVE Shareholders be aware that the Commissioner of Taxation may reach an alternative view to that detailed below. This summary should be considered in light of that possibility and read together with the Class Ruling once it is available.

### 9.3 Australian resident shareholders – CGT consequences

#### (a) CGT event on disposal of QVE Shares

The disposal of QVE Shares will constitute a CGT event for Australian resident QVE Shareholders. The CGT event will occur on the Implementation Date.

Subject to the availability of roll-over relief (discussed below), QVE Shareholders will derive a capital gain on the disposal of their QVE Shares to the extent the market value of the total consideration received under the Scheme (capital proceeds) exceeds the tax cost base of their QVE Shares. Conversely, QVE Shareholders will incur a capital loss on the disposal of their QVE Shares to the extent that the market value of the total consideration received under the Scheme (capital proceeds) is less than the reduced tax cost base of their QVE Shares.

The sum of all capital gains made by a QVE Shareholder in the income year in which the Implementation Date occurs, reduced by any capital loss incurred during that year or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the QVE Shareholder (subject to the availability of CGT roll-over relief, as outlined below). Specific CGT provisions relevant to the calculation of capital gains and losses are outlined below.

Any net capital loss may be carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the QVE Shareholder is a company).

#### (b) Capital proceeds received under the Scheme

The capital proceeds received for the disposal of the QVE Shares includes the Scheme Consideration (i.e., the market value of the Scrip Consideration, the Cash Consideration or a combination of Scrip Consideration and Cash Consideration, that a QVE Shareholder receives under the Scheme).

The market value of the Scrip Consideration should be determined at the Implementation Date and may not be known until after the Implementation Date.

#### (c) Cost base

Generally, the tax cost base of any QVE Shares will be equal to the consideration paid to acquire the QVE Shares. Other incidental costs incurred by a QVE Shareholder for their acquisition or ownership of QVE Shares (such as brokerage fees) that are otherwise non-deductible to the QVE Shareholder may also be included in the cost base of shares they own.

The reduced tax cost base of the QVE Shares of a QVE Shareholder will be determined in a similar manner to the tax cost base, although some differences in the calculations of reduced tax cost base may exist depending on the relevant QVE Shareholder's circumstances.

QVE Shares acquired in different transactions may have different tax cost bases and therefore capital gains may arise in respect of some QVE Shares while capital losses may arise in respect of other QVE Shares.

#### (d) CGT discount

An Australian resident QVE Shareholder who is an individual, the trustee of a trust (conditions apply) or a complying superannuation entity may be entitled to claim a CGT discount in calculating any capital gain if their QVE Shares were acquired at least 12 months before disposal under the Scheme. The CGT discount is not available for QVE Shareholders that are companies.

The CGT discount is applied to the capital gain after any available current year capital losses and prior year capital losses are applied.



The applicable CGT discount which would reduce a capital gain arising from the disposal of QVE Shares is 50% in the case of individuals and trusts, and 33⅓% in the case of Australian complying superannuation entities.

**(e) Availability of CGT roll-over relief**

QVE has requested that the availability of CGT roll-over relief for QVE Shareholders be addressed by the ATO in the Class Ruling. QVE Shareholders should refer to the Class Ruling once published. The information below is subject to the Commissioner of Taxation's determination in the Class Ruling.

If a QVE Shareholder makes a capital gain on the disposal of their QVE Shares under the Scheme, they should be eligible to make a choice whether or not to seek CGT roll-over relief to defer some or all of that gain, in accordance with Subdivision 124-M of the ITAA 1997. CGT roll-over relief is not available in respect of QVE Shares for which a QVE Shareholder realises a capital loss on disposal or in respect of the Cash Consideration component of the Scheme Consideration. No CGT roll-over relief is available where the QVE Shareholder elects to receive 100% Cash Consideration.

QVE Shareholders must make a choice to apply CGT roll-over relief before lodging their income tax return for the income year in which the Implementation Date occurs. A QVE Shareholder will evidence the making of a choice to apply CGT roll-over relief by the way they prepare their income tax return (i.e. by excluding the disregarded capital gain from the calculation of their net capital gain). There is no need for a QVE Shareholder to lodge a separate notice with the ATO.

WAM Leaders will not make a choice under subsection 124-795(4) of the ITAA 1997 to deny CGT roll-over.

If a QVE Shareholder elects to apply CGT roll-over relief, the capital gain that they would otherwise make on the disposal of their QVE Shares will be disregarded to the extent that the capital proceeds received are New WAM Leaders Shares.

If CGT roll-over relief is available and chosen, the first element of the tax cost base and reduced tax cost base of the New WAM Leaders Shares received by the QVE Shareholder should equal a reasonable attribution of the QVE Shareholder's tax cost base and reduced tax cost base (respectively) of their QVE Shares for which CGT roll-over relief is applied.

Any part of the tax cost base and reduced tax cost base (respectively) of the QVE Shares for which Cash Consideration is received is not included. For these purposes, a reasonable basis for calculating the first element of the tax cost base of the New WAM Leaders Shares may be to multiply the tax cost base of the QVE Shares by the proportion that is equal to the market value of the Scrip Consideration divided by the sum of the Cash Consideration and the market value of the Scrip Consideration.

This tax cost base is allocated on a proportionate basis across the New WAM Leaders Shares received.

The benefit of choosing CGT roll-over relief will depend on the individual circumstances of each QVE Shareholder and therefore QVE Shareholders should seek professional tax advice.

**(f) Where CGT roll-over relief is not chosen or available**

Where a QVE Shareholder is not eligible for CGT roll-over relief or does not elect to apply CGT roll-over relief, as outlined above, any capital gain or capital loss made by the QVE Shareholder from the disposal of their QVE Shares will be taken into account in calculating their net capital gain for the income year.

The first element of the tax cost base and reduced tax cost base of each New WAM Leaders Share that the QVE Shareholder receives should be equal to the market value of the New WAM Leaders Shares on the Implementation Date.

## 9.4 Australian residents – Implications of holding WAM Leaders Shares

**(a) Subsequent disposal of WAM Leaders Shares**

As a consequence of participating in the Scheme, a QVE Shareholder will cease to be a shareholder of QVE and will become a shareholder of WAM Leaders.

If a QVE Shareholder sells their New WAM Leaders Shares after the Implementation Date, any gain or loss is subject to CGT as the New WAM Leaders Shares received by the CGT Shareholder will be an asset for CGT purposes.

For QVE Shareholders who elect for CGT roll-over relief to apply, the first element of the tax cost base or reduced tax cost base for the New WAM Leaders Shares they own will equal the tax cost base or reduced tax cost base referred to in section 9.3 above.

For the purposes of determining whether the CGT discount applies on any subsequent disposal of the New WAM Leaders Shares, the acquisition date for QVE Shareholders who elect for CGT roll-over relief to apply will be the date on which they acquired their original QVE Shares.

If an election for CGT roll-over relief is not made, the tax cost base of the New WAM Leaders Shares is equal to the market value of the New WAM Leaders Shares at the Implementation Date. In this case, the CGT discount is only available once the QVE Shareholder has held their New WAM Leaders Shares for at least 12 months.

**(b) Dividends from WAM Leaders**

Any dividends and franking credits received from WAM Leaders should be included in the assessable income of the shareholder. If the shareholder is a resident individual or complying superannuation fund, and the shareholder has excess franking credits available for the income year, those excess franking credits may be refunded to the shareholder.

While corporate shareholders are not eligible to receive a refund of excess franking credits, they may be entitled to convert any excess credits into a loss that may be used to offset income earned in future years (subject to the satisfaction of the loss utilisation rules).

Shareholders are generally required to have held their shares 'at risk' for 45 days (not including the day of the share's acquisition or disposal) in order to be eligible for the franking benefits outlined above. Certain integrity rules may apply to remove the availability of franking credits to shareholders. QVE Shareholders should obtain their own advice on the application of these rules to their circumstances.

## 9.5 Foreign residents – Australian tax considerations

**(a) Australian CGT consequences**

QVE Shareholders who are non-residents of Australia for income tax purposes are not generally subject to Australian CGT on the disposal of their QVE Shares. Australian CGT only applies to foreign resident QVE Shareholders if:

- the QVE Shareholder, together with their associates, owns more than 10% of the shares in QVE for any continuous 12-month period in the 24-month period before the Implementation Date; and
- the QVE Shares are an indirect Australian real property interest.

Based on the financial statements of QVE (reproduced at Section 5.8 of this Scheme Booklet), the QVE Shares should not be indirect Australian real property interests and no Australian CGT should be payable by foreign residents who dispose of their QVE Shares under the Scheme.

However, a non-resident individual QVE Shareholder who has previously been an Australian tax resident and chosen to disregard a capital gain or loss (i.e. CGT event I1) in respect of their QVE Shares on ceasing to be an Australian tax resident, or a QVE Shareholder who used their QVE Shares at any time in carrying on a business through a permanent establishment in Australia, may be subject to Australian CGT consequences on disposal of their QVE Shares.

**(b) Foreign Resident CGT Withholding**

The foreign resident capital gains withholding regime may impose a 12.5% withholding obligation (calculated by reference to the Scheme Consideration) on WAM Leaders if WAM Leaders considers, or reasonably believes, that a QVE Shareholder is a foreign resident and Australian CGT applies to the disposal of QVE Shares. On the basis that the QVE Shares should not be indirect Australian real

property interests, the foreign resident CGT withholding regime should not operate to require WAM Leaders to withhold any amount from the Scheme Consideration.

## 9.6 Stamp duty

Neither the sale of QVE Shares, nor the issue of New WAM Leaders Shares, should give rise to any stamp duty liabilities for existing QVE Shareholders on the following basis:

- the acquisition of New WAM Leaders Shares by existing QVE Shareholders occurs at a time when WAM Leaders is listed on the ASX, all of the shares in WAM Leaders are quoted on the market operated by ASX and no QVE Shareholder (whether alone or together with any interests of associated persons or interests acquired under one arrangement or acting in concert) acquires or holds an interest of 90% or more in WAM Leaders; and
- WAM Leaders has agreed to pay the stamp duty, if any, for the transfer of QVE Shares under the Scheme.

## 9.7 Goods and Services Tax

No GST should be payable by QVE Shareholders on the sale of QVE Shares or acquisition of New WAM Leaders Shares under the Scheme.

Where a QVE Shareholder is registered or required to be registered for GST, the sale of the QVE Shares should be an input taxed financial supply and not subject to GST. Similarly, the acquisition of New WAM Leaders Shares should be an input taxed financial supply and not subject to GST. Where a QVE Shareholder is not registered for GST, the transactions should be outside the scope of GST. For those QVE Shareholders that are registered for GST, they should obtain independent advice in relation to whether there is an ability to claim any input tax credits for any GST incurred on the costs (such as legal or professional fees) associated with the disposal of QVE Shares and acquisition of New WAM Leaders Shares.

# 10 ADDITIONAL INFORMATION

## 10.1 Introduction

This Section 10 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, but only to the extent that this information is not otherwise disclosed in other Sections of this Scheme Booklet. This Section 10 also includes additional information that the Independent Directors consider material to a decision on how to vote on the Scheme Resolution.

## 10.2 Interests of QVE Directors

### (a) Interests of QVE Directors in QVE Shares and WAM Leaders Shares

As at the Last Practicable Date, the number of QVE Shares and WAM Leaders Shares held by or on behalf of each QVE Director are as follows:

Director	Number of QVE Shares	Number of WAM Leaders Shares
Mr Peter McKillop	537,060	Nil
Mr Eamonn Roles	155,000	Nil
Ms Linda Fox	Nil	Nil
Mr Anton Tagliaferro	8,600,000	Nil
Mr Simon Conn	400,000	Nil
<b>Total</b>	<b>9,692,060</b>	<b>Nil</b>

### (b) QVE Directors' dealings in QVE Shares and WAM Leaders Shares

No QVE Director acquired or disposed of:

- a Relevant Interest in any QVE Shares in the 4-month period ending on the date immediately before the date of this Scheme Booklet.

- a Relevant Interest in any securities in any member of the Wilson Asset Management Group in the 4-month period ending on the date immediately before the date of this Scheme Booklet.

### 10.3 Interests of WAM Leaders Directors in QVE Shares and WAM Leaders Shares

As at the Last Practicable Date, the number of QVE Shares and WAM Leaders Shares held by or on behalf of each WAM Leaders Director are as follows:

Director	Number of QVE Shares	Number of WAM Leaders Shares
Mr Geoff Wilson	Nil	12,950,842
Mr Lindsay Mann	Nil	262,579
Ms Kate Thorley	Nil	319,994
Ms Alexa Henderson	Nil	25,000
Dr Ian Langford	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>13,558,415</b>

### 10.4 Interests of Wilson Asset Management Group

#### (a) Wilson Asset Management Group's voting power in QVE

As at the date of this Scheme Booklet, WAM Strategic Value (ASX: WAR) (**WAR**) has a Relevant Interest of 15.76% in QVE Shares. WAR is part of the Wilson Asset Management Group.

The table below sets out Wilson Asset Management Group and its Associates' respective holdings in QVE Shares as at the Last Practicable Date:

Holder of QVE Shares	Number of QVE Shares held	% of issued capital of QVE
Wilson Asset Management Group	35,829,919	15.76%

WAM Leaders has advised QVE that the Wilson Asset Management Group members and its Associates who hold QVE Shares are in favour of the Scheme but will abstain from voting on the Scheme at the Scheme Meeting.

#### (b) Interests of WAM Leaders Directors in WAR

WAR currently has 180,125,761 shares on issue. As at the Last Practicable Date, the number of WAR shares held by or on behalf of each WAM Leaders Director (including the ownership percentage in WAR) are as follows:

Director	Number of WAR shares held	Ownership percentage of WAR
Mr Geoff Wilson	5,757,077	3.20%
Mr Lindsay Mann	Nil	Nil
Ms Kate Thorley	100,892	0.06%
Ms Alexa Henderson	Nil	Nil
Dr Ian Langford	Nil	Nil
<b>Total</b>	<b>5,857,969</b>	<b>3.26%</b>

#### (c) No trading in QVE Shares in the last 4 months

None of Wilson Asset Management Group members and its Associates has acquired or disposed of a Relevant Interest in any QVE Shares in the 4-month period prior to the date of this Scheme Booklet.

#### (d) No collateral benefits

Neither WAM Leaders or an Associate of WAM Leaders has given, offered to give or agreed to give any QVE Shareholder or an Associate of any QVE Shareholder in the 4-month period prior to the date of this Scheme Booklet any benefit (not offered to all QVE Shareholders) which is likely to induce them to vote in favour of the Scheme, or dispose of QVE Shares.

## 10.5 Arrangements with QVE Directors

### (a) No agreement or arrangement connected to the outcome of the Scheme

Other than as outlined above, no Non-excluded Director or other officer of QVE, or their Associates has entered into, or otherwise has any interest in, any contract, agreement or arrangement with another person connected with or conditional on the outcome of the Scheme other than in their capacity as a QVE Shareholder.

### (b) No retirement benefits QVE Directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Non-excluded Director or other officer of QVE, or of any Related Body Corporate of QVE, as compensation for loss of, or as consideration for, or in connection with, their retirement from office in QVE or in any related body corporate of QVE, other than any payments or benefits arising from any applicable redundancy entitlements.

QVE pays premiums in respect of a directors and officers (**D&O**) insurance policy for the benefit of QVE Directors and intends to put in place suitable arrangements for run-off D&O insurance for the benefit of QVE Directors, as contemplated by the Scheme Implementation Agreement.

Mr Simon Conn is the lead portfolio manager for the QVE Portfolio through his employment with the QVE Manager, and Mr Zac Azzi is the Chief Operating Officer of the QVE Manager, and acts as QVE's Company Secretary. QVE does not have any other executive officers or employees.

### (c) Interests of QVE Directors in contracts with WAM Leaders

None of the QVE Directors have any interest in any contract entered into by a Wilson Asset Management Group entity, other than in their capacity as a QVE Shareholder.

### (d) Benefits from WAM Leaders

None of the QVE Directors has agreed to receive, or is entitled to receive, any benefit from WAM Leaders, or any Related Body Corporate or Associate of WAM Leaders that is conditional on, or is related to, the outcome of the Scheme, other than in their capacity as a QVE Shareholder.

### (e) Special exertion fees

As a result of the Scheme and the review of strategic options undertaken by the Independent Directors, the Independent Directors attended numerous meetings and have otherwise made significant contributions beyond the usual scope of their duties as QVE Directors. Based on the market rates and the required efforts by the Independent Directors with respect of the Scheme and the broader strategic review, both anticipated and to date, the QVE Board has granted the following special remuneration as permitted by clause 15.16 of the Constitution to the Independent Directors:

- with respect to Mr Peter McKillop in his position as Chair and an Independent Director, \$19,500;
- with respect to Mr Eamonn Roles in his position as an Independent Director, \$13,000; and
- with respect to Ms Linda Fox in her position as an Independent Director, \$13,000.

## 10.6 Material agreements

Section 5.4(b) contains a summary of the QVE Management Agreement and Section 6.1(k) contains a summary of the WAM Leaders Investment Management Agreement.

Key terms of the Scheme Implementation Agreement are summarised in Sections 3.2 to 3.5, and Sections 3.10 to 3.12. A copy of the Scheme and Deed Poll are set out in Annexure B and Annexure C of this Scheme Booklet respectively.

## 10.7 Foreign selling restrictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. QVE disclaims all liabilities to such persons. If you are

a QVE Shareholder who is a nominee, trustee or custodian, you are advised to seek independent advice as to how you should proceed.

No action has been taken to register or qualify this Scheme Booklet, the Scheme or the New WAM Leaders Shares, or otherwise permit a public offering of the New WAM Leaders Shares, in any jurisdiction outside of Australia.

## 10.8 Formal disclosures and consents

Each of the parties named in this Section 10.8 as consenting parties:

- (a) has given and has not withdrawn, before lodgement of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is named;
- (b) has given and has not withdrawn, before the lodgement of this Scheme Booklet with ASIC, its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names in this Section 10.8, and the references to those statements and reports in the form and context in which they are included in this Scheme Booklet;
- (c) has not authorised or caused the issue of this Scheme Booklet;
- (d) does not make, or purport to make, any statement in this Scheme Booklet other than those statements referred to in this Section 10.8 in respect of that person's name (and as consented to by that person); and
- (e) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any statements in or omissions from this Scheme Booklet, other than a reference to its names and the statements (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 10.

Role	Consenting party	Statements
Acquiring entity	WAM Leaders	Information relating to WAM Leaders and the Combined Group
WAM Leaders Manager	MAM Pty Limited	
Independent Expert	Lonergan Edwards & Associates Limited ACN 095 445 560	Independent Expert's Report in Annexure A and to the references to the Independent Expert's Report in this Scheme Booklet
Financial adviser to QVE	Monash Advisory Pty Ltd ACN 160 502 527	
Tax adviser to QVE	Ernst & Young	
Share registry	Link Market Services Limited ACN 083 214 537	
Australian Legal adviser to QVE	Hazelbrook Legal	
Australian Legal adviser to WAM Leaders	Mills Oakley	

## 10.9 Disclosure of fees and benefits received by certain persons

In aggregate, if the Scheme is implemented QVE expects to pay approximately \$5.8 million (including GST less RITC (where applicable)) in Transaction Costs. See Section 5.10 for further details.

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are those persons listed in Section 10.8.

- (a) Except as disclosed in this Scheme Booklet, no:
- QVE Director;
  - WAM Leaders Director;
  - person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
  - promoter of the Combined Group,
- (together the **Interested Persons**) holds, or held at any time during the 2 years before the date of this Scheme Booklet any interests in:
- the formation or promotion of the Combined Group;
  - the offer of New WAM Leaders Shares under the Scheme.
- (b) Except as disclosed elsewhere in this Scheme Booklet, neither QVE or WAM Leaders has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:
- a proposed director of WAM Leaders to induce them to become or qualify as a director of WAM Leaders; or
  - any Interested Person for services provided by that person in connection with:
    - the formation or promotion of the Combined Group; or
    - the offer of New WAM Leaders Shares under the Scheme.

#### 10.10 Documents available

An electronic version of this Scheme Booklet including the Independent Expert's Report, can be viewed and downloaded online on QVE's website at [www.qvequities.com/schemebooklet](http://www.qvequities.com/schemebooklet) and ASX's website at [www.asx.com.au](http://www.asx.com.au).

#### 10.11 No unacceptable circumstances

The Independent Directors consider that the Scheme does not involve any circumstances in relation to the affairs of QVE that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

#### 10.12 Material litigation

To the best knowledge of the Independent Directors, QVE is not currently involved in any litigation or dispute that is material in the context of QVE and its subsidiaries taken as a whole.

#### 10.13 Other information material known to QVE

Except as set out in this Scheme Booklet, so far as the Independent Directors are aware, there is no information material to the making of a decision by a QVE Shareholder in relation to the Scheme, being information that is within the knowledge of any Independent Director or director of any Related Bodies Corporate of QVE, as at the date of this Scheme Booklet, that has not been previously disclosed to QVE Shareholders.

#### 10.14 Other information material known to WAM Leaders

Except as set out in Sections 6 and 7 of this Scheme Booklet, there is no other information regarding WAM Leaders, or its intentions regarding QVE that is material to the making of a decision by a QVE Shareholder on whether or not to vote in favour of the Scheme, being information that is within the knowledge of any WAM Leaders Director, or any director of any related body corporate of WAM Leaders, which does not relate to the value of the New WAM Leaders Shares that has not previously been disclosed to QVE Shareholders.



## 10.15 Supplementary information

QVE will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement this Scheme Booklet and the Effective Date:

- (a) a material statement in the Scheme Booklet is, or becomes, false or misleading in a material respect;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, QVE may circulate and publish any supplementary document by any of the following methods, as QVE, in its absolute discretion, considers appropriate:

- (a) making an announcement to the ASX;
- (b) placing an advertisement in a prominently published newspaper that is circulated generally throughout Australia;
- (c) posting the supplementary document to QVE Shareholders at their Registered Address; or
- (d) posting a statement on QVE's website at [www.qvequities.com](http://www.qvequities.com).

## 11 GLOSSARY

### 11.1 Definitions

Unless the context otherwise requires, the meanings of the terms used in this Scheme Booklet are set out below.

<b>AFSL</b>	means an Australian financial services licence issued by ASIC pursuant to the Corporations Act.
<b>Announcement Date</b>	means 12 March 2024, the date the Scheme Implementation Agreement was first announced to the market.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act referenced this agreement.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
<b>ASX Settlement</b>	means ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX Settlement.
<b>ATO</b>	means the Australian Taxation Office.
<b>Benchmark</b>	means the S&P/ASX300 Accumulation Index, excluding that part of the return that is generated by the S&P/ASX20 Accumulation Index securities.
<b>Business Day</b>	has the meaning given in the Listing Rules.
<b>Calculation Date</b>	means: (a) 5:00pm (Sydney time) on the Effective Date; or (b) such other time and date as the parties agree in writing.
<b>Cash Consideration</b>	means for each Scheme Share held by a Scheme Participant who makes an Election, the cash amount representing the value of QVE's Pre-tax NTA per Scheme Share, discounted by 2.5%.



<b>Cash Consideration Account</b>	means an Australian dollar denominated trust account with an ADI operated by QV Equities as trustee for the Scheme Participants.
<b>Cash Participant</b>	means a Scheme Participant who has made a valid Election to receive Cash Consideration for some or all of their Scheme Shares.
<b>CGT</b>	means capital gains tax.
<b>Chair</b>	means the chairperson of QVE.
<b>CHESS</b>	means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement.
<b>Combined Group</b>	means the combined group of QVE and WAM Leaders that will exist after implementation of the Scheme.
<b>Competing Transaction</b>	<p>means a proposal, transaction or arrangement (including a takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, or joint venture) which, if completed, would mean a person (other than a member of the Wilson Asset Management Group) whether alone or together with its Associates would, directly or indirectly:</p> <p>(a) acquire an interest or Relevant Interest in or become the holder of 20% or more of the QVE Shares on issue (other than as custodian, nominee or bare trustee);</p> <p>(b) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by QVE;</p> <p>(c) acquire control of QVE, within the meaning of section 50AA of the Corporations Act;</p> <p>(d) otherwise acquire or merge with QVE (including by a reverse takeover bid); or</p> <p>(e) cause the Transaction to be required to abandoned or otherwise fail to proceed.</p>
<b>Confirmed</b>	means the amounts agreed between the parties in writing and <b>Confirm</b> has a corresponding meaning.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	means the Federal Court of Australia, or any other court of competent jurisdiction under the Corporations Act agreed by the parties in writing.
<b>D&amp;O Run-Off Insurance</b>	means directors' and officers' liability run-off insurance that will apply for 7 years from the Implementation Date and cover the QVE Directors, and other QVE officers and individuals (if relevant) on terms which are no less favourable than the current QVE Directors' and officers' liability insurance policy in force prior to the Implementation Date.
<b>Deed Poll</b>	means the deed poll entered into by WAM Leaders in the form set out in Annexure C.
<b>Effective</b>	means when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
<b>Effective Date</b>	means the date on which the Scheme becomes Effective.

<b>Election</b>	means an election by a Scheme Participant to receive Cash Consideration that has been made in accordance with clause 5.1(a) of the Scheme set out in Annexure B of this Scheme Booklet.
<b>Election Date</b>	means 5:00pm on the date of the Scheme Meeting or such other date as the parties agree in writing.
<b>Election Form</b>	means a form issued by QVE for the purposes of a Scheme Participant making an Election.
<b>End Date</b>	means 16 September 2024, or such other date agreed by WAM Leaders and QVE in writing.
<b>Excluded Shareholder</b>	means WAM Leaders and includes any custodian of WAM Leaders to the extent it is acting in that capacity.
<b>GST</b>	means the meaning given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Implementation Date</b>	means the: (a) 5th Business Day following the Record Date; or (b) 2nd Business Day after the WAM Leaders Pre-tax NTA and QVE Pre-tax NTA have both been Confirmed, whichever date occurs last, or such other date as the parties agree in writing or as may be required by ASX.
<b>Independent Directors</b>	means the following QVE Directors: (a) Mr Peter McKillop; (b) Ms Linda Wing Yeung Fox; and (c) Mr Eamonn Roles.
<b>Independent Expert</b>	means Lonergan Edwards & Associates Limited ACN 095 445 560.
<b>Independent Expert's Report</b>	means the report by the Independent Expert set out in Annexure A.
<b>Ineligible Overseas Shareholder</b>	means any person who: (a) holds QVE Shares and to whom WAM Leaders would be prohibited from issuing Scrip Consideration pursuant to any act, rule or regulation of Australia which prohibits WAM Leaders from issuing Scrip Consideration to foreign persons; (b) holds QVE Shares and does not have a Registered Address in Australia, or such other jurisdiction where QVE and WAM Leaders may determine it would be lawful and practicable for that registered shareholder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; or (c) is acting on behalf of or for the account of a person who holds QVE Shares beneficially and resides in a jurisdiction outside of Australia, except, with the consent of QVE and WAM Leaders, such a beneficial shareholder residing in another jurisdiction where QVE and WAM Leaders may determine it would be lawful and practicable for that beneficial holder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws.
<b>Intended Takeover Offer</b>	means the conditional off-market takeover offer for QVE which WAM Leaders announced its intention to make on 31 January 2024 on the ASX.

<b>Last Practicable Date</b>	means 17 May 2024, being the last practicable Business Day before the finalisation of the Scheme Booklet.
<b>Listing Rules</b>	means the listing rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.
<b>NAV</b>	means net asset value.
<b>Net Proceeds</b>	has the meaning given by Section 3.10(b) of this Scheme Booklet.
<b>New WAM Leaders Shares</b>	means the WAM Leaders Shares to be issued to Scheme Participants as Scrip Consideration.
<b>Non-excluded Directors</b>	means the following QVE Directors: (a) Mr Peter McKillop; (b) Ms Linda Wing Yeung Fox; (c) Mr Eamonn Roles; and (d) Mr Anton Tagliaferro.
<b>Notice of Scheme Meeting</b>	means the notice in relation to the Scheme Meeting set out in Annexure D to this Scheme Booklet.
<b>NTA</b>	means net tangible assets. When used in the context of the Scheme Consideration, or 'Pre-tax NTA', refer to 'Pre-tax NTA' defined below.
<b>Online Meeting Guide</b>	means the online meeting guide which can be found on QVE's website at <a href="http://www.qvequities.com/onlineetingguide">www.qvequities.com/onlineetingguide</a> .
<b>Pitcher Partners</b>	means PPNSW Services Pty Ltd ACN 608 418 828.
<b>Pre-tax NTA</b>	means the net tangible asset backing of QVE or WAM Leaders (as the context requires) per QVE Share or WAM Leaders Share (as the case may be) before current and deferred tax balances calculated as at 5:00pm (Sydney time) on the Calculation Date (currently expected to be 4 July 2024) in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations.  For the purpose of calculating the Scheme Consideration, each pre-tax NTA will: (a) be reviewed and Confirmed in accordance with the Scheme Implementation Agreement; (b) include a liability for costs associated with implementing the Scheme that have been incurred by QVE or WAM Leaders (as applicable) but remain unpaid as at the Calculation Date (including in respect of QVE, D&O Run-Off Insurance and fees to the Independent Expert, otherwise in respect of both parties, registry, court and other filing fees, fees for financial, taxation legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit). Any such liability relating to QVE will be reduced by \$550,000 including GST; and (c) be calculated on the basis of the last sale price quoted by Refinitiv in respect of the equity and option components of the relevant party's underlying portfolio positions on the Calculation Date.
<b>Prescribed Occurrence</b>	means a QVE Prescribed Occurrence or a WAM Leaders Prescribed Occurrence.
<b>Price to NTA Discount</b>	has the meaning given by Section 1.3(a) of this Scheme Booklet.

<b>Pro Forma Historical Financial Information</b>	has the meaning given by Section 7.3 of this Scheme Booklet.
<b>Proxy Form</b>	means the personalised form for appointing a proxy in respect of the Scheme Meeting accompanying this Scheme Booklet.
<b>QVE</b>	means QV Equities Limited ACN 169 154 858.
<b>QVE Board</b>	means the board of directors of QVE.
<b>QVE Director</b>	means the directors of QVE.
<b>QVE Management Agreement</b>	means the management agreement between QVE and the QVE Manager dated on or about 23 June 2014.
<b>QVE Manager</b>	means Investors Mutual Limited ACN 078 030 752.
<b>QVE Portfolio</b>	means QVE's portfolio of investments.
<b>QVE Prescribed Occurrence</b>	has the meaning given to the term "QV Equities Prescribed Occurrence" in the Scheme Implementation Agreement.
<b>QVE Prospectus</b>	means the QVE Prospectus dated 23 June 2014, which is available on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> or from QVE's website at <a href="http://www.qvequities.com">www.qvequities.com</a>
<b>QVE Registry</b>	means Link Market Services Limited ACN 083 214 537 or such other person that provides share registry services to QVE from time to time.
<b>QVE Share</b>	means a fully paid ordinary share in the capital of QVE.
<b>QVE Shareholder</b>	means each person who is registered on the Share Register as a holder of QVE Shares.
<b>Record Date</b>	means the record date for determining entitlements to the Scheme Consideration, being the second Business Day after the Effective Date, which is expected to be 5:00pm (Sydney time) on 8 July 2024, or such other date as QVE and WAM Leaders agree.
<b>Registered Address</b>	means in relation to a Scheme Participant, the address of the Scheme Participant shown in the Share Register as at the Record Date.
<b>Regulatory Authority</b>	includes: (a) ASX, ASIC and the Takeovers Panel; (b) a government or governmental, semi-governmental or judicial entity or authority, including the ATO; (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (d) any regulatory organisation established under statute.
<b>Related Body Corporate</b>	has the meaning given in the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Requisite Majorities</b>	means: (a) a majority in number (that is, more than 50%) of QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative); and (b) holders of at least 75% of the total number of votes cast on the Scheme Resolution by QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative).

<b>RITC</b>	means reduced input tax credit.
<b>Sale Agent</b>	means the agent appointed in relation to the Scheme by WAM Leaders and QVE to sell the Scrip Consideration that would have otherwise been issued to Ineligible Overseas Shareholders.
<b>Sale Proceeds</b>	has the meaning given by Section 3.10(b) of this Scheme Booklet.
<b>Scheme</b>	means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders, in the form set out in Annexure B, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by QVE and WAM Leaders.
<b>Scheme Booklet</b>	means this document, including any attachment to it.
<b>Scheme Conditions</b>	means the conditions precedent as stated under clause 3.1 of the Scheme and detailed in Section 3.5 of this Scheme Booklet.
<b>Scheme Consideration</b>	means, depending on the Scheme Participant's Election, the consideration to be provided to each Scheme Participant for the transfer to WAM Leaders of each Scheme Share, being: (a) Cash Consideration; (b) Scrip Consideration; or (c) a combination of Cash Consideration and Scrip Consideration.
<b>Scheme Implementation Agreement</b>	means the document titled "Scheme Implementation Agreement" between QVE and WAM Leaders dated 12 March 2024, as amended by the letter of variation dated 3 May 2024 both of which are available on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> or from QVE's website at <a href="http://www.qvequities.com">www.qvequities.com</a> .
<b>Scheme Meeting</b>	means the meeting to be convened by the Court at which QVE Shareholders will vote on the Scheme.
<b>Scheme Order</b>	means the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications.
<b>Scheme Participant</b>	means each person who is a QVE Shareholder at the Record Date other than Excluded Shareholders.
<b>Scheme Resolution</b>	means the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
<b>Scheme Share</b>	means a QVE Share held by a Scheme Participant.
<b>Scheme Transfer Form</b>	means the share transfer form for the transfer of all of the Scheme Shares to WAM Leaders pursuant to the Scheme.
<b>Scheme Trust Account</b>	means an Australian dollar denominated trust account operated by QVE as trustee for the benefit of Cash Participants.
<b>Scrip Consideration</b>	means for each Scheme Share, that number of New WAM Leaders Shares determined by dividing the QVE's Pre-tax NTA by the WAM Leaders' Pre-tax NTA, as set out in the Scheme.
<b>Scrip Participant</b>	means a Scheme Participant who will receive Scrip Consideration for all or some of their Scheme Shares.
<b>Second Court Date</b>	means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.

<b>Second Court Hearing</b>	means the hearing of the application made to the Court for the Scheme Order.
<b>Share Register</b>	means the register of holders of QVE Shares maintained by or on behalf of QVE.
<b>Shareholder Information Line</b>	means the information line set up for the purpose of responding to enquiries from QVE Shareholders in relation to the Scheme, being 1300 150 530 (in Australia) and +61 2 9066 4054 (International).
<b>Superior Proposal</b>	means a bona fide Competing Transaction which the Independent Directors, acting in good faith, and after taking written advice from their legal and financial advisers (as contemplated under clause 9.5 of the Scheme Implementation Agreement), determine:  (a) is reasonably capable of being completed, taking into account all aspects of the Competing Transaction and the person making it, within a reasonable timeframe and substantially in accordance with its terms; and  (b) would, if so completed, result in a more favourable outcome for QVE Shareholders as a whole than would result from implementation of the Transaction, taking into account all the terms and conditions of the Competing Transaction.
<b>Takeovers Panel</b>	means the panel established under section 171 of the <i>Australian Securities and Investments Commission Act 1989</i> (Cth) and continued in existence by section 261 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>Transaction</b>	means the acquisition of QVE by WAM Leaders through implementation of the Scheme, in accordance with this agreement or as otherwise agreed between the parties in writing.
<b>Transaction Costs</b>	means, unless otherwise agreed by QVE and WAM Leaders pursuant to the Scheme Implementation Agreement, all of QVE or WAM Leaders costs associated with implementing the Transaction (as applicable) (including registry, court and other filing fees, fees for a parties' financial, taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, costs associated with the D&O Run-Off Insurance, accrued management and performance fees as at the Calculation Date and any other contractual liabilities (such as the QVE Management Agreement termination costs) (as applicable), including GST paid on such costs (to the extent not reduced by an input tax credit)) that have been incurred but remain unpaid as at the Calculation Date.
<b>Transition Plan</b>	means a transition plan adopted by WAM Leaders with the consent of QVE in accordance with the Scheme Implementation Agreement.
<b>Undisturbed QVE Share Price</b>	means the closing QVE Share price the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the day before the market became aware of WAM Leaders' interest in acquiring QVE and hence reflecting an "undisturbed" price of QVE Shares).
<b>VWAP</b>	means the volume-weighted average price.
<b>WAM Leaders</b>	means WAM Leaders Limited ACN 611 053 751.
<b>WAM Leaders Board</b>	means the board of directors of WAM Leaders.
<b>WAM Leaders Director</b>	means the directors of WAM Leaders.

<b>WAM Leaders Information</b>	means the information regarding WAM Leaders provided by or on behalf of WAM Leaders to QVE for inclusion in the Scheme Booklet, being information regarding WAM Leaders required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60, Takeovers Panel policy and guidance notes, and the Listing Rules. WAM Leaders Information does not include information about QVE, except to the extent it relates to any statement of intention relating to QVE following the Effective Date.
<b>WAM Leaders Investment Management Agreement</b>	means the investment management agreement between WAM Leaders and the WAM Leaders Manager.
<b>WAM Leaders Manager</b>	means MAM Pty Limited ACN 100 276 542.
<b>WAM Leaders Prescribed Occurrence</b>	has the meaning given to that term in the Scheme Implementation Agreement.
<b>WAM Leaders Share</b>	means a fully paid ordinary share in the capital of WAM Leaders.
<b>WAM Leaders Share Register</b>	means the register of members maintained by the WAM Leaders Share Registry in accordance with the Corporations Act.
<b>WAM Leaders Share Registry</b>	means Boardroom Pty Limited (ABN 14 003 209 836).
<b>WAM Leaders Shareholder</b>	means a person who is registered in the WAM Leaders Share Register as the holder of a WAM Leaders Share.
<b>WAR</b>	means WAM Strategic Value Limited ACN 649 096 220.
<b>Wilson Asset Management</b>	means Wilson Asset Management (International) Pty Ltd (ACN 081 047 118) and its wholly owned subsidiary MAM Pty Limited (ACN 100 276 542).
<b>Wilson Asset Management Group</b>	means Wilson Asset Management (International) Pty Ltd (ACN 081 047 118) and its Related Bodies Corporate.
<b>WLE Contribution</b>	has the meaning given by Section 3.2(e) of this Scheme Booklet.

## 11.2 Interpretation

In this Scheme Booklet, the following rules apply unless the context requires otherwise.

- (a) A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.
- (b) Headings are inserted for ease of reference only and do not affect the interpretation of this Scheme Booklet.
- (c) The singular includes the plural and vice versa.
- (d) A gender includes all genders.
- (e) A reference to a person includes a corporation, trust, partnership, joint venture, association, unincorporated body or other body corporate and vice versa.
- (f) If a word is defined, another part of speech has a corresponding meaning.
- (g) A reference to a Section is a reference to a Section of this Scheme Booklet.
- (h) Words and phrases not otherwise defined in this Scheme Booklet (excluding the annexures) have the same meaning (if any) as is given to them by the Corporations Act.

- (i) Use of the words 'including', 'for example' and similar expressions are not, nor are they to be interpreted as, words of limitation.
- (j) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (k) Unless expressly stated otherwise, a reference to time is a reference to time in Sydney, New South Wales.
- (l) Unless expressly stated otherwise, a reference to dollars and \$ is a reference to the lawful currency of Australia.



## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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The Independent Directors  
QV Equities Limited  
Level 24, 25 Bligh Street  
Sydney NSW 2000

2 May 2024

**Subject: Proposed acquisition of QVE by way of a scheme of arrangement**

Dear Independent Directors<sup>1</sup>

## **Introduction**

- 1 On 31 January 2024, WAM Leaders Limited (WLE) announced that it intended to make an off-market takeover bid (Off Market Takeover Offer) for QV Equities Limited (QVE or the Company). QVE subsequently announced that the QVE Board would consider and evaluate the proposed Off Market Takeover Offer, and the Bidder's Statement once received.
- 2 Concurrent with QVE's announcement of the Off Market Takeover Offer, the Company also indicated that it had received a confidential non-binding proposal from WLE to merge QVE and WLE by way of an all-scrip transaction (Initial Proposal). QVE, together with its advisers, carefully considered the Initial Proposal in the form it was presented to the Company and determined that it was not in the best interests of QVE shareholders. The Initial Proposal was therefore rejected on the same confidential basis as it was provided to QVE.
- 3 As a result of the Initial Proposal and Off Market Takeover Offer, QVE conducted a formal strategic review of its options (supported by its professional advisers) with the aim of maximising value for QVE shareholders.
- 4 On 12 March 2024, QVE and WLE announced that they had entered into a binding Scheme Implementation Agreement (SIA) under which QVE and WLE would effectively merge by way of WLE acquiring 100% of the share capital in QVE<sup>2</sup>. The proposed acquisition of QVE shares is to be implemented via a scheme of arrangement between QVE and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).

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<sup>1</sup> The Independent Directors of QVE are Mr Peter McKillop, Ms Linda Wing Yeung Fox and Mr Eamonn Roles.

<sup>2</sup> As at the date of this report, WLE does not hold any shares in QVE, however WAM Strategic Value Limited (ASX: WAR), an entity related to WLE, holds 35.8 million QVE shares, representing a 15.8% interest in the Company.

### **Authorised Representatives:**

Wayne Lonergan • Craig Edwards\* • Hung Chu • Martin Hall • Martin Holt\* • Grant Kepler\* • Julie Planinic\* • Nathan Toscan • Jorge Resende

\* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.

*Liability limited by a scheme approved under Professional Standards Legislation*

- 5 If the Scheme is approved and implemented, QVE shareholders<sup>3</sup> may elect to receive the scheme consideration as one of the following:
- (a) **Scrip Consideration** – new shares in WLE. The number of WLE shares to be allotted to each QVE shareholder electing to receive the Scrip Consideration will be determined by a formula based on the reported pre-tax net tangible assets (NTA) of QVE and WLE<sup>4</sup> on the Calculation Date<sup>5</sup> after adjusting for each party’s respective Transaction Costs<sup>6</sup> (the Exchange Ratio). The Scrip Consideration is the default Scheme Consideration and is not available to Ineligible Overseas Shareholders (as defined in Section 11 of the Scheme Booklet)
  - (b) **Cash Consideration** – a cash amount equal to a 2.5% discount to the reported QVE pre-tax NTA per share on the Calculation Date after adjusting for QVE’s Transaction Costs
  - (c) a combination of Scrip Consideration and Cash Consideration (collectively the Scheme Consideration).
- 6 It is the current intention of the WLE Board to ensure that all QVE shareholders who elect to receive the Scrip Consideration will be eligible to receive WLE’s fully franked final dividend for the year ended 30 June 2024 (FY24), with the current guidance of 4.6 cents per share (cps) as announced by WLE on 26 February 2024.
- 7 QVE shareholders will also receive a quarterly dividend determined in its ordinary and usual course of business for the March 2024 quarter under the Scheme. This dividend of 1.3 cps was announced on 24 April 2024 and will be paid on 31 May 2024.

## QVE

- 8 QVE is an ASX listed investment company (LIC) with a market capitalisation of \$226 million as at 31 March 2024. The Company is managed by Australian equities asset manager Investors Mutual Limited (IML or the QVE Investment Manager) in accordance with its Investment Management Agreement, dated 23 June 2014 (QVE Investment Management Agreement). The QVE Investment Manager is mandated to invest QVE’s funds in a diversified portfolio of high-quality, good value companies listed on the ASX that are outside the top 20 ASX listed companies. QVE adopts a value investment approach, whereby it targets securities that are considered under-priced relative to their intrinsic value, over a long term investment horizon.

<sup>3</sup> For the purpose of our report “QVE shareholders” refers to QVE shareholders other than WAM Strategic Value Limited. WLE has advised QVE that WAM Strategic Value Limited is in favour of the Scheme but will abstain from voting on the Scheme at the Scheme meeting.

<sup>4</sup> Determined in the same manner as that published by the companies in their respective periodic Australian Securities Exchange (ASX) pre-tax NTA announcements.

<sup>5</sup> The Calculation Date is 5pm (Sydney time) on the Effective Date (i.e. the date the Scheme becomes effective), which is expected to be 4 July 2024.

<sup>6</sup> Transaction Costs means all the costs incurred by either party that are not yet paid associated with the Scheme and its implementation, including, inter alia, advisers’ expenses, legal expenses, counsel fees, fees of the independent expert and all other related costs.

## WLE

- 9 WLE is an ASX LIC with a market capitalisation of \$1.745 billion as at 31 March 2024. WLE provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WLE listed on the ASX in May 2016 and has grown to become the third largest LIC on the ASX. WLE is one of eight ASX LICs that is managed by MAM Pty Limited (the WLE Investment Manager), a subsidiary and wholly owned entity of Wilson Asset Management (International) Pty Limited (together WAM). WAM is an investment manager that invests over \$5 billion on behalf of more than 130,000 retail investors.

## Purpose of report

- 10 There is no legislative (or regulatory) requirement for QVE to obtain an independent expert's report (IER), however, the Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is fair and reasonable and in the best interests of QVE shareholders. The QVE Non-excluded Directors'<sup>7</sup> recommendation of the Scheme is (inter alia) also subject to the same condition.
- 11 In addition, as the Scheme is considered a change of control transaction, the Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable (as well as the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders).
- 12 Accordingly, the Independent Directors of QVE have requested Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of QVE shareholders and the reasons for that opinion. LEA is independent of QVE and WLE and has no other involvement or interest in the proposed Scheme.

## Summary of opinion on the Scheme

- 13 Set out below, and in the relevant sections of this report, we have separately considered the Scrip Consideration and the Cash Consideration. Based on this analysis, we have concluded that each of the Cash Consideration and the Scrip Consideration are fair and reasonable.
- 14 As noted above, under the Scheme QVE shareholders may elect to receive either Scrip Consideration or Cash Consideration (or a combination of both). We have therefore concluded that the Scheme is fair and reasonable and in the best interests of QVE shareholders, in the absence of a superior proposal. We have formed these opinions for the reasons set out below.

## Value of QVE

- 15 For the valuation of QVE we have adopted the orderly realisation approach with a valuation date of 31 March 2024. QVE's reported unaudited pre-tax NTA as at this date was \$1.0643 per share, to which we have added and subtracted \$0.02 per share to allow for potential variations post the valuation date up to the Calculation Date.

<sup>7</sup> The Non-excluded Directors of QVE comprise the Independent Directors and Mr Anton Tagliaferro.

- 16 On this basis, we have assessed the value of QVE shares on a 100% controlling interest at \$0.99 to \$1.02 per share as shown below:

<b>Valuation of QVE<sup>(1)</sup></b>			
	<b>Paragraph</b>	<b>Low \$m</b>	<b>High \$m</b>
QVE pre-tax NTA per share as at 31 March 2024 (\$)	167	1.0443	1.0843
QVE shares on issue (million)	92	227.4	227.4
<b>QVE pre-tax NTA</b>		<b>237.5</b>	<b>246.6</b>
Liquidation and winding up costs	169	(9.9)	(12.0)
QVE Investment Management Agreement termination fees	170	(2.2)	(2.3)
<b>Net adjustments</b>		<b>(12.2)</b>	<b>(14.4)</b>
<b>Assessed equity value of QVE</b>		<b>225.3</b>	<b>232.2</b>
QVE shares on issue (million)	92	227.4	227.4
<b>Assessed equity value of QVE per share (\$)</b>		<b>0.99</b>	<b>1.02</b>

**Note:**

1 Rounding differences may exist.

## Assessment of the Scrip Consideration component of the Scheme

### Assessment of “fairness”

- 17 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison as it applies to the Scrip Consideration is shown below:

<b>Comparison of Scrip Consideration to assessed value of QVE shares</b>				
	<b>Paragraph</b>	<b>Low \$</b>	<b>Mid \$</b>	<b>High \$</b>
Value of Scrip Consideration per QVE share	207	1.020	1.035	1.050
Assessed value per QVE share	179	0.990	1.005	1.020
<b>Extent to which the Scrip Consideration exceeds our assessed value per QVE share</b>		<b>0.030</b>	<b>0.030</b>	<b>0.030</b>

- 18 As the value of the Scrip Consideration per QVE share is above our assessed valuation range for QVE shares on a 100% controlling interest basis, in our opinion the Scrip Consideration is fair to QVE shareholders when assessed based on the guidelines set out in RG 111.

### Assessment of “reasonableness” and “in the best interests”

- 19 Pursuant to RG 111, a transaction is “reasonable” if it is “fair”. As the Scrip Consideration component of the Scheme is fair, in our opinion, the Scrip Consideration component of the Scheme is also reasonable.
- 20 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.

- 21 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 22 We therefore consider that the Scrip Consideration component of the Scheme is also in the best interests of QVE shareholders in the absence of a superior proposal.
- 23 In assessing whether the Scrip Consideration component of the Scheme is “reasonable” and “in the best interests” of QVE shareholders, LEA has also considered the likely advantages and disadvantages of the Scrip Consideration component of the Scheme, as set out below.

### Advantages

- 24 The Scrip Consideration component of the Scheme has the following benefits for QVE shareholders:
- (a) the implied value of the Scrip Consideration of \$1.02 to \$1.05 per QVE share is above our assessed value range for QVE shares on a controlling interest basis
  - (b) the Scrip Consideration represents a material premium to the recent market prices of QVE shares prior to the announcement of the Off Market Takeover Offer. Furthermore, the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances
  - (c) QVE has consistently traded at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer (i.e. the “undisturbed” QVE share price), which has averaged 9.3% and 9.4%<sup>8</sup> respectively over the previous one and three year periods<sup>9</sup>. QVE has attempted to reduce this discount through share buy-backs, increasing the frequency of its dividend, more frequent reporting of its NTA position (i.e. from monthly to weekly) and increased marketing. Notwithstanding these initiatives, QVE continued to trade at a material discount to its reported pre-tax NTA. QVE shareholders accepting the Scrip Consideration will receive WLE shares that have traded on average above WLE’s reported pre-tax NTA per share by 3.8% and 4.2% over the one and three years respectively up to the announcement of the Off Market Takeover Offer
  - (d) QVE shareholders will obtain exposure to WLE’s historically superior investment performance which has generated:
    - (i) annual investment returns before costs and taxes of 13.4% per annum on average since inception. Comparative average returns for QVE since inception have been 7.3% per annum<sup>10</sup>
    - (ii) a total shareholder return<sup>11</sup> (i.e. after allowance for management and performance fees and taxes) of 8.0% per annum since inception. The comparative total shareholder return for QVE since inception has been 2.6% per annum<sup>10</sup>

<sup>8</sup> Refer to Section III (paragraph 96) and Section IX (paragraph 233).

<sup>9</sup> As shown in Section V (paragraph 154) this is not an uncommon situation for ASX LICs which on average also tend to trade at a discount to NTA.

<sup>10</sup> Noting that these LICs have different measurement periods as QVE’s inception was August 2014 and WLE’s inception was May 2016.

<sup>11</sup> A total shareholder return is based on the respective companies’ share price assuming reinvestment of dividends.



- (e) based on the Scrip Consideration Exchange Ratio, QVE shareholders are likely to receive a higher annual dividend as WLE shareholders. For example, had the Scheme been effective for the full FY24 year, QVE shareholders' dividend would have been 1.54 cps<sup>12</sup> higher than the equivalent QVE dividend (which is a 29.6% increase)
- (f) QVE shareholders accepting the Scrip Consideration will be a part of a significantly larger LIC which has significantly higher liquidity than the historical trading in QVE shares
- (g) QVE shareholders accepting the Scrip Consideration may be eligible for capital gains tax rollover relief<sup>13</sup>
- (h) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of QVE shares is likely to trade at a material discount to our valuation, and likely in the range of discount to reported pre-tax NTA it has previously traded at. In addition, there are a number of costs associated with the Scheme that will impact QVE's reported pre-tax NTA regardless of whether the Scheme is successful.

### Disadvantages

25 QVE shareholders who elect to receive the Scrip Consideration should note that:

- (a) WLE has higher management fees than QVE, noting that WLE pays management fees equal to 1.0% per annum of the value of the portfolio, whereas QVE currently pays management fees of 0.9% per annum of the portfolio net asset value on the first \$150 million and then 0.75% of the portfolio net asset value above this amount. However, given WLE's superior historic performance in comparison to QVE (as noted above), this increase in management fees appears reasonable. Further, the removal of duplicated costs (i.e. ASX listing fees and share registry costs and the elimination of other operational costs) could offset the increase in management fees
- (b) QVE is not required to pay performance fees to IML, whereas WLE is required to pay a performance fee to the WLE Investment Manager of 20% of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index (subject to the recoupment of prior underperformance). Such performance fees can incentivise benchmark outperformance, however, this should not be at the expense of adding undue risk to the investment portfolio
- (c) the Exchange Ratio is based on reported pre-tax NTA and accordingly QVE shareholders collectively are not receiving any benefit for QVE's deferred tax asset in respect of realised and unrealised losses on the QVE investment portfolio.

### Conclusion

26 Given the above analysis, we consider the advantages of the Scrip Consideration component of the Scheme to significantly outweigh the disadvantages. Accordingly, in our view, the

<sup>12</sup> Based on the Exchange Ratio of 0.7323, WLE's dividend declared for the half year ending 1H24 of 4.6 cps, plus WLE's final dividend guidance for FY24 of 4.6 cps, and QVE's declared dividends for the three quarters to 31 March 2024 of 1.3 cps per quarter (3.9 cps for this period) plus an assumed 1.3 cps final dividend.

<sup>13</sup> QVE is in the process of applying for a class ruling from the Australian Taxation Office on specific income tax implications for Australian resident shareholders in relation to their disposal of QVE shares under the Scheme. If capital gains tax roll-over relief is available and chosen, the capital gain that a QVE shareholder would otherwise make on the disposal of their QVE shares will be disregarded to the extent that the capital proceeds received are new WLE shares.

Scrip Consideration component of the Scheme is fair and reasonable and in the best interests of QVE shareholders in the absence of a superior proposal.

### Other considerations

- 27 QVE shareholders should note that the listed market price of WLE shares is subject to daily fluctuation. The price at which WLE shares may be sold in the future may therefore be greater or less than our assessed realisable value.
- 28 QVE shareholders should also note that any decision to hold WLE shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold WLE shares should be made by QVE shareholders having regard to their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

## Assessment of Cash Consideration component of the Scheme

### Assessment of “fairness”

- 29 As stated above, under RG 111 a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison as it applies to the Cash Consideration is shown below:

Comparison of Cash Consideration to assessed value of QVE shares				
	Paragraph	Low \$	Mid \$	High \$
Cash Consideration per QVE share <sup>(1)</sup>	215	1.020	1.020	1.020
Assessed value per QVE share	179	0.990	1.005	1.020
<b>Extent to which the Cash Consideration exceeds our assessed value per QVE share</b>		<b>0.030</b>	<b>0.015</b>	<b>0.000</b>

**Note:**

- 1 Based on the reported pre-tax NTA as at 31 March 2024 adjusted for QVE’s Transaction Costs and allowing for a 2.5% discount.

- 30 As the Cash Consideration per QVE share is consistent with our assessed value per share of QVE on a 100% controlling interest basis, in our opinion, the Cash Consideration is fair when assessed in accordance with the guidelines set out in RG 111.

### Assessment of “reasonableness” and “in the best interests”

- 31 As stated above, under RG 111, a transaction is “reasonable” if it is “fair” and if it is “fair and reasonable” it is also generally “in the best interests” of shareholders. As the Cash Consideration component of the Scheme is fair, in our opinion, the Cash Consideration component of the Scheme is also reasonable and in the best interests of QVE shareholders.
- 32 In assessing whether the Cash Consideration component of the Scheme is “reasonable” and “in the best interests” of QVE shareholders, LEA has also considered the likely advantages and disadvantages of the Cash Consideration component of the Scheme, as set out below.

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### Advantages

- 33 The Cash Consideration component of the Scheme has the following benefits for QVE shareholders:
- (a) the implied value of the Cash Consideration of \$1.02 per QVE share is consistent with our assessed value range for QVE shares on a controlling interest basis
  - (b) the Cash Consideration represents a material premium to the recent market prices of QVE shares prior to the announcement of the Off Market Takeover Offer. Furthermore, the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances
  - (c) as stated at paragraph 24(c) above, QVE has consistently traded at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer (i.e. the “undisturbed” QVE share price). QVE has attempted to reduce this discount through a number of initiatives, however, the Company has continued to trade at a material discount to its reported pre-tax NTA. QVE shareholders accepting the Cash Consideration will receive cash consideration at a materially higher level than recent share trading
  - (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of QVE shares is likely to trade at a material discount to our valuation, and likely in the range of discount to reported pre-tax NTA it has previously traded at. In addition, there are a number of costs associated with the Scheme that will impact QVE’s reported pre-tax NTA regardless of if the Scheme is successful.

### Disadvantages

- 34 QVE shareholders who elect to receive the Cash Consideration should note that:
- (a) if the Scheme is implemented they will no longer hold an interest in QVE. QVE shareholders receiving the Cash Consideration will therefore not participate in any future value created by the Company over and above that reflected in the Cash Consideration. However, as our assessed value of QVE shares is consistent with the Cash Consideration, in our opinion, the current value of QVE is reflected in the Cash Consideration
  - (b) the Cash Consideration is based on QVE’s reported pre-tax NTA and accordingly QVE shareholders collectively are not receiving any benefit for QVE’s deferred tax asset in respect of realised and unrealised losses on the QVE investment portfolio.

### Conclusion

- 35 Given the above analysis, we consider the advantages of the Cash Consideration component of the Scheme to significantly outweigh the disadvantages. Accordingly, in our view, the Cash Consideration component of the Scheme is fair and reasonable and in the best interests of QVE shareholders in the absence of a superior proposal.

### Other matters

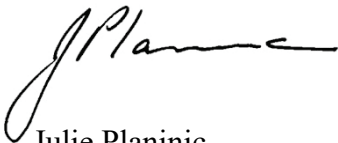
- 36 WLE applied to ASIC for conditional relief from its obligation under s631 of the *Corporations Act 2001* (Cth) (Corporations Act) to make offers to QVE shareholders in accordance with, and within two months after, the announcement of the Off Market Takeover Offer. On 14 March 2024, ASIC granted that relief, extending the usual period to five months

and 14 days<sup>14</sup> to allow time for the Scheme to be considered by QVE shareholders and for Court approval. Where the Scheme becomes effective following approval by QVE's shareholders and the Court, ASIC relief exempts WLE from the requirement to make offers under the announced Off Market Takeover Offer. If WLE or QVE publicly announce that the SIA has been terminated or is varied (or the Scheme will otherwise not proceed), WLE is required to make offers to QVE's shareholders on the same or substantially no less favourable terms than those outlined in the Off Market Takeover Offer (subject to defeating conditions), within three weeks of that event.

## General

- 37 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual QVE shareholders. Accordingly, before acting in relation to the Scheme, QVE shareholders should have regard to their own objectives, financial situation and needs. QVE shareholders should also read the Scheme Booklet that has been issued by QVE in relation to the Scheme.
- 38 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether QVE shareholders should vote for, or against the Scheme. This is a matter for individual QVE shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If QVE shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.
- 39 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that QVE shareholders read the remainder of our report.

Yours faithfully



Julie Planinic  
Authorised Representative



Jorge Resende  
Authorised Representative

<sup>14</sup> This relief was subsequently extended to 15 August 2024 by ASIC on 3 May 2024.

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<b>C</b>	<b>Glossary</b>

## I Key terms of the Scheme

### Terms

- 40 An overview and key terms of the Scheme is set out at paragraphs 4 to 7.
- 41 If the Scheme is approved and implemented, QVE shareholders may elect to receive the Scheme Consideration as either Cash Consideration or Scrip Consideration or a combination of both.

### Conditions

- 42 The Scheme is subject to the satisfaction or waiver of a number of conditions precedent, including the following which are outlined in the SIA between QVE and WLE dated 12 March 2024:
- (a) respective regulatory approvals from ASIC, ASX<sup>15</sup> and any other applicable government agency
  - (b) orders by the Court convening the Scheme meeting, and subsequent approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
  - (c) QVE shareholder approval by the requisite majorities at the Scheme meeting
  - (d) no temporary restraining order, preliminary or permanent injunction, decree, ruling or other order issued by any court of competent jurisdiction or any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme is in effect at 8.00am on the Second Court Date
  - (e) no “Prescribed Occurrence” (as defined in clause 1.1 of the SIA) occurs in respect of either QVE or WLE on or before 8.00am on the Second Court Date
  - (f) no “Material Adverse Change” (as defined in clause 1.1 of the SIA) occurs in respect of either QVE or WLE on or before 8.00am on the Second Court Date
  - (g) QVE has given notice to terminate the QVE Investment Management Agreement before 8.00am on the Second Court Date
  - (h) the QVE and WLE Warranties (as defined in clause 1.1 of the SIA) are true and correct in all material respects both as at 12 March 2024 and at 8.00am on the Second Court Date
  - (i) an independent expert issuing a report which concludes that the Scheme is fair and reasonable and in the best interests of QVE shareholders and does not change its opinion or withdraw or qualify its conclusion or otherwise withdraw its report before 8.00am on the Second Court Date.
- 43 In addition, QVE has agreed that during the exclusivity period, which commenced on 12 March 2024 and ends on 16 September 2024, that QVE will not:
- (a) directly or indirectly solicit, invite, encourage or initiate any enquiry, negotiation or discussion with a view to obtaining any offer, proposal or expression of interest from

<sup>15</sup> Including the approval by the ASX of the official quotation of new WLE shares to be issued to QVE shareholders as Scheme Consideration.

any person in relation to, or which may reasonably be expected to lead to, a competing proposal

- (b) directly or indirectly negotiate, enter into, participate in or continue any discussions or negotiations or any agreement, understanding or arrangement in relation to, or which may reasonably be expected to lead to, a competing proposal
- (c) communicate to any person any intention to do any of the things in (a) or (b)
- (d) enable any third party to undertake due diligence on QVE
- (e) make available or permit access to a third party any non-public information relating to QVE for the purposes of that third party formulating, developing or finalising, or assisting such third party to formulate, develop or finalise, a competing proposal.

44 Certain of the exclusivity obligations (relating to “no talk” and “no due diligence”) do not apply in respect of a bona fide written competing proposal if QVE has complied with the various obligations set out in the SIA and the QVE Independent Directors determine, acting in good faith:

- (a) based on written advice from its financial advisers, that the competing proposal is, or may reasonably be expected to lead to, a Superior Proposal (as defined in Schedule 1.1 of the SIA)<sup>16</sup>; and
- (b) based on written advice from its external legal advisers that compliance with its exclusivity obligations would be reasonably likely to be contrary to the fiduciary or statutory duties of the QVE Independent Directors.

### Resolution

45 QVE shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.

46 Pursuant to the Corporations Act, the Scheme will be approved by QVE shareholders if the resolution at the Scheme meeting is passed by a majority in number (more than 50%) of the QVE shareholders present and voting (in person or by proxy), and by 75% of the votes cast on the resolution at that meeting.

47 If the resolution is passed by the requisite majorities, QVE must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all QVE shareholders who hold QVE shares as at the Scheme Record Date<sup>17</sup>, whether or not they voted for the Scheme (and even if they voted against the Scheme).

<sup>16</sup> Subject to any potential breach of fiduciary duties (in certain circumstances), QVE must promptly notify WLE if it receives a competing proposal and give WLE five business days to match that competing proposal.

<sup>17</sup> Expected to be 8 July 2024.

## II Scope of our report

### Purpose

- 48 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.
- 49 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 50 WLE has no current shareholding in QVE and has no representation on the QVE Board<sup>18</sup>. Accordingly, there is no legislative (or regulatory) requirement for QVE to obtain an IER. However, the Scheme is subject to a number of conditions precedent, including an independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of QVE shareholders. The QVE Non-excluded Directors' recommendation of the Scheme is (inter alia) also subject to the same condition. In addition, as the Scheme is considered a change of control transaction, RG 111 requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.
- 51 The Independent Directors of QVE have therefore requested LEA prepare an IER stating whether the proposed acquisition of the shares in QVE by WLE under the Scheme is fair and reasonable and in the best interests of QVE shareholders and the reasons for that opinion. Our report will accompany the Scheme Booklet to be sent to QVE shareholders.
- 52 It should be noted that this report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual QVE shareholders. Accordingly, before acting in relation to the Scheme, QVE shareholders should have regard to their own objectives, financial situation and needs. QVE shareholders should also read the Scheme Booklet that has been issued by QVE in relation to the Scheme.
- 53 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether QVE shareholders should vote for, or against the Scheme. This is a matter for individual QVE shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If QVE shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

<sup>18</sup> However, as stated above, WAM Strategic Value Limited, an entity related to WLE, holds 35.8 million QVE shares, representing a 15.8% interest in the Company.



## Basis of assessment

- 54 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which, inter alia, provides guidance as to how an expert should assess the merits of a transaction.
- 55 When an IER is prepared for a scheme that involves a change of control<sup>19</sup> (like the proposed Scheme concerning QVE), ASIC expects the form of the analysis undertaken by the expert to be substantially the same as for a takeover bid. That is, the expert is required to assess and provide an opinion on whether the scheme is “fair” and “reasonable” to the shareholders of the company which is the subject of the scheme (in addition to the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders, being the opinion required under Part 3 of Schedule 8 of the Corporations Regulations).
- 56 **Fairness** involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares that are the subject of the scheme, assuming 100% ownership of the target (i.e. on a 100% controlling interest basis<sup>20</sup>). A scheme is “fair” if the value of the scheme consideration is equal to, or greater than, the value of the shares that are the subject of the scheme. Fairness effectively measures whether shareholders (in the company the subject of the scheme) are being adequately compensated for the actual (or deemed) change of “control” in ownership.
- 57 **Reasonableness** involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal. A scheme is considered “reasonable” if it is “fair”. A scheme may also be considered “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to vote in favour of the scheme, in the absence of a superior proposal.
- 58 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company. Similarly, RG 111 notes that if an expert concludes that a scheme is “not fair and not reasonable”, then the expert would need to conclude that the scheme is “not in the best interests” of members of the company.
- 59 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of QVE shareholders. This is because, if the consideration payable pursuant to a transaction is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 60 Having regard to the above, our report has therefore considered:

### Fairness

- (a) the market value of the shares in QVE (on a 100% controlling interest basis)

<sup>19</sup> A transaction where a person’s voting power increases from below 20% to more than 20%, or from a starting point that is above 20% and below 90%.

<sup>20</sup> Although the 100% controlling interest should reflect the synergy benefits that are available to the market as a whole (e.g. public company cost savings etc.) any special value that may be derived by a particular “bidder” should not be taken into account (e.g. synergies that are not available to other bidders).



- (b) the value of the Scheme Consideration offered by WLE, including both the Scrip Consideration and the Cash Consideration
- (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111) for both the Scrip Consideration and the Cash Consideration

**Reasonableness**

- (d) the extent to which a control premium is being paid to QVE shareholders
- (e) the comparative position of QVE shareholders both prior to and on the assumption the Scheme is implemented
- (f) the extent to which QVE shareholders are being paid a share of any synergies likely to be generated pursuant to the Scheme
- (g) the listed market price of QVE shares, both prior to and subsequent to the announcement of the Scheme
- (h) the likely market price of QVE shares if the Scheme is not approved
- (i) the value of QVE to an alternative offeror and the likelihood of a higher alternative offer being made for QVE prior to the date of the Scheme meeting
- (j) other qualitative and strategic issues associated with the Scheme; and
- (k) the advantages and disadvantages of the Scheme from the perspective of QVE shareholders.

**Limitations and reliance on information**

- 61 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 62 Our report is also based upon financial and other information provided by QVE and its advisers<sup>21</sup>. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 63 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming our opinion on the Scheme. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 64 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting

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<sup>21</sup> This includes discussions with, and information obtained from, QVE and its advisers and other confidential documents and internal workpapers.

specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

- 65 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 66 In forming our opinion, we have also assumed that:
- (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
  - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the SIA and the terms of the Scheme itself.

### III Profile of QVE

#### Overview

- 67 QVE is a LIC that commenced trading on the ASX on 22 August 2014 and had a market capitalisation of \$226 million as at 31 March 2024. The Company is managed by Australian equities asset manager IML (the QVE Investment Manager) in accordance with the QVE Investment Management Agreement. The QVE Investment Manager is mandated to invest QVE's funds in a diversified portfolio of high-quality, good value companies listed on the ASX that are outside the top 20 ASX listed companies. QVE adopts a value investment approach, whereby it targets securities that are considered under-priced relative to their intrinsic value, over a long term investment horizon.
- 68 QVE's primary investment objective is to deliver long-term value to shareholders through a combination of capital growth and income by investing in a diversified portfolio of quality ASX-listed entities outside the S&P/ASX 20 Index. The Company aims to achieve after-fee returns over a five-year-plus investment period higher than the S&P/ASX 300 Accumulation Index, excluding that part of the return generated by S&P/ASX 20 Accumulation Index securities (hereafter referred to as the S&P/ASX 300 Ex20 Accumulation Index<sup>22</sup>).

#### Portfolio

- 69 A summary of QVE's portfolio as at 31 March 2024 is as follows:

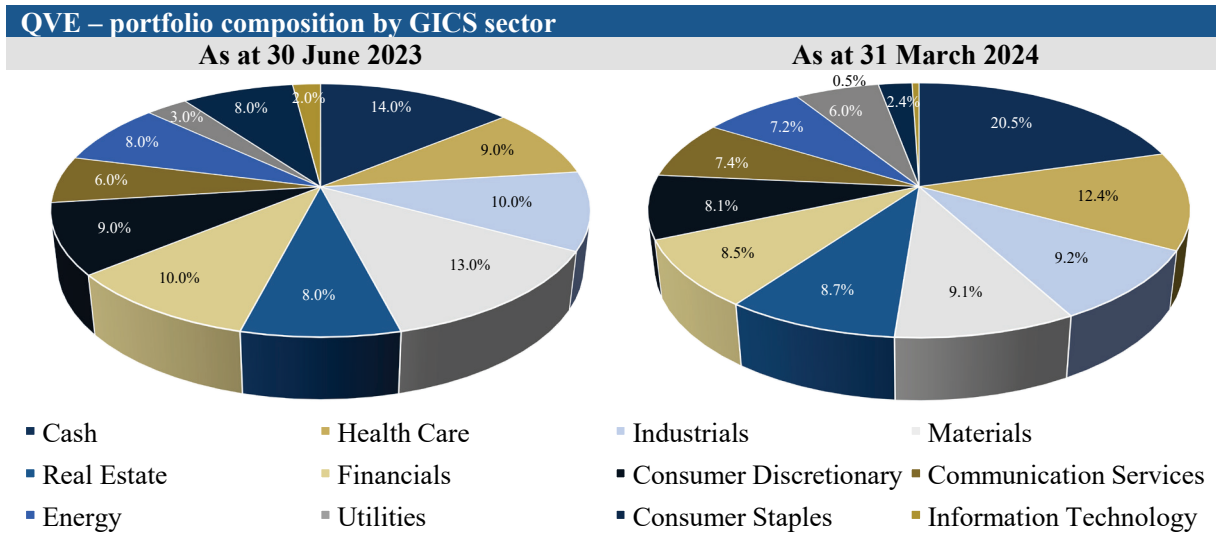
QVE – portfolio composition as at 31 March 2024 <sup>(1)</sup>			
No.	Code	Company <sup>(2)</sup>	% total
1	AZJ	Aurizon Holdings Limited	4.9
2	APA	APA Group	4.2
3	SHL	Sonic Healthcare Limited	4.1
4	AMC	Amcor PLC	3.7
5	ORI	Orica Limited	3.7
6	SUN	Suncorp Group Limited	2.8
7	SKC	Skycity Entertainment Group Limited	2.7
8	CQR	Charter Hall Retail REIT	2.5
9	BXB	Brambles Limited	2.3
10	STO	Santos Limited	2.2
11	ALD	Ampol Limited	2.2
12	TLC	The Lottery Corporation Limited	2.1
13	ACL	Australian Clinical Labs Limited	2.0
14	VUK	Virgin Money UK plc	2.0
15	MYX	Mayne Pharma Group Limited	1.9
16	TPG	TPG Telecom Limited	1.9
17	IDX	Integral Diagnostics Limited	1.9
18	GUD	G.U.D. Holdings Limited	1.9
19	ORG	Origin Energy Limited	1.8
20	NHC	New Hope Corporation Limited	1.7
<b>Top 20 equity holdings</b>			<b>52.4</b>
All other equity investments (a further 27 equity positions)			27.1
<b>Total listed equities</b>			<b>79.5</b>
Cash and cash equivalents			20.5
<b>Total portfolio including cash and cash equivalents</b>			<b>100.0</b>

<sup>22</sup> The S&P/ASX 300 Ex20 Accumulation Index is a custom index from S&P Dow Jones Indices.

**Note:**

- 1 Rounding differences may exist.
  - 2 Some of the above equity positions are subject to call options written by the Company.
- Source:** QVE Scheme Booklet.

70 The following charts show the composition of QVE’s listed equity investment portfolio (based on GICS<sup>23</sup> sector classifications) as at 30 June 2023 and 31 March 2024:



**Investment management<sup>24</sup>**

- 71 As indicated above, QVE has outsourced its investment management function to IML (the QVE Investment Manager). In consideration for the performance of its duties as investment manager of the Company, IML is paid a management fee of 0.9% (plus GST) per annum of the portfolio net asset value on the first \$150 million and then 0.75% (plus GST) of the portfolio net asset value above this amount. The management fee is calculated and accrued on the last day of each month and paid at the end of the month in arrears. There are no performance fees paid by QVE to IML.
- 72 The QVE Investment Management Agreement was entered into on 23 June 2014<sup>25</sup> (i.e. upon fund inception) with a five-year term and an option to extend for a further five-year term. QVE may terminate the QVE Investment Management Agreement post the original five-year term at any time by giving IML at least three months’ written notice.
- 73 If the QVE Investment Management Agreement is terminated, then in most circumstances<sup>26</sup> (such as the offer for QVE by WLE under the Scheme or a liquidation of QVE’s investments for the purposes of winding up the Company) IML is also entitled to a termination payment equal to 0.9% (plus GST) of the net tangible assets backing of each share in each class of

<sup>23</sup> Global Industry Classification Standard (GICS).

<sup>24</sup> Source: QVE Investment Management Agreement, dated 23 June 2014.

<sup>25</sup> Being five years from the initial public offering allotment date.

<sup>26</sup> Further details are set out Section 9.1 of QVE’s Prospectus, dated 23 June 2014.

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shares in the Company multiplied by the number of shares on issue in that class of shares as at the termination date<sup>27</sup>.

## Investment strategy

- 74 QVE’s investment strategy is to create a diversified and balanced portfolio of ASX-listed securities outside the S&P/ASX 20 Accumulation Index, aiming to capitalise on IML’s disciplined investment approach and intensive research process. When assessing investment opportunities, the QVE Investment Manager undertakes a comprehensive “bottom-up” approach to identifying, researching and valuing companies. The QVE Investment Manager’s approach to identifying opportunities for the portfolio is systematic, and focuses on finding those entities that meet its investment criteria, and then determining an appropriate valuation for those entities. Essentially, the QVE Investment Manager adopts a value approach with a focus on long term capital growth.
- 75 In addition to long-term capital growth, IML is focused on long-term income growth for the portfolio, seeking investment opportunities that pay sustainable and growing dividends with attractive franking credits. The QVE Investment Manager augments this approach with a conservative options strategy that includes the writing (selling) of covered call options over the equity positions it holds.

## Investment guidelines

- 76 The following investment guidelines apply to the QVE Investment Manager’s implementation of the Company’s investment strategy<sup>28</sup>:
- as a guide, the Company will generally hold between 20 and 50 ASX-listed securities which fall outside the S&P/ASX 20 Index. Should a security move into the S&P/ASX 20 Index, the security must be disposed of within three years after the security is entered on the S&P/ASX 20 Index
  - the Company may also invest in unlisted securities, derivatives, and cash securities. A complete list of the types, allocation range and location of assets is set out in the following table:

QVE – allowable investments		
Asset type and valuation	Valuation allocation range <sup>(1)</sup>	Location
ASX listed equities	0 to 100%	Any entity listed on the ASX (excluding the S&P/ASX 20 Index)
Exchange-traded derivatives	Hedging or to create positions	Derivatives listed on the ASX
Unlisted securities	0 to 5%	Australia and New Zealand
Cash and cash equivalent investments	0 to 25%	Australia and New Zealand
Term deposits	As required	Australia and New Zealand

**Note:**

- 1 As a percentage of the portfolio’s net asset value unless otherwise indicated.

<sup>27</sup> This equates to QVE’s post-tax NTA.

<sup>28</sup> Sourced from Section 3.5 of QVE’s Prospectus, dated 23 June 2014.

- (c) individual security positions should not exceed 5% of the portfolio's net asset value upon purchase. Following a purchase, individual security positions may be up a maximum of 7.5% of the portfolio's net asset value
- (d) up to 25% of the portfolio's net asset value may be held in cash (and cash equivalents such as investment grade interest bearing debt securities)<sup>29</sup>
- (e) derivatives including options may be used for hedging purposes, to generate additional income or to replicate underlying positions provided there is cash and/or underlying assets available to meet the exposure of any derivative positions
- (f) up to 5% of the portfolio's net asset value may be held in unlisted securities (so long as these securities are proposed to be listed on the ASX within 12 months)
- (g) short selling is not permitted
- (h) borrowing is not permitted.

### Investment returns

77 QVE aims to generate after fee returns that are higher than the S&P/ASX 300 Ex20 Accumulation Index, over a five-plus-year investment horizon. The historical reported performance of QVE's portfolio after fees and before taxes in comparison to the S&P/ASX 300 Ex20 Accumulation Index (i.e. its benchmark index) up to 31 March 2024 is set out below:

QVE – post fee performance to 31 March 2024					
	3 months	1 year	3 years <sup>(1)</sup>	5 years <sup>(1)</sup>	Since inception <sup>(1)(2)</sup>
	%	%	%	%	%
QVE pre-tax NTA <sup>(3)</sup>	5.9	11.1	6.5	4.7	6.0
S&P/ASX 200 Ex20 Accumulation Index	8.3	15.3	8.0	8.2	9.1
<b>Underperformance</b>	<b>(2.4)</b>	<b>(4.2)</b>	<b>(1.5)</b>	<b>(3.5)</b>	<b>(3.1)</b>

**Note:**

- 1 Performance per annum.
- 2 Portfolio inception was August 2014.
- 3 Returns are after fees, assumes all declared dividends are reinvested, and exclude tax paid from pre-tax NTA.

**Source:** QVE Quarterly Report to 31 March 2024.

78 As shown above, QVE's portfolio has underperformed the S&P/ASX 300 Ex20 Accumulation Index since inception. In this regard we note that QVE reports its performance after all costs, including investment management fees, whereas the returns for the S&P/ASX 300 Ex20 Accumulation Index do not include such a cost deduction.

79 To avoid this issue, and to aid comparison to WLE which reports its investment performance before fees and taxes, the historical performance of QVE before fees and taxes up to 31 March 2024 is set out below (also in comparison to the S&P/ASX 300 Ex20 Accumulation Index):

<sup>29</sup> Cash is defined as deposits, term deposits and senior debt with less than 12 months to maturity.

**QVE – pre fee performance to 31 March 2024**

	<b>3 months</b>	<b>1 year</b>	<b>3 years<sup>(1)</sup></b>	<b>5 years<sup>(1)</sup></b>	<b>Since inception<sup>(1)</sup></b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
QVE pre-tax NTA <sup>(2)</sup>	6.6	12.9	7.9	6.0	7.3
S&P/ASX 200 Ex20 Accumulation Index	8.3	15.3	8.0	8.2	9.1
<b>Underperformance</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(0.1)</b>	<b>(2.2)</b>	<b>(1.8)</b>

**Note:**

1 Performance per annum.

2 Returns are before fees, assumes all declared dividends are reinvested, and exclude tax paid from pre-tax NTA.

**Source:** QVE Investment Manager.

- 80 In addition, given the Company's value investment mandate, the QVE Investment Manager has targeted securities that have strong balance sheets and/or are considered under-priced relative to their intrinsic value, which has resulted in a predominant focus on investing in good value industrial companies. This has led to the Company avoiding higher priced technology companies, many of which have had superior returns in recent years and, consequently, QVE's returns have been lower than its benchmark. However, this approach tends to reduce QVE's level of volatility in comparison to other LICs.

**Financial performance**

- 81 The financial performance of QVE for the three years to FY23 and the half year to 31 December 2023 (1H24) is set out below:

**QVE – statement of financial performance<sup>(1)</sup>**

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>1H24</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Dividend and distribution income	6,549	8,090	10,024	4,827
Interest income	148	144	543	327
Realised gains on options and futures	2,703	615	3,157	1,313
Unrealised gains / (losses) on options	(123)	994	(844)	157
Other income	84	24	5	-
<b>Total investment income</b>	<b>9,360</b>	<b>9,867</b>	<b>12,884</b>	<b>6,625</b>
Management fees	(2,141)	(2,228)	(2,032)	(996)
Directors fees	(100)	(100)	(100)	(50)
ASX fees	(72)	(70)	(76)	(34)
Registry fees	(76)	(75)	(70)	(30)
Insurance fees	(262)	(308)	(299)	(138)
Other expenses	(102)	(182)	(167)	(79)
<b>Total expenses</b>	<b>(2,753)</b>	<b>(2,964)</b>	<b>(2,744)</b>	<b>(1,327)</b>
<b>Profit before income tax</b>	<b>6,606</b>	<b>6,903</b>	<b>10,140</b>	<b>5,297</b>
Income tax expense	(973)	(754)	(959)	(676)
<b>Profit after income tax</b>	<b>5,634</b>	<b>6,149</b>	<b>9,180</b>	<b>4,621</b>
<i>Earnings per QVE share (cents)</i>	<i>2.26</i>	<i>2.64</i>	<i>4.02</i>	<i>2.03</i>
<i>Dividends per QVE share (cents)</i>	<i>4.40</i>	<i>4.80</i>	<i>5.20</i>	<i>2.60</i>



**Note:**

1 Rounding differences may exist.

**Source:** QVE's FY21, FY22 and FY23 Annual Reports and 1H24 Interim Financial Report.

82 Regarding QVE's statement of financial performance, we note the following:

- (a) changes in the fair value of long-term investments are presented in other comprehensive income through the asset revaluation reserve (i.e. these changes are reported in the statement of financial position). Upon disposal of the long-term investment the realised gain or loss is transferred from the asset revaluation reserve to the capital profits reserve
- (b) as a result of (a) above, QVE's reported operating profit is heavily reliant on dividend and distribution income and the reported profits of QVE are not necessarily the best indicator of Company performance
- (c) dividends and distributions from investments are recognised as income on the date that the respective investment trades "ex-dividend"
- (d) annual income tax expense is lower than the corporate tax rate (of 30% per annum) due to the offsetting franking credits that QVE receives on dividends paid from the companies in which it invests.

**Financial position**

83 The financial position of QVE as at 30 June 2022, 30 June 2023 and 31 December 2023 is set out below:

<b>QVE – statement of financial position<sup>(1)</sup></b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	32,093	17,119	16,759
Receivables	2,090	867	5,084
Prepayments	144	138	49
Financial assets	206,871	212,495	211,243
Deferred tax assets (net)	10,667	11,259	9,959
<b>Total assets</b>	<b>251,864</b>	<b>241,877</b>	<b>243,094</b>
Trade and other payables	(1,892)	(648)	(536)
Current tax liabilities	(5,720)	(441)	(453)
Financial liabilities	(1,127)	(1,524)	(1,101)
<b>Total liabilities</b>	<b>(8,738)</b>	<b>(2,614)</b>	<b>(2,090)</b>
<b>Net assets</b>	<b>243,126</b>	<b>239,263</b>	<b>241,004</b>
<i>Number of shares outstanding at period end (000s)</i>	229,049	227,660	227,413
<i>NTA pre-tax cum dividend (\$ per QVE share)</i>	1.04	1.00	1.02
<i>NTA post-tax cum dividend (\$ per QVE share)</i>	1.06	1.05	1.06

**Note:**

1 Rounding differences may exist.

**Source:** QVE's FY22 and FY23 Annual Reports and 1HY24 Interim Financial Report.



## Financial assets

84 A breakdown of QVE's financial assets is set out below:

QVE – financial assets			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$000	\$000	\$000
Listed equities	185,996	189,396	186,435
Listed unit trusts	16,696	23,099	24,808
Floating rate notes	4,179	-	-
<b>Total financial assets</b>	<b>206,871</b>	<b>212,495</b>	<b>211,243</b>

85 The fair values of financial assets traded in active markets (i.e. QVE's listed equity securities, swaps and options) are based on the quoted market prices at the close of trading at the end of the reporting period, without any deduction for estimated future selling costs.

## Deferred tax assets (net)

86 As at 31 December 2023, QVE had net deferred tax assets of \$10.0 million<sup>30</sup>, calculated as follows:

QVE – deferred tax assets (net) <sup>(1)</sup>			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$000	\$000	\$000
Accruals	13	20	12
Share based costs capitalised	15	10	7
Capital losses	-	989	5,093
Net revaluation of investments	11,114	10,304	4,850
Unrealised losses on options	-	40	-
Over provision	-	123	123
<b>Deferred tax assets</b>	<b>11,143</b>	<b>11,485</b>	<b>10,085</b>
Unrealised gains on options	(214)	-	(7)
Income receivable not assessable for tax until receipt	(34)	(43)	-
Tax deferred distributable income	(228)	(184)	(119)
<b>Deferred tax liabilities</b>	<b>(476)</b>	<b>(227)</b>	<b>(126)</b>
<b>Deferred tax assets (net)</b>	<b>10,667</b>	<b>11,259</b>	<b>9,959</b>

**Note:**

1 Rounding differences may exist.

87 Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

<sup>30</sup> As at 31 March 2024, the net deferred tax asset position was \$6.3 million.

- 88 QVE's deferred tax asset position is primarily due to the realised and unrealised losses on its investments. This deferred tax asset can be utilised in the future against realised gains on sale of investments.

### Financial liabilities

- 89 Financial liabilities relate to exchange traded options or exchange traded options revaluations. These totalled \$1.1 million as at 31 December 2023.

### Franking credit balances

- 90 As at 30 June 2022, 30 June 2023 and 31 December 2023, QVE had the following franking credit balances (based on a tax rate of 30%):

QVE – franking credit balances			
	30 Jun 22	30 Jun 23	31 Dec 23
Franking credit balance (\$000)	4,116	8,368	6,363
Number of shares on issue at period end (000s)	229,049	227,660	227,413
<b>Franking credits per share (cents per share)</b>	<b>1.80</b>	<b>3.68</b>	<b>2.80</b>

- 91 As at 31 March 2024, QVE's franking credit balance was \$7.686 million, which was equivalent to 3.38 cents per QVE share and equates to 7.89 cents per QVE share in fully franked dividends.

### Share capital and performance

- 92 As at 31 March 2024, QVE had 227.4 million shares on issue. There are no other QVE options, rights or other equity securities.
- 93 To address the share price of QVE trading at a discount to its pre-tax NTA, QVE has undertaken a number of initiatives in recent periods, including undertaking an on-market share buy-back since 9 September 2019. Since this date, and up to and including 19 December 2023<sup>31</sup>, 49.3 million QVE shares were repurchased by the Company at a total cost of \$44.9 million, as shown below:

QVE – share buy-back details				
Date (from)	Date (to)	Number 000	Value \$000	Implied buy-back price (\$)
9 Sep 19	30 Jun 20	11,905,698	10,791,345	0.906
1 Jul 20	30 Jun 21	22,312,144	19,033,964	0.853
1 Jul 21	30 Jun 22	13,457,141	13,619,986	1.012
1 Jul 22	30 Jun 23	1,389,199	1,280,219	0.922
1 Jul 23	19 Dec 23	247,675	215,672	0.871
<b>Total</b>		<b>49,311,857</b>	<b>44,941,186</b>	<b>0.911</b>

**Source:** QVE's FY21, FY22 and FY23 Annual Reports, 1H24 Interim Financial Report and QVE management.

<sup>31</sup> The share buy-back ceased following a preliminary approach by WLE on this date.

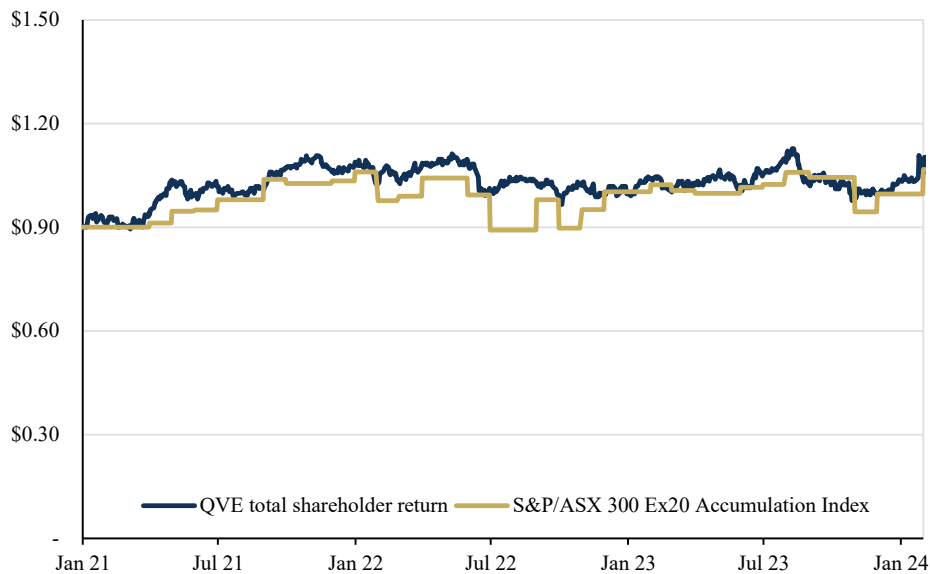
### Substantial shareholders

94 As at 31 March 2024, there was only one substantial shareholder<sup>32</sup> in QVE, being WAM Strategic Value Limited (an ASX listed entity related to WLE) holding 35.8 million QVE shares, representing a 15.8% interest in the Company.

### Share price performance

95 The following chart illustrates the total shareholder return of QVE<sup>33</sup> from 1 January 2021 to 30 January 2024<sup>34</sup> relative to the S&P/ASX 300 Ex20 Accumulation Index (i.e. its benchmark index):

**QVE – share price history<sup>(1)</sup>**  
**1 January 2021 to 30 January 2024**



**Note:**

1 Based on closing prices. The S&P/ASX 300 Ex20 Accumulation Index has been rebased to QVE's last traded share price on 1 January 2021.

**Source:** QVE, FactSet and LEA analysis.

96 As indicated below, QVE has consistently traded at a discount to its reported pre and post-tax NTA. This discount has averaged 9.4% (to pre-tax NTA) and 11.0% (to post-tax NTA) respectively from 1 January 2021 up to 30 January 2024<sup>35</sup>, being the last trading day prior to the announcement of the Off Market Takeover Offer.

<sup>32</sup> Being shareholders that held an interest of 5.0% or more of the voting shares in QVE.

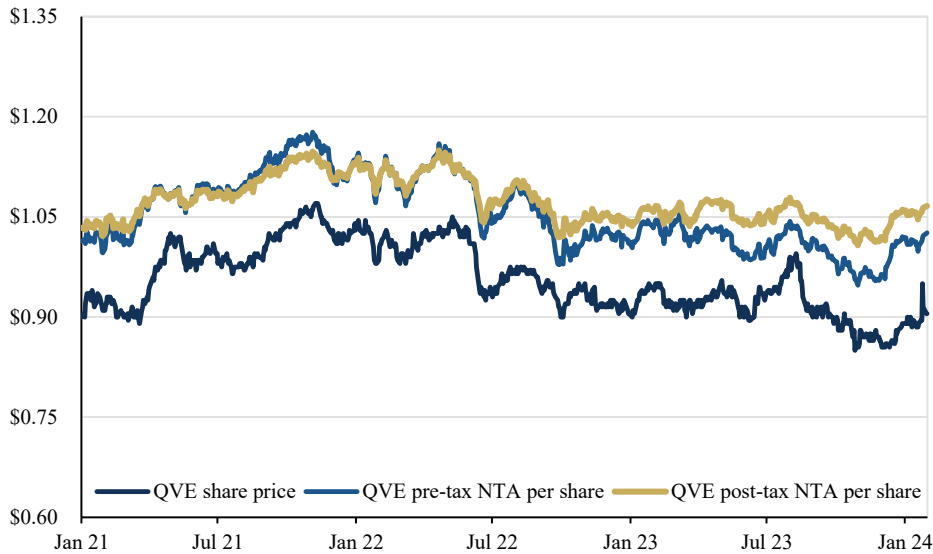
<sup>33</sup> The total shareholder return is the QVE share price after allowing for the reinvestment of dividends paid over the period.

<sup>34</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

<sup>35</sup> Over the year to 30 January 2024, the NTA discount has been relatively similar, averaging 9.3% (to pre-tax NTA) and 12.9% (to post-tax NTA) respectively.

**QVE – share price history<sup>(1)</sup>**

**1 January 2021 to 30 January 2024**



**Note:**

1 Based on closing prices.

Source: QVE, FactSet and LEA analysis.

**Liquidity in QVE shares**

97 The liquidity in QVE shares based on trading on the ASX over the 12 month period prior to 30 January 2024<sup>36</sup> is set out below:

**QVE – liquidity in shares**

Period	Start date	End date	No. shares traded 000	WANOS <sup>(1)</sup> outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	31 Dec 23	30 Jan 24	2,484	227,413	1.1	13.1
3 months	31 Oct 23	30 Jan 24	11,305	227,511	5.0	19.9
6 months	31 Jul 23	30 Jan 24	21,460	227,588	9.4	18.9
1 year	31 Jan 23	30 Jan 24	45,382 <sup>(4)</sup>	227,764	19.9 <sup>(4)</sup>	19.9 <sup>(4)</sup>

**Note:**

1 Weighted average number of shares outstanding (WANOS) during relevant period.

2 Number of shares traded during the period divided by WANOS.

3 Implied annualised figure based upon implied level of liquidity for the period.

4 Excludes shares bought by WAM Strategic Value Limited during this period, which temporarily increased the liquidity for QVE over this period.

Source: FactSet and LEA analysis.

98 As indicated above, the liquidity in QVE shares (on an annualised basis) has been relatively consistent in recent periods, with the level of shares traded indicating a reasonable level of liquidity over the year to 30 January 2024.

<sup>36</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

## IV Profile of WLE

### Overview

- 99 WLE is an ASX LIC with a market capitalisation of \$1.745 billion as at 31 March 2024. WLE provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst. WLE listed on the ASX in May 2016 and has grown to become the third largest LIC on the ASX. WLE is one of eight ASX LICs that is managed by MAM Pty Limited, a subsidiary and wholly owned entity of WAM. WAM is an investment manager that invests over \$5 billion on behalf of more than 130,000 retail investors.
- 100 WLE's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital. The company aims to outperform the S&P/ASX 200 Accumulation Index through investment in a portfolio of companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.

### Portfolio

- 101 WLE's portfolio totalled \$1.8 billion as at 30 June 2023<sup>37</sup> and was comprised of the following equity investments:

WLE – portfolio composition as at 30 June 2023 <sup>(1)</sup>		
Investment	\$000	% total
BHP Group Limited	160,622	8.9
Santos Limited	126,520	7.0
Rio Tinto Limited	106,241	5.9
CSL Limited	98,306	5.5
Dexus	94,221	5.2
The Star Entertainment Group Limited	92,978	5.2
Treasury Wine Estates Limited	76,319	4.2
National Australia Bank Limited	75,990	4.2
Iluka Resources Limited	49,425	2.7
South32 Limited	44,412	2.5
Fortescue Metals Group Limited	36,027	2.0
Westpac Banking Corporation	35,613	2.0
ANZ Group Holdings Limited	32,072	1.8
Orora Limited	27,643	1.5
Incitec Pivot Limited	27,300	1.5
Commonwealth Bank of Australia	26,896	1.5
Endeavour Group Limited	26,854	1.5
Aristocrat Leisure Limited	26,850	1.5
Challenger Limited	23,173	1.3
ResMed Inc	22,822	1.3
<b>Total top 20 equity holdings</b>	<b>1,210,284</b>	<b>67.2</b>
Other listed equities	497,953	27.6
<b>Total listed equities</b>	<b>1,708,237</b>	<b>94.8</b>
Investments in unlisted companies	781	0.1
Total cash and equivalents, income receivable and net outstanding settlements	92,351	5.1
<b>Total portfolio</b>	<b>1,801,369</b>	<b>100.0</b>

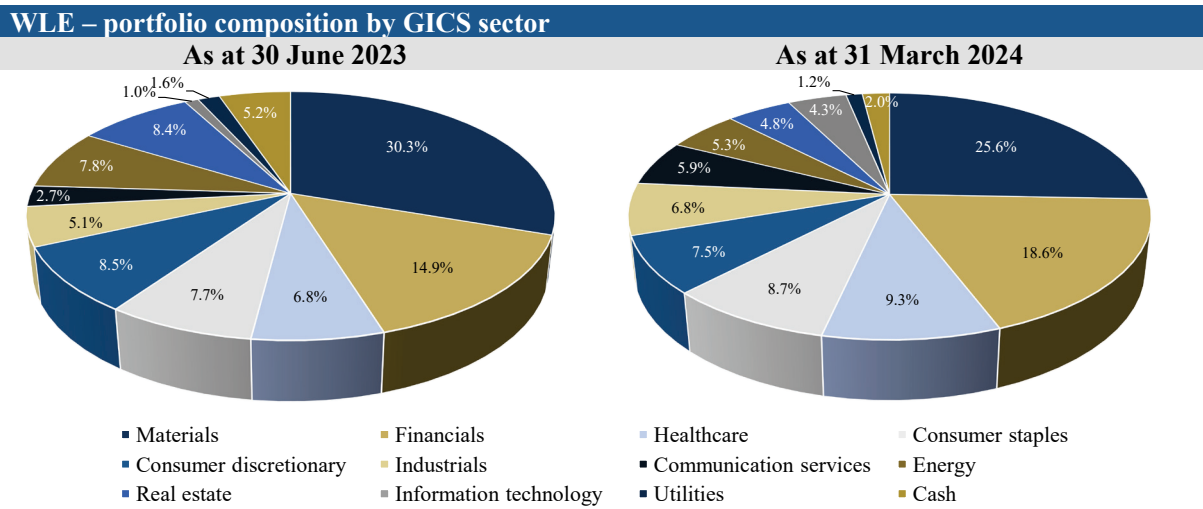
<sup>37</sup> This is the latest detailed publicly available breakdown of investments in the WLE portfolio.

**Note:**

1 Rounding differences may exist.

**Source:** WLE FY23 Annual Report.

- 102 WLE does not hold any shares in QVE directly, however, as at 31 March 2024, WAM Strategic Value Limited, an ASX listed entity related to WLE, held 35.8 million QVE shares representing a 15.8% interest in QVE.
- 103 A breakdown of the composition of WLE’s investment portfolio based on GICS sector classifications as at 30 June 2023 and 31 March 2024 is set out below:



- 104 As indicated above, a large proportion of the WLE portfolio is comprised of companies operating within the materials (including mining and resources companies) and financial sectors. This is consistent with the composition of the S&P/ASX 200 Index, a large proportion of which are Australian banking, mining and resources companies.

**Investment management**

- 105 WLE is managed by WAM, an experienced investment management company with over 200 years of collective experience investing in the Australian share market. The company has an Investment Management Agreement (WLE Investment Management Agreement) with MAM Pty Limited (the WLE Investment Manager), an entity within the WAM group that manages the WLE portfolio. The WLE Investment Manager is paid the following fees in accordance with the terms of the agreement:

- (a) a management fee of 0.0833334% per month or 1.0% per annum (plus GST) of the value of the portfolio, calculated on the last business day of each month, and paid at the end of each month in arrears; and

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- (b) a performance fee of 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index subject to the recoupment of prior underperformance<sup>38</sup>. The performance fee is paid annually in arrears.

106 The WLE Investment Management Agreement was entered into on 4 April 2016 for an initial term of 10 years, with automatic five-year extensions thereafter, unless it is terminated by WLE or the WLE Investment Manager in accordance with the WLE Investment Management Agreement. If the WLE Investment Management Agreement is terminated by WLE, the company must pay a fee equal to the aggregate management and performance fees paid to the WLE Investment Manager over the 12 month period up to the date of termination<sup>39</sup>. The WLE Investment Manager may terminate the WLE Investment Management Agreement at any time after the initial term by giving WLE at least six months' written notice.

### Investment process

107 WLE's investment process combines a top-down macroeconomic analysis with WAM's proven fundamental Research-driven and Market-driven investment processes. A summary of which is as follows.

#### Macroeconomic analysis

108 The top-down approach seeks to identify and monitor leading and lagging macroeconomic indicators in order to construct a benchmark agnostic Australian large-cap investment portfolio. When assessing and analysing the Australian large-cap universe, WAM believes that macroeconomic factors are an important driver of equity valuations and company earnings in making an investment decision. The investment team continuously monitors the macroeconomic environment to identify trends and possible inflection points, positioning the portfolio in anticipation accordingly. Inflection points are events that result in a significant change in the trajectory of a company, industry or economy. The top-down macroeconomic analysis includes, but is not limited to:

- (a) monitoring of global asset classes such as fixed interest, commodity and currency data
- (b) studying monetary, business and fiscal cycles
- (c) analysing key economic and macroeconomic data releases; and
- (d) regular dialogue with WAM's global network of independent macroeconomic research houses and industry contacts.

#### Research-driven and market-driven process

109 WAM's fundamental research process involves diligent and deep analysis in order to identify longer-term core holdings within the investment portfolio. The investment process is also centred on meeting with senior executives of potential investee companies. Each potential investee company is carefully analysed with respect to industry position, quality of management, earnings growth potential and valuation.

<sup>38</sup> If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

<sup>39</sup> Unless under circumstances where WLE terminates the agreement due to the WLE Investment Manager becoming insolvent or materially breaches the agreed terms.



- 110 The market positioning analysis seeks to identify active trading opportunities around the longer-term core holding positions in the investment portfolio and takes advantage of short-term relative arbitrages and mispricing opportunities in the Australian equity market. Once an investment opportunity has been identified, the investment team undertakes a detailed assessment in order to validate the perceived mispricing in the relevant securities. The investment team will then analyse risk and return potential in conjunction with liquidity analysis. The market positioning analysis includes, but is not limited to:
- (a) a daily global positioning matrix. This involves observing global flows between stocks, bonds, commodities and currencies, between countries, and sectors within the equity market
  - (b) engagement with quantitative research analysts; and
  - (c) factor, seasonality, and sensitivity analysis.
- 111 Market-driven opportunities may also be derived from participation in corporate transactions, including but not limited to: placements, block trades, corporate spin-offs and restructuring, and short selling securities. However, it is not expected that exposure to corporate transactions or short selling needs will form a material part of the investment portfolio.
- 112 Within the investment process, the investment team will consider the macroeconomic factors, the detailed fundamental research-driven analysis and market-driven positioning analysis, investing in a security once a catalyst is identified that is believed will alter the market's valuation of the company. Potential catalysts include earnings surprises, management changes, acquisitions or strategy updates, and liquidity events such as a share issue or sell down by an existing holder.

### Investment guidelines and parameters

- 113 The following investment guidelines and parameters apply to the WLE Investment Manager's implementation of WLE's investment strategy<sup>40</sup>:
- (a) the portfolio is expected to comprise an average of 20 to 50 securities and cash
  - (b) the company's portfolio will be predominantly comprised of long positions in large-cap companies included in the S&P/ASX 200 Index and cash. The company will identify potential investments using its Market Driven and Research Driven processes and will invest in securities outside this investment focus based on the WLE Investment Manager's level of conviction in each security, as well as market movements from time to time. As an example, the WLE Investment Manager may invest in securities that it considers are likely to become part of the S&P/ASX 200 Index over the short-to-medium term
  - (c) an investment within the portfolio will be reviewed if it obtains a position weighting of greater than 20% of the value of the portfolio
  - (d) the WLE Investment Manager expects that the average position weighting within the portfolio for any one security will be 1% to 5% of the value of the portfolio. Actual weightings may be higher or lower and will be based on the WLE Investment

<sup>40</sup> Source: WAM management.



Manager's level of conviction in each security as well as market movements from time to time

- (e) there are no limits on the investments that may be made by the WLE Investment Manager based on industry sectors; and
- (f) the company may from time to time seek to manage investment risk by taking short positions, however short positions will not exceed 50% of the value of the portfolio.

## WLE acquisitions

114 Since listing on the ASX, WLE has acquired two ASX LICs, details of which are as follows:

- (a) **Century Australia Investments Limited (CYA)** – during November 2018, WLE and CYA announced that WLE would acquire 100% of the shares in CYA via a scheme of arrangement. CYA was an ASX LIC that was established in 2004 and primarily invested in Australian equity markets. At the time of acquisition, CYA was managed under the terms of an investment management agreement with MAM Pty Limited<sup>41</sup>. Under the scheme, CYA shareholders received 78.6 million new WLE shares as consideration for their CYA shares. Following implementation of the scheme on 5 March 2019, CYA was delisted from the ASX on 6 March 2019
- (b) **Absolute Equity Performance Fund Limited (AEG)** – during June 2022, WLE and AEG announced that WLE would acquire 100% of the shares in AEG via a scheme of arrangement. AEG was an ASX LIC that was established in 2015 to invest in a diversified portfolio of Australian listed equities. Under the scheme, AEG shareholders received 62.1 million new WLE shares as consideration for their AEG shares. Following implementation of the scheme on 4 October 2022, AEG was delisted from the ASX on 5 October 2022.

## Investment returns

115 WLE aims to outperform the S&P/ASX 200 Accumulation Index (i.e. its benchmark index). The historical reported performance of WLE's portfolio in comparison to the S&P/ASX 200 Accumulation Index up to 31 March 2024 is set out below:

WLE – performance to 31 March 2024					
	3 months	1 year	3 years <sup>(1)</sup>	5 years <sup>(1)</sup>	Since inception <sup>(1)</sup>
	%	%	%	%	% <sup>(2)</sup>
WLE investment portfolio <sup>(3)</sup>	5.7	6.3	12.3	14.7	13.4
S&P/ASX 200 Accumulation Index	13.3	14.4	9.6	9.2	9.3
<b>Outperformance / (underperformance)</b>	<b>(7.6)</b>	<b>(8.1)</b>	<b>2.7</b>	<b>5.5</b>	<b>4.1</b>

**Note:**

- 1 Performance per annum.
- 2 Portfolio inception was May 2016.
- 3 Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives.

**Source:** <https://wilsonassetmanagement.com.au/lic/wam-leaders/>.

<sup>41</sup> As noted above, MAM Pty Limited is an entity within the WAM group and is also the WLE Investment Manager.

116 As shown above, the WLE portfolio (before investment costs) has outperformed relative to the S&P/ASX 200 Accumulation Index (on a per annum basis) over the period since the company's inception and on three and five-year timeframes. However, WLE's portfolio underperformed relative to the S&P/ASX 200 Accumulation Index over the most recent 3 month and 12 month periods due to, inter alia, the company positioning its portfolio defensively in order to preserve capital during what was perceived to be a volatile equity market.

## Financial performance

117 The financial performance of WLE for the three years to FY23 and 1H24 is set out below:

WLE – statement of financial performance <sup>(1)</sup>				
	FY21	FY22	FY23	1H24
	\$000	\$000	\$000	\$000
Net gains on financial assets	322,282	52,965	121,285	1,136
Dividend and trust distribution income	26,800	81,729	71,509	27,971
Interest income	123	161	1,872	975
Other revenue from operating activities	197	3	786	205
<b>Total revenue from investing activities</b>	<b>349,402</b>	<b>134,858</b>	<b>195,453</b>	<b>30,287</b>
Performance fees	(14,962)	(42,817)	-	-
Management fees	(11,229)	(15,651)	(16,742)	(8,826)
Directors fees	(125)	(125)	(133)	(66)
Brokerage expense on share purchases	(4,148)	(6,423)	(8,117)	(3,988)
Other expenses from ordinary activities	(850)	(1,268)	(1,472)	(545)
<b>Profit before tax</b>	<b>318,088</b>	<b>68,574</b>	<b>168,989</b>	<b>16,862</b>
Income tax expense	(89,153)	(2,814)	(38,906)	(105)
<b>Profit after tax</b>	<b>228,935</b>	<b>65,760</b>	<b>130,083</b>	<b>16,757</b>
<i>Earnings per WLE share (cents)</i>	<i>27.79</i>	<i>6.52</i>	<i>11.71</i>	<i>1.33</i>
<i>Dividends per WLE share (cents)</i>	<i>7.00</i>	<i>8.00</i>	<i>9.00</i>	<i>4.60</i>

**Note:**

1 Rounding differences may exist.

**Source:** WLE's FY21, FY22 and FY23 Annual Reports and 1H24 Interim Financial Report.

118 Regarding WLE's statement of financial performance we note the following:

- WLE's reported operating profit is heavily reliant on the performance of the investment portfolio, including both realised and unrealised gains and the distribution of profits from the financial securities in which it invests
- dividend income relating to investments is recognised on the date that the respective investment trades "ex-dividend" with any related foreign withholding tax recorded as an expense. Trust distributions (including distributions from cash management trusts) are recognised as income on the date that the distributions are announced
- investments held at fair value through profit or loss are initially recognised at fair value, with any transaction costs related to their acquisition expensed through profit and loss immediately. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are accounted for at fair value, with changes to such values recognised in profit or loss. This accounting treatment can cause large variations in reported operating profits between periods

- (d) annual income tax expense is lower than the corporate tax rate (of 30% per annum) due to the offsetting franking credits that WLE receives on dividends paid from the companies in which it invests.

## Financial position

119 The financial position of WLE as at 30 June 2022, 30 June 2023 and 31 December 2023 is set out below:

<b>WLE – statement of financial position<sup>(1)</sup></b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	39,900	59,332	48,229
Trade and other receivables	82,419	61,754	16,571
Financial assets	1,449,580	1,709,018	1,685,103
Deferred tax assets	10,957	3,338	6,048
<b>Total assets</b>	<b>1,582,856</b>	<b>1,833,443</b>	<b>1,755,951</b>
Trade and other payables	(129,206)	(30,765)	(11,860)
Current tax liabilities	(30,728)	(25,340)	-
Deferred tax liabilities	-	-	(2,814)
<b>Total liabilities</b>	<b>(159,934)</b>	<b>(56,104)</b>	<b>(14,674)</b>
<b>Net assets</b>	<b>1,422,922</b>	<b>1,777,338</b>	<b>1,741,277</b>
<i>Shares outstanding at period end (000s)</i>	<i>1,034,045</i>	<i>1,257,331</i>	<i>1,260,001</i>
<i>NTA pre-tax cum dividend (\$ per WLE share)</i>	<i>1.39</i>	<i>1.43</i>	<i>1.38</i>
<i>NTA post-tax cum dividend (\$ per WLE share)</i>	<i>1.37</i>	<i>1.41</i>	<i>1.38</i>

**Note:**

1 Rounding differences may exist.

**Source:** WLE's FY22 and FY23 Annual Reports and 1H24 Interim Financial Report.

## Trade and other receivables

120 Trade and other receivables primarily comprise outstanding settlements and investment income receivable, as shown below:

<b>WLE – trade and other receivables</b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Outstanding settlements	72,565	50,438	13,566
Investment income receivable	6,153	10,497	2,273
GST receivable	3,701	819	627
Prepayments	-	-	105
<b>Total trade and other receivables</b>	<b>82,419</b>	<b>61,754</b>	<b>16,571</b>

121 Outstanding settlements are on the terms operating in the securities industry and do not incur interest, however settlement is required within two days from the date of transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of each reporting period.

## Financial assets

- 122 A breakdown of WLE's financial assets (i.e. its investment portfolio) as at 30 June 2022, 30 June 2023, and 31 December 2023 is set out below:

WLE – financial assets			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$000	\$000	\$000
Listed investments at fair value	1,446,850	1,708,237	1,684,339
Unlisted investments at fair value	2,730	781	764
<b>Total financial assets</b>	<b>1,449,580</b>	<b>1,709,018</b>	<b>1,685,103</b>

- 123 Financial investments are measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.
- 124 The unlisted investments held at fair value relate to WLE's investment in CYA and AEG (refer to paragraphs 114(a) and 114(b) above), the value of which is based upon the net asset backing of each entity, which comprises the underlying residual cash and cash equivalents at the end of the reporting period.

## Deferred tax assets (net) other tax liabilities

- 125 As at 31 December 2023, WLE had net deferred tax assets of \$3.2 million, calculated as follows:

WLE – deferred tax assets (net)			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$000	\$000	\$000
Accruals	13	12	11
Share issue costs	336	1,052	918
Fair value adjustments and timing differences on receivables	10,608	2,274	-
Current period income tax provision (loss)	-	-	5,119
<b>Deferred tax assets</b>	<b>10,957</b>	<b>3,338</b>	<b>6,048</b>
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(2,814)</b>
<b>Deferred tax assets (net)</b>	<b>10,957</b>	<b>3,338</b>	<b>3,234</b>

- 126 Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability (excluding a business combination), where there is no effect on accounting or taxable profit or loss. Deferred tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.
- 127 The current tax liabilities reflects the actual amount of cash tax payable by WLE at the respective reporting date. As at 31 December 2023, the level of current tax liabilities was nil.

## Trade and other payables

128 Trade and other payables primarily comprise outstanding settlements as at 31 December 2023, as shown below:

WLE – trade and other payables <sup>(1)</sup>			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$000	\$000	\$000
Outstanding settlements	(81,607)	(28,736)	(10,045)
Management fee payable	(1,363)	(1,651)	(1,594)
Sundry payables <sup>(2)</sup>	(286)	(379)	(221)
Performance fee payable	(45,950)	-	-
<b>Total trade and other receivables</b>	<b>(129,206)</b>	<b>(30,765)</b>	<b>(11,860)</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Sundry payables are settled within the terms of payment offered and do not incur interest.

## Franking credit balances

129 As at 30 June 2022, 30 June 2023 and 31 December 2023, WLE had the following franking credit balances (based on a tax rate of 30%):

WLE – franking credit balances			
	30 Jun 22	30 Jun 23	31 Dec 23
Franking credit balance (\$000)	81,757	79,174	88,643
Number of shares on issue at period end (000s)	1,034,045	1,257,331	1,260,001
<b>Franking credits per share (cents per share)</b>	<b>7.91</b>	<b>6.30</b>	<b>7.04</b>

130 As at 31 March 2024, the franking credit balance was \$91.3 million, which was equivalent to 7.25 cents per WLE share and equates to 16.91 cents per WLE share in fully franked dividends.

## Share capital and performance

131 As at 31 March 2024, WLE had 1,260.0 million fully paid ordinary shares on issue. There are no other WLE options, rights or other securities on issue.

132 WLE's dividend reinvestment plan is currently in operation and the fully franked 1H24 interim dividend of 4.6 cps qualifies. Participating WLE shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average price (VWAP) of shares sold on the ASX over the four trading days commencing on the ex-dividend date (which is 20 May 2024) for the 1H24 dividend. The dividend reinvestment plan will operate without a discount for the fully franked interim dividend.

133 WLE has also completed the following capital raisings in 2023:

- (a) on 14 April 2023, WLE announced the successful completion of a placement to existing wholesale and sophisticated investors, and subsequently (on 20 April 2023), WLE issued 88.5 million new shares at an issue price of \$1.48 per share for total consideration of \$131 million

- (b) on 14 April 2023, WLE announced a share purchase plan which opened on 17 April 2023 and enabled eligible shareholders to purchase up to \$30,000 of WLE shares without incurring brokerage or other costs. Under the share purchase plan, WLE issued 67.9 million shares on 12 May 2023 at an issue price of \$1.458 per share for total consideration of \$99 million.

### Substantial shareholders

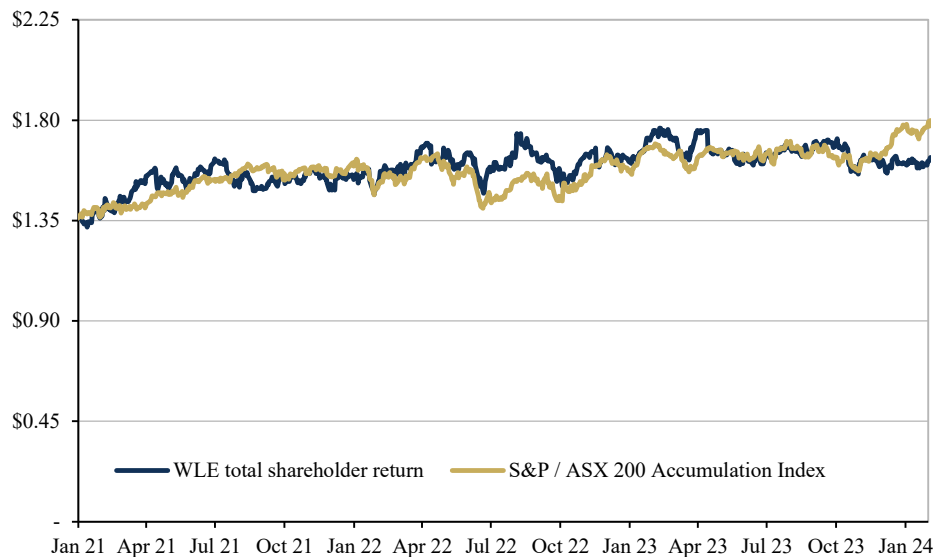
134 As at 31 March 2024, there were no substantial shareholders<sup>42</sup> in WLE.

### Share price performance

135 The following chart illustrates the total shareholder return of WLE<sup>43</sup> from 1 January 2021 to 30 January 2024<sup>44</sup> relative to the S&P/ASX 200 Index (i.e. its benchmark index):

WLE – share price history<sup>(1)</sup>

1 January 2021 to 30 January 2024



**Note:**

1 Based on closing prices. The S&P/ASX 200 Accumulation Index has been rebased to WLE's last traded price on 1 January 2021.

Source: FactSet and LEA analysis.

136 WLE's total shareholder return has generally tracked the performance of the S&P/ASX 200 Accumulation Index over the period above. However, over the period since the beginning of December 2023, WLE's total shareholder return has underperformed the index. As stated above, this more recent underperformance has been due to, inter alia, the company positioning its portfolio defensively in order to preserve capital during what was perceived to be a volatile equity market.

137 WLE has generally traded at a premium to its reported pre and post-tax NTA in the period up to the announcement of the Off Market Takeover Offer. This premium has averaged 5.0%,

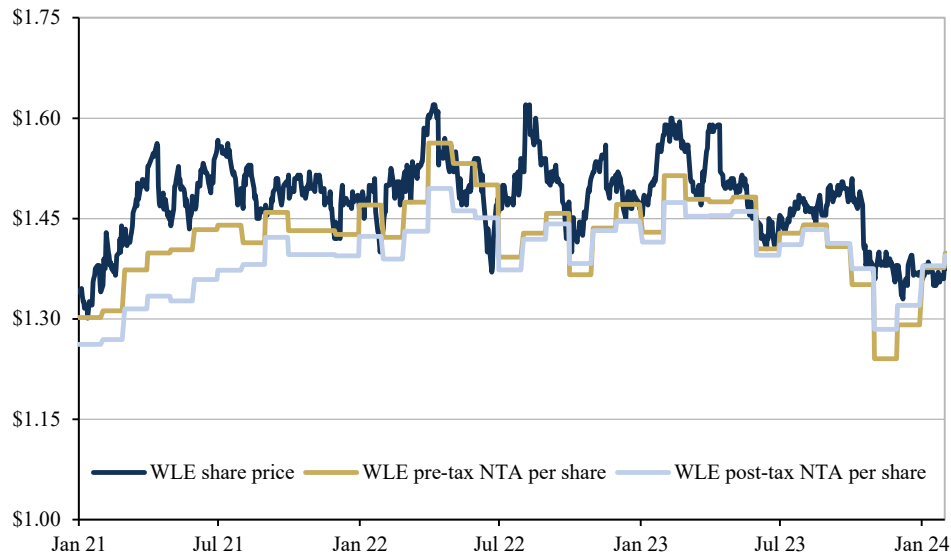
<sup>42</sup> Being shareholders that held an interest of 5.0% or more of the voting shares in WLE.

<sup>43</sup> The total shareholder return is the WLE share price after allowing for the reinvestment of dividends paid over the period.

<sup>44</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

3.8% and 4.2% over the respective six month, one year and three year periods to 30 January 2024, as indicated below:

**WLE – share price history<sup>(1)</sup>**  
**1 January 2021 to 30 January 2024**



**Note:**  
1 Based on closing prices.  
**Source:** WLE ASX announcements, FactSet and LEA analysis.

**Liquidity in WLE shares**

138 The liquidity in WLE shares based on trading on the ASX over the 12 month period prior to 30 January 2024<sup>45</sup> is set out below:

<b>WLE – liquidity in shares</b>						
<b>Period</b>	<b>Start date</b>	<b>End date</b>	<b>No of shares traded 000</b>	<b>WANOS<sup>(1)</sup> outstanding 000</b>	<b>Implied level of liquidity Period<sup>(2)</sup> %</b>	<b>Annual<sup>(3)</sup> %</b>
1 month	31 Dec 23	30 Jan 24	22,228	1,260,002	1.8	21.2
3 months	31 Oct 23	30 Jan 24	65,891	1,259,958	5.2	20.9
6 months	31 Jul 23	30 Jan 24	117,902	1,258,604	9.4	18.7
1 year	31 Jan 23	30 Jan 24	228,672	1,219,101	18.8	18.8

**Note:**  
1 WANOS during relevant period.  
2 Number of shares traded during the period divided by WANOS.  
3 Implied annualised figure based upon implied level of liquidity for the period.  
**Source:** FactSet and LEA analysis.

139 As indicated above, the liquidity in WLE shares (on an annualised basis) has remained broadly consistent over each of the periods set out above. Given WLE has a market capitalisation of \$1.745 billion (as at 31 March 2024), the dollar value of shares traded over both the full year and annualised full year periods has been over \$330 million. This indicates a significant level of share turnover and therefore a relatively high level of liquidity.

<sup>45</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

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## V Industry overview

### Overview

140 Both QVE and WLE are ASX LICs that primarily invest in ASX listed equities. QVE focuses on companies within the S&P/ASX 300 Index (excluding companies in the S&P/ASX 20 Index) whilst WLE targets companies in the S&P/ASX 200 Index. The companies therefore have similar targeted equity investments, however QVE has a primary focus on companies that tend to be smaller than those targeted by WLE.

### LICs

141 LICs are a type of investment vehicle that pool investor funds to invest in a portfolio of assets, typically shares but potentially including other asset classes. They offer investors exposure to a diversified range of assets through a single investment, similar to managed funds, with the key difference being their structure. Unlike managed funds, LICs are “closed-end” structures<sup>46</sup>. Closed-end funds issue a fixed number of shares through an initial public offering and these shares are then traded on a stock exchange. New shares are not created or redeemed based on investor flows (subject to entitlement issues, dividend reinvestment plans, etc.).

142 Investors are attracted to LICs for a number of reasons:

- (a) professional management – LICs have a board of directors and benefit from the expertise of professional fund managers responsible for setting the investment strategy and conducting in-depth research and analysis to select investments. Many LICs (such as QVE and WLE) employ active management strategies, aiming to outperform a certain benchmark index
- (b) distributions – LICs typically distribute a portion of their investment income to shareholders as dividends, which may include franking credits depending on the underlying investments. Many LICs focus on delivering consistent dividend income, making them attractive for income-oriented investors, particularly superannuation funds and retirees
- (c) diversification – LICs offer diversified portfolios that are managed by experienced fund managers, which reduces individual stock specific risk
- (d) liquidity – as listed entities, LICs provide liquidity through trading on a stock exchange, allowing investors to buy and sell shares easily (as opposed to open-ended funds which can have less liquidity)
- (e) access to specialist strategies – specialised LICs provide exposure to niche sectors or investment themes that may be challenging for individual investors to access directly.

143 Notwithstanding their advantages, LICs face some challenges:

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<sup>46</sup> A closed ended structure fund is one where the number of units or shares is fixed (subject to entitlement issues, distribution reinvestment plans etc.), meaning that because supply is limited investors trade with each other to set the price of the unit or share. An open-ended structure is one where new units can be created in the fund as investors buy in or units can be cancelled when investors exit the fund. For open ended structures, liquidity is provided by the fund and the entry and exit price of a unit is based on the net asset value of the fund.

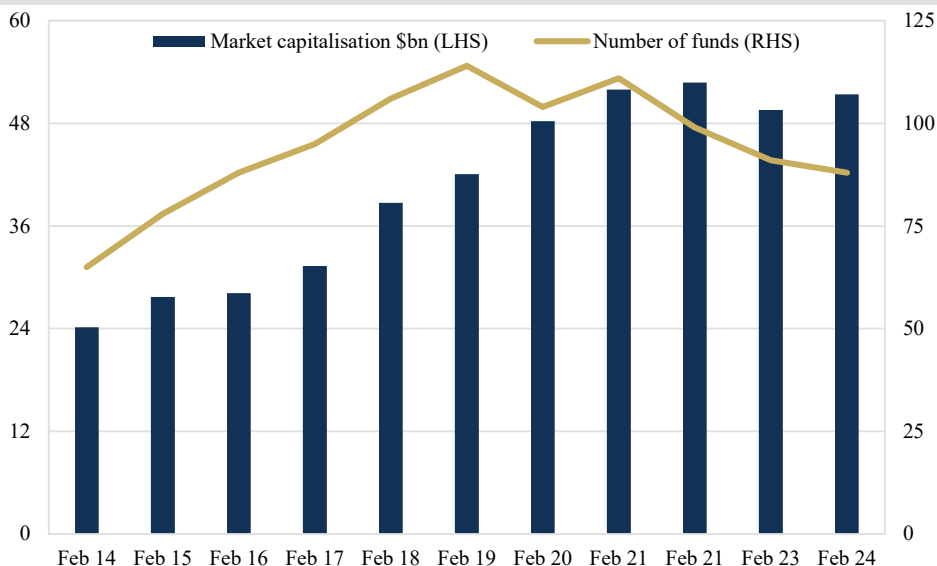


- (a) discounts / premiums – LICs often trade at a discount or premium to their net asset value, influenced by a range of factors (refer to paragraph 156)
- (b) fee levels – LICs may have higher management fees compared to other investment vehicles (such as passive exchange traded funds (ETFs)), which can impact overall returns
- (c) market volatility – LICs, like other listed securities, are subject to market fluctuations, which can affect share prices and net asset values (noting that portfolio diversification will tend to reduce this volatility in comparison to stock specific volatility)
- (d) regulatory environment – changes in regulatory requirements or tax laws can impact the attractiveness of LICs as investment vehicles.

### ASX LIC performance

- 144 The performance of ASX LICs is influenced by a number of variables including macro-economic factors (such as economic growth and the level of interest rates), asset allocation and investment strategy (i.e. value versus growth, Australian versus international shares etc.), stock selection and portfolio management, and the level of management or performance fees. In general, bullish markets (i.e. when stock prices are generally increasing) typically drive up the value of ASX LIC portfolios, while bearish markets (i.e. when stock prices are generally decreasing) tend to lead to declines in portfolio values.
- 145 LICs in Australia employ various investment strategies, ranging from actively managed funds to index-tracking portfolios, to Australian focused share investments and international focused share investments. Some LICs focus on providing consistent income through investment in dividend-paying stocks, while others target capital growth through diversified growth-focused equity investments. Additionally, thematic LICs targeting sectors such as technology, healthcare, and sustainable investing have also gained popularity more recently.
- 146 As shown in the following chart, the number of Australian LICs on the ASX peaked in 2019 and has since reduced, primarily due to industry consolidation, whilst the market capitalisation of Australian LICs has remained at similar levels since 2020:

**Australian LICs – market capitalisation and number**



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Source: ASX Investment Product Summary – Listed Managed Investments, mFunds and ETPs, dated February 2015 to February 2024, and LEA analysis.

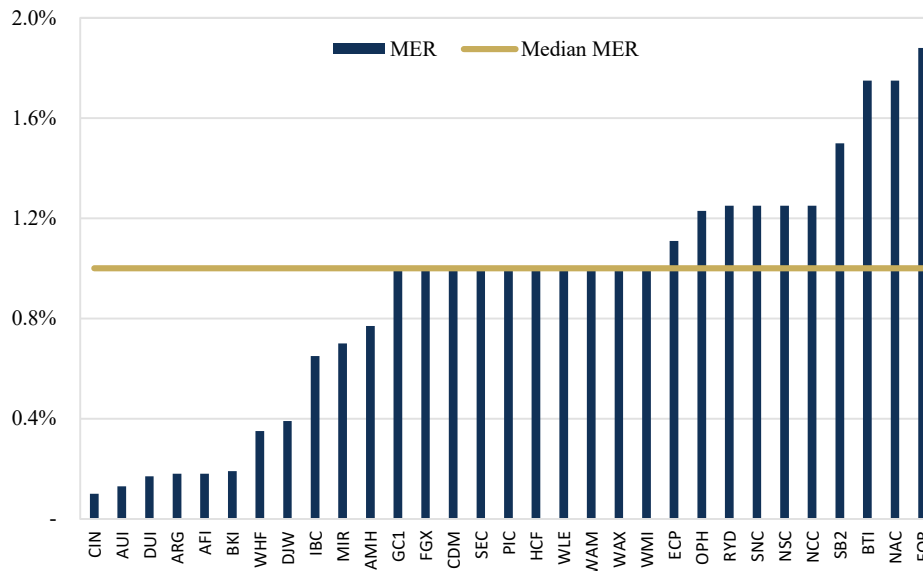
- 147 The growing popularity of LICs up to 2019 (as shown by the increasing number of ASX LICs) can be attributed to, inter alia:
- (a) outperformance of a number of LICs, most notably entities managed by WAM. These companies demonstrated resilience during challenging economic times, consistently delivering growth in net asset value and income for investors
  - (b) the implementation of the Future of Financial Advice reforms in 2014. These reforms banned commissions paid to financial planners by managed funds (LICs typically did not receive such commissions). This created a level playing field for LICs to compete with managed funds, as the incentive for financial advisers to favour managed funds over LICs due to commissions was removed.
- 148 However, the banning of stamping fees<sup>47</sup> in 2020 had a significant impact on the new issue market for LICs, leading to a decline in new LIC offerings. During 2019 a record high of \$4 billion was invested in LICs, which dropped significantly after the ban.
- 149 The increasing number, range and popularity of passive ETFs has also had an impact on LICs, due to:
- (a) fee compression – passive ETFs typically have lower management fees compared to actively managed investments. As a result, the rise of passive ETFs has exerted downward pressure on management fees across the investment management industry, including LICs. In response, some LICs have lowered their fees to remain competitive with passive ETFs
  - (b) investor preference for low-cost options – the popularity of passive ETFs among investors seeking low-cost investment options has grown significantly. Many investors, particularly retail investors and self-managed superannuation funds, are drawn to the cost-effectiveness of passive ETFs over actively managed LICs. This shift in investor preferences has led to increased competition for capital amongst LICs.
- 150 Competition from passive ETFs has prompted some LICs to innovate and introduce new products or investment strategies to differentiate themselves and attract investors. This includes thematic LICs, alternative investment strategies, and multi-manager approaches designed to offer unique value propositions beyond passive index tracking.

<sup>47</sup> Stamping fees were upfront, one-off commissions paid to financial advisers or brokers. These fees were tied to successfully placing investments with retail investors, specifically in relation to new offerings of LICs and listed investment trusts.

## Management expense ratio

- 151 The management expense ratio (MER)<sup>48</sup> of LICs can vary depending on factors such as the size of the fund, the investment strategy employed, the management fees charged by the investment manager and whether the LIC is internally or externally managed.
- 152 MERs for ASX LICs range from around 0.1% to 1.8%, depending on the specific fund and its investment approach. Actively managed LICs tend to have higher MERs compared to passively managed or index-tracking LICs, as active management involves higher research and trading costs. Active management can also include performance fees paid on excess returns over a benchmark index. Further, externally managed LICs tend to have higher MERs in comparison to internally managed LICs.
- 153 A summary of the MER for Australian equity LICs is set out in the following chart, which shows that the median MER for these entities is around 1.0% of assets managed:

**Australian equity LICs – MER<sup>(1)</sup>**  
Per annum cost



**Note:**

1 Based on disclosure by the reporting entity.

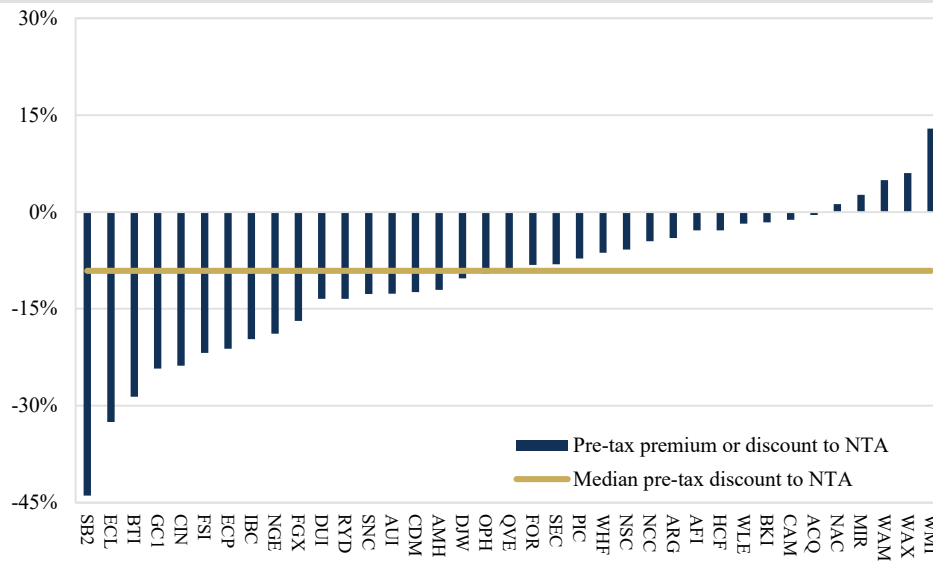
Source: ASX Investment Product Summary – Listed Managed Investments, mFunds and ETPs, dated February 2024, and LEA analysis.

## NTA premium or discount to share price

- 154 A LIC's underlying NTA per share is a regularly reported metric that provides key information about the entity's underlying value. This metric can be reported on a pre or post-tax basis. A summary of the pre-tax NTA premium or discount to share price for Australian equity LICs is as follows:

<sup>48</sup> MER is not a defined term for LICs and each reported entity is free to include or exclude costs in composing their version of the reported MER. For some entities this rate excludes performance fees and transaction costs, while this may not be true for others.

Australian equity LICs – pre-tax NTA premium or discount to share price<sup>(1)</sup>



Note:

1 Based on disclosure by the reporting entity.

Source: ASX Investment Product Summary – Listed Managed Investments, mFunds and ETPs, dated February 2024, and LEA analysis.

155 As shown above, as at February 2024, Australian equity LICs had discounts / premiums to pre-tax NTA in the range of circa negative 45% up to 13%. However, the vast majority of LICs tend to trade at a discount, with the median discount to pre-tax NTA being 9.1%.

156 A LIC's share price reflects investor perceptions, market dynamics, performance expectations, and other factors influencing demand and supply for the LIC's shares and therefore the share price does not always trade at its NTA value. There are several reasons why a LIC's share price might trade at a discount or, conversely, at a premium to its NTA:

(a) reasons for trading at a discount:

- (i) closed-end structure – unlike open-ended managed funds, LICs have a fixed number of shares outstanding. This means their supply and demand are determined solely by market forces, not by the underlying value of the assets. If there are more sellers than buyers, the price can fall below the NTA (and vice versa)
- (ii) market sentiment – negative market sentiment towards the LIC's specific investment strategy, sector focus, or overall market conditions can lead investors to be less willing to pay the full NTA value for the LIC's shares
- (iii) liquidity concerns – smaller or less well-known LICs might face lower liquidity, meaning it can be harder for investors to buy or sell shares quickly. This can lead to an NTA discount as investors may be willing to pay less to compensate for the potential difficulty in exiting their investment
- (iv) high fees and costs – if the LIC's ongoing fees and expenses are deemed high by investors, it can make the overall investment proposition less attractive, potentially leading to a discount to the NTA

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- (b) reasons for trading at a premium:
- (i) strong track record and performance – LICs with a history of consistent and superior performance compared to their benchmarks or the broader market can attract a premium due to investor confidence in their ability to generate strong returns
  - (ii) limited availability of shares – in some cases, if the LIC has a limited number of shares outstanding and there is high demand from investors, the competition to buy shares can drive the share price above the NTA
  - (iii) attractive dividend yield – LICs known for consistently distributing high and reliable dividends, potentially including franking credits for Australian investors, can be more appealing to income-seeking investors
  - (iv) perceived hidden value – if investors believe the LIC’s portfolio is undervalued or has the potential for significant future appreciation, they might be willing to pay a premium above the current NTA in anticipation of future growth.

## Outlook

157 While challenges such as fee pressure and competition from alternative investments exist, ASX LICs continue to offer investors diversified portfolios and investment options, professional management, income generation, and access to specialised investment strategies. In a competitive investment landscape, the outlook for individual LICs will therefore depend on their ability to adapt to changing market dynamics, innovate, and ultimately deliver value to shareholders.

## VI Valuation of QVE

### Valuation methodologies

158 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- (a) the discounted cash flow methodology
- (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
- (c) the amount that would be available for distribution to unitholders in an orderly realisation of assets
- (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect the value of a security on a 100% controlling interest basis
- (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

### Valuation approach

159 LICs report the market value of the underlying investment portfolio regularly, based on the marked to market value of the underlying investments at the end of respective reporting periods. The value of the underlying investments is then adjusted for the LIC's other assets or liabilities to derive the entity's NTA, which is reported on a pre or post-tax per share basis.

160 To assess the market value of QVE we have adopted the orderly realisation of net assets approach (Net Realisation approach). Under this methodology the value of QVE's reported net assets is adjusted for the cost and taxation consequences of realising these assets.

161 Accordingly, the market value of QVE under the Net Realisation approach has regard to:

- (a) the market value of QVE's underlying investment portfolio based on reported listed prices
- (b) the costs associated with the Net Realisation approach (i.e. the costs involved with an orderly realisation of QVE's assets)
- (c) any tax consequences arising on realisation and distribution of the portfolio.

162 Pursuant to RG 111, in considering whether the Scheme is fair, we are required to assess the value of QVE on a 100% controlling interest basis. In this regard, in considering the extent (if any) to which a notional acquirer of QVE would pay a premium over the underlying value of QVE's investment portfolio (and by extension, the company's pre-tax NTA) when acquiring a 100% interest in QVE, we have considered the following:

- (a) the QVE investment portfolio primarily comprises portfolio interests in a number of underlying listed investments, together with cash and cash equivalents

- (b) given the nature and composition of the portfolio an investor could replicate the portfolio
- (c) whilst transaction costs would be incurred in replicating the portfolio, these are unlikely to be material for professional / sophisticated investors and would likely not be greater than (and most likely less than) the unavoidable corporate / regulatory costs, delays and uncertainties that would be incurred by a notional acquirer seeking a 100% controlling interest in QVE
- (d) it is unlikely that a notional acquirer would want an investment in all the entities that comprise the QVE portfolio, nor the proportionate distribution thereof and would therefore be acquiring some shares to immediately sell them (with associated transaction costs).

163 Based on the above, we are of the view that a notional acquirer of QVE would not generally pay a premium over the underlying net asset value of QVE's investment portfolio when acquiring a 100% interest in QVE. We note that this is generally consistent with the evidence from recent acquisitions in the LIC sector, a summary of which is as follows:

LIC transactions			Premium to share price Day prior to offer	1 month VWAP	Premium to pre-tax NTA
Date <sup>(1)</sup>	Target	Acquirer	%	%	%
14 Jun 22	AEG	WLE	9.0	11.4	(4.5)
14 Jan 22	PM Capital Asian Opportunities Fund	WAM Capital	18.5	20.5	7.4
29 Jun 21	Templeton Global Growth Fund <sup>(2)</sup>	WAM Global	13.8	14.6	3.8
22 Jun 21	Milton Corporation	WHSP <sup>(3)</sup>	26.4	26.6	10.9
13 Nov 18	CYA	WLE	3.6	4.2	(0.1)
30 Aug 18	Wealth Defender Equities	WAM Capital	13.3	13.1	1.4
		<b>Average</b>	<b>14.1</b>	<b>15.1</b>	<b>3.1</b>

**Note:**

- 1 Date of announcement.
- 2 This transaction involved both cash and scrip consideration. Based on the scrip consideration of the offer (which was higher than the cash consideration).
- 3 Washington H. Soul Pattinson and Company (WHSP).

**Source:** Company announcements, FactSet and LEA analysis.

164 The average premium to pre-tax NTA in the above table is 3.1%, however the offer for Milton Corporation was priced at an approximate 10% premium to its pre-tax NTA, based on scrip consideration from WHSP. At the time of acquisition, WHSP was trading at a significant premium to its pre-tax NTA and accordingly WHSP could offer a substantial premium for Milton Corporation without diluting its value to its own shareholders. Excluding this transaction, the average premium to pre-tax NTA is 1.6%. On this basis, recent transactions in the LIC sector:

- (a) have tended to be around the pre-tax NTA level, which indicates that acquirers of these assets have not been prepared to pay a substantial premium over the LICs' pre-tax NTA



- (b) the premium to the pre-offer share price of the LICs has averaged 14.1% and 15.1% respectively over the share price prior to the initial offer and the one month VWAP<sup>49</sup>, which typically reflects the respective share price of the LIC trading at a discount to its pre-tax NTA value prior to the offer.

### Share market value of underlying listed investments

- 165 As set out in Section III, the investment portfolio of QVE comprises investments in listed securities, as well as call options that have been written over these positions. As there is generally a liquid and active market in respect of most of these investments, in assessing the value of the equity in QVE we have had regard to the quoted market price of the respective listed securities to determine the market value of the underlying investments<sup>50</sup>. We note that this approach is consistent with that adopted by QVE in respect of its listed investment portfolio when announcing its updated (pre and post-tax) NTA backing per share to the ASX on a weekly basis<sup>51</sup>.
- 166 Additionally, the reported deferred tax position of the Company represents the tax consequences that would arise should the portfolio be disposed of in its entirety at the reporting date. As noted in Section III, QVE reported a deferred tax asset position as at 31 December 2023 arising from realised and unrealised losses. Accordingly, there is no tax payable and hence no additional tax consequences from the realisation of QVE's investments as at 31 December 2023 (nor as at 31 March 2024) under the Net Realisation approach.
- 167 As noted above, for the purpose of this report we have adopted a valuation date of 31 March 2024. We have therefore had regard to QVE's reported unaudited pre-tax NTA as at this date of \$1.0643 per share, plus or minus \$0.02 per share to allow for potential variations post the valuation date up to the Calculation Date, as shown below:

QVE – pre-tax NTA			
	Paragraph	Low	High
QVE pre-tax NTA per share as at 31 March 2024 (\$)	168	1.0443	1.0843
QVE shares on issue (million)	92	227.4	227.4
<b>QVE pre-tax NTA (\$m)</b>		<b>237.5</b>	<b>246.6</b>

### Costs associated with the Net Realisation approach

- 168 From discussions with and information provided by QVE and its advisers, we understand that there are, in the current circumstances, substantial time and costs involved with liquidating the QVE portfolio and winding up the LIC. There are a number of reasons for this being:
- (a) if the Scheme is not implemented:

<sup>49</sup> Excluding the Milton Corporation transaction, these averages are 11.6% (day prior) and 12.8% (one month) respectively.

<sup>50</sup> Noting that some of QVE's equity positions are subject to highly illiquid trading levels that would restrict QVE's ability to sell these shares in a timely manner. In such instances, we have allowed for the additional costs associated with selling these illiquid positions.

<sup>51</sup> Noting that QVE's financial reporting requirements do not require any allowance for liquidity discounts.



- (i) as noted in the Scheme Booklet there are a number of costs that would be still be incurred by QVE<sup>52</sup>
- (ii) the ASIC relief provided to WLE in respect of its Off Market Takeover Offer would require WLE to formally submit a takeover offer<sup>53</sup>. Accordingly, if the Scheme is not implemented then WLE will be required to make an offer under its Off Market Takeover Offer to QVE shareholders on terms which are significantly less favourable than the Scheme. Any possible alternative pathways which the QVE Board may seek to pursue following the Scheme not being implemented will be done so concurrently with QVE defending against the Off Market Takeover Offer. Accordingly, the Off Market Takeover Offer would weigh on any attempt by QVE to pursue an alternative pathway to maximise value for QVE shareholders and cause QVE to incur additional costs (including legal, corporate advisory, etc.) for the preparation of a Target's Statement, and other associated defence costs
- (b) there are significant costs involved with liquidating the QVE investment portfolio including:
- (i) time and costs associated with exiting illiquid equity positions. QVE holds a number of highly illiquid positions that would take significant time and effort to liquidate. Based on independent advice requested by the QVE Board, the costs to liquidate these positions would be substantial given the need to hire an investment bank to locate buyers for these positions (which are envisaged to be sold in block trades) and the necessary discounts required to attract these buyers
- (ii) brokerage costs for selling QVE's investment portfolio based on the Company's typical brokerage fees of around 20 basis points for shares and around 40 basis points for options
- (iii) professional adviser costs (legal, corporate, tax, etc.) and other costs in relation to the wind-up and delisting of QVE. This would include costs involved with the preparation of explanatory documentation to facilitate extraordinary general meetings required for QVE shareholders to consider and vote on various ordinary and special resolutions to grant QVE approval to proceed with the wind-up. Other costs would include share registry services, extra-exertion directors' fees, hosting of an extraordinary general meeting and the printing and dispatch of documentation
- (iv) costs of operating QVE to the date of wind-up, noting that this would include the time required to defend the Off Market Takeover Offer and then the time to liquidate the investment portfolio, delist QVE and return the proceeds to shareholders

<sup>52</sup> Refer to Section 1.5 of the Scheme Booklet.

<sup>53</sup> Under the rules associated with takeover offers, WLE is ordinarily obliged to make offers to QVE shareholders in accordance with its Off Market Takeover Offer within two months of the announcement. However, WLE has obtained conditional relief from ASIC in respect of this obligation. ASIC has granted that relief to allow QVE and WLE time for the Scheme to be considered and implemented (if approved by QVE shareholders and the Court). However, WLE is required to make offers to QVE shareholders on the same or substantially no less favourable terms than those outlined in the announcement of its Off Market Takeover Offer within three weeks of QVE or WLE announcing that the Scheme will not otherwise proceed or if orders from the second Court hearing approving the Scheme are not lodged with ASIC by 15 August 2024.

- (v) costs involved with the Directors and Officers run off insurance, based on current estimates of these costs that are being provided for the Scheme
- (vi) QVE Investment Management Agreement termination costs. As indicated in Section III, if the QVE Investment Management Agreement is terminated, then in certain circumstances (such as a liquidation of the portfolio) the QVE Investment Manager is entitled to a termination payment equal to 0.9% (plus GST) of the post-tax NTA backing of the shares in the Company multiplied by the number of shares on issue as at the termination date.

169 The total estimated costs, supplemented by inputs from QVE and its advisers, range from \$9.9 million to \$12.0 million (including an allowance for GST), excluding the QVE Investment Management Agreement termination costs, which have been calculated separately.

170 The QVE Investment Management Agreement termination costs for the purpose of our valuation are based on QVE's reported unaudited post-tax NTA as at 31 March 2024 of \$1.0923 per share, plus or minus \$0.02 per share. This results in a termination fee payable to the QVE Investment Manager of \$2.2 million to \$2.3 million (including an allowance for GST), calculated as follows:

<b>QVE – Investment Management Agreement termination costs</b>			
	<b>Paragraph</b>	<b>Low</b>	<b>High</b>
QVE post-tax NTA per share as at 31 March 2024 (\$)	170	1.0723	1.1123
Number of shares on issue (#)	92	227.4	227.4
<b>QVE post-tax NTA (\$m)</b>		243.9	253.0
QVE Investment Management Agreement termination fee (%)	168(b)(vi)	0.9%	0.9%
<b>QVE Investment Management Agreement termination fee (\$m incl. GST)</b>		2.2	2.3

171 Having regard to the above, the total costs involved with the liquidation of the QVE investment portfolio, delisting QVE and then returning the proceeds to shareholders are estimated to be \$12.2 million to \$14.4 million.

## **Deferred tax assets and franking credits**

### **Deferred tax assets**

172 As set out in Section III (paragraph 86), the deferred tax assets held by QVE of \$10.0 million as at 31 December 2023 (and \$6.3 million as at 31 March 2024) essentially arise from unrealised and realised tax losses on its investment portfolio.

173 The utilisation of these losses is dependent on future gains on the investment portfolio and/or the related generation of taxable profit. As our adopted value of QVE's investment portfolio on a Net Realisation approach does not exceed the reported pre-tax net asset value as at 31 March 2024, there would be no additional cash tax payable in respect of the realisation of the portfolio.

174 Accordingly, for the purposes of our valuation we do not consider these capital losses to have any material value, particularly given our valuation assumes a notional realisation of the existing portfolio (i.e. there are no investments from which future gains can be generated at present).

### Franking credits

175 As at 31 March 2024, QVE had franking credits of some \$7.7 million. As this is not insignificant relative to QVE's market capitalisation we have considered the value of these franking credits to existing shareholders of QVE when forming an opinion as to overall value.

176 When assessing the value of franking credits it should be noted that:

- (a) companies cannot directly benefit from franking credits and only their Australian resident shareholders may benefit from franking credits<sup>54</sup>
- (b) Australian resident shareholders must hold the shares in a company for 45 days<sup>55</sup> (subject to certain exemptions) to claim the benefit of franking credits
- (c) franking credits only have a value once distributed
- (d) the tax impost from receiving a fully franked dividend is not fully offset by the franking credit for those individual shareholders on a marginal tax rate greater than 30%
- (e) individual investors on a marginal tax rate of 47% who have held an investment for more than one year would prefer to receive a \$10 capital gain than a \$10 fully franked dividend (as the after tax value of the \$10 capital gain is greater due to capital gains tax concessions on investments held for more than 12 months)
- (f) purchasers of 100% of the company may have excess franking credits anyway (or be unable to use them) and would therefore not prepared to pay a significant value for them.

177 In practice, a company's ability to distribute franking credits is a function of, firstly, its ability to pay a dividend and, secondly, its ability to frank that dividend:

- (a) ability to pay a dividend – under a Net Realisation approach, the net proceeds from winding up QVE would be distributed to QVE shareholders
- (b) ability to frank dividends – to the extent that the final dividend paid on wind-up is fully franked, this would provide tax benefits to Australian resident shareholders, the value of which depends on the individual taxpayers' marginal tax rate.

### Conclusion on value associated with QVE's deferred tax assets and franking credits

178 Considering the above, on balance, we consider the value of QVE's franking credits and tax losses to be of no material value, particularly given our valuation assumes a notional realisation of the existing portfolio.

<sup>54</sup> Withholding tax is not required to be deducted from fully franked dividends paid to non-resident shareholders. This represents a timing benefit to non-resident shareholders provided the non-resident shareholder is able to claim a credit for the withholding tax paid.

<sup>55</sup> 90 days in connection with preference share dividends.

## Valuation of QVE

179 Based on the above we have assessed the controlling interest value of QVE (as at 31 March 2024) at \$0.99 to \$1.02 per share, as shown below:

Valuation of QVE <sup>(1)</sup>			
	Paragraph	Low \$m	High \$m
QVE pre-tax NTA per share as at 31 March 2024 (\$)	167	1.0443	1.0843
QVE shares on issue (million)	92	227.4	227.4
<b>QVE pre-tax NTA</b>		237.5	246.6
Liquidation and winding up costs	169	(9.9)	(12.0)
QVE Investment Management Agreement termination fees	170	(2.2)	(2.3)
<b>Net adjustments</b>		(12.2)	(14.4)
<b>Assessed equity value of QVE</b>		225.3	232.2
QVE shares on issue (million)	92	227.4	227.4
<b>Assessed equity value of QVE per share (\$)</b>		0.99	1.02

**Note:**

1 Rounding differences may exist.

## Comparison with share market trading

180 The trading range and VWAP of QVE shares in the one and three month periods up to 30 January 2024 (i.e. the last trading day prior to the announcement of the Off Market Takeover Offer) are set out below:

QVE – share trading history					
Period up to 30 January 2024	Start date	End date	Low \$	High \$	VWAP \$
Day prior to announcement of Scheme	n/a	n/a	0.900	0.910	0.905
1 month	31 Dec 23	30 Jan 24	0.880	0.950	0.893
3 months	31 Oct 23	30 Jan 24	0.855	0.950	0.872

n/a – not applicable.

**Source:** FactSet and LEA analysis.

181 In the one month period prior to the announcement of the Off Market Takeover Offer on 31 January 2024, the VWAP of QVE shares was \$0.893 per share, with the corresponding figure for the three month period prior to the announcement of the Scheme being \$0.872 per share.

182 Our assessed value of 100% of the shares in QVE therefore exceeds the prices at which shares in QVE have recently traded (prior to the announcement of the Scheme), reflective of, inter alia, the elimination of the discount to pre-tax NTA at which QVE shares have historically traded on a minority interest or portfolio basis.

## VII Value of the Scrip Consideration

183 As set out in paragraph 5, if the Scheme is approved and implemented, QVE shareholders will have the option to receive Scrip Consideration (either wholly or in part). The Scrip Consideration is the default Scheme Consideration and is not available to Ineligible Overseas Shareholders<sup>56</sup>. An assessment of the value of the Scrip Consideration follows.

### Scrip Consideration

184 The number of WLE shares that QVE shareholders will receive per QVE share under the Scrip Consideration option is based on the Exchange Ratio that will be determined as at the Calculation Date (i.e. 4 July 2024) having regard to the respective reported pre-tax NTA of QVE and WLE adjusted for the respective parties' Transaction Costs.

185 The following part of this section of the report considers:

- (a) the determination of the Exchange Ratio
- (b) the per share value of WLE following implementation of the Scheme, having regard to:
  - (i) share market trading in WLE subsequent to the announcement of the Scheme on 12 March 2024; and
  - (ii) the underlying pre-tax NTA of WLE shares
- (c) our assessed value of the Scrip Consideration.

### The Exchange Ratio

186 The Exchange Ratio is based on QVE's pre-tax NTA per share divided by WLE's pre-tax NTA per share, calculated in a manner consistent with that published by the companies in their respective ASX pre-tax NTA announcements, adjusted for each company's respective Transaction Costs that remain unpaid at the Calculation Date (i.e. 4 July 2024). The Transaction Costs associated with the Scheme for the respective parties are:

- (a) QVE – the costs associated with professional advisers (including financial, legal and tax advisers), termination of the QVE Investment Management Agreement, facilitating WLE's access to due diligence, undertaking due diligence on WLE by QVE, Directors and Officers run-off insurance and other Scheme related costs
- (b) WLE – costs primarily related to share registry, ASX listing and legal advice. WLE is expected to incur significantly lower Transaction Costs on the basis that its investment manager, WAM, has significant experience in LIC acquisitions and does not typically employ many external advisers.

187 Given a large proportion of the respective parties' Transaction Costs remain outstanding as at 31 March 2024 (i.e. our valuation date), an estimate of the Transaction Costs that remain unpaid as at this date has been provided by QVE and its advisers. These are:

- (a) QVE – costs of \$4.6 million (including the notional contribution of \$0.55 million (including GST) from WLE to QVE for the purpose of providing a benefit to QVE

<sup>56</sup> As defined in Section 11 of the Scheme Booklet.

shareholders when determining the Scrip Consideration and Cash Consideration under the Scheme), which equates to 0.0204 per QVE share

(b) WLE – costs of \$0.4 million, which equates to 0.0003 per WLE share.

188 Adopting the reported pre-tax NTA for QVE and WLE as at 31 March 2024 (i.e. our valuation date) and the Transaction Costs outlined above, the Exchange Ratio would be 0.7323 of a WLE share for every one QVE share, calculated as follows:

Exchange Ratio		
	QVE \$ per share	WLE \$ per share
<b>Reported pre-tax NTA as at 31 March 2024 (unaudited)</b>	1.0643	1.4259
Less Transaction Costs	(0.0204)	(0.0003)
<b>Adjusted pre-tax NTA</b>	<u>1.0439</u>	<u>1.4256</u>
	A	B
<b>Implied Exchange Ratio (#)</b>	A / B =	<u>0.7323</u>

189 QVE shareholders should note that the actual Exchange Ratio will depend on the relative reported pre-tax NTA of each company on the Calculation Date, and will therefore likely differ from the calculation above. However, as at 31 March 2024, the above represents the best estimate available.

190 Based on this Exchange Ratio we have calculated an estimate of the number of WLE shares to be issued to QVE shareholders, together with the number of WLE shares on issue subsequent to implementation of the Scheme. This calculation reflects:

- (a) QVE shares on issue as at 31 March 2024 of 227.4 million
- (b) WLE shares on issue at 31 March 2024 of 1,260.0 million
- (c) an assumption that 50%, 75% and 100% of the QVE shareholders choose the Scrip Consideration option.

Potential WLE shares on issue (post implementation of Scheme)			
	Scrip Consideration election		
	50% million	75% million	100% million
QVE shares to be acquired for Scrip Consideration pursuant to Scheme	113.7	170.6	227.4
Exchange Ratio	0.7323	0.7323	0.7323
<b>WLE shares issued to QVE shareholders</b>	<u>83.3</u>	<u>124.9</u>	<u>166.5</u>
WLE shares on issue prior to Scheme	1,260.0	1,260.0	1,260.0
<b>Potential WLE shares on issue post-Scheme</b>	<u>1,343.3</u>	<u>1,385.9</u>	<u>1,426.5</u>
<b>QVE shareholders as % of enlarged WLE</b>	6.2%	9.0%	11.7%

191 Assuming either 50%, 75% or 100% of QVE shareholders choose the Scrip Consideration option, and based on the assumed Exchange Ratio, the number of shares to be issued by WLE as consideration under the Scheme could represent between 6.2% (at 50% Scrip Consideration take up) and 11.7% (at 100% Scrip Consideration take up) of the enlarged capital base of WLE.



## Valuation of WLE following implementation of the Scheme

192 It is customary in transactions where scrip is offered as consideration to have regard to the listed market price of the bidder's shares<sup>57</sup> (in this case WLE) as a reference point for estimating the realisable value of the consideration offered. This is principally because:

- (a) the listed market prices of WLE shares are likely to represent a reasonable proxy for the amount that QVE shareholders could expect to realise if they sold any WLE shares received as consideration either immediately or in the short term
- (b) any decision to continue to hold WLE shares beyond the short term is a separate investment decision which should be made by QVE shareholders having regard to their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. It is also not possible to accurately predict future share price movements
- (c) whilst there may be a future opportunity for QVE shareholders to share in a control premium in the event WLE was acquired, this is not a scenario that we consider likely in the short term.

193 Accordingly, in our opinion, the recent market prices of WLE shares are an appropriate reference point for estimating the value of the Scrip Consideration offered. In doing so, we have also considered the depth of the market for those securities and the volatility of the share price.

194 In order to assess the likely trading price of WLE shares subsequent to completion of the Scheme, we have also had regard to the pro-forma pre-tax NTA of WLE (post implementation of the Scheme) and the premium or discount at which WLE shares have recently traded relative to its reported pre-tax NTA. In our opinion, this approach is highly relevant because it results in the values for both QVE and WLE being assessed on consistent bases (i.e. using the reported pre-tax NTA backing for both companies as at 31 March 2024).

## Recent share trading history (pre and post announcement of Scheme)

195 The historical share prices for WLE are set out in Section IV, with a summary of share trading in WLE shares:

- (a) prior to the announcement of the Off Market Takeover Offer (i.e. up to 30 January 2024); and
- (b) in the intervening period between the announcement of the Off Market Takeover Offer (on 31 January 2024) and the announcement of the Scheme (on 12 March 2024), is shown below:

<sup>57</sup> Provided there is sufficient market liquidity in the bidder's shares.

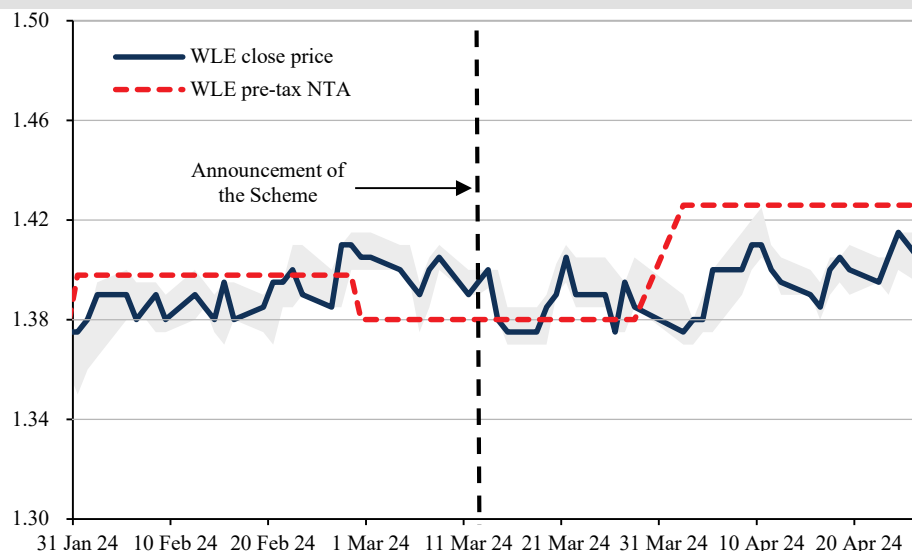
**WLE – share price history prior to Scheme implementation**

Share trading period	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
<b>Time periods up to and including 30 January 2024</b>					
1 month	1.345	1.400	1.365	22.2	30.3
3 months	1.313	1.410	1.368	65.9	90.2
6 months	1.313	1.515	1.411	117.9	166.3
<b>31 January 2024 – 11 March 2024</b>	1.350	1.415	1.388	37.9	52.6

Source: FactSet and LEA analysis.

- 196 As indicated above, shares in WLE traded at VWAPs of between \$1.365 and \$1.411 per share in the periods prior to the announcement of the Off Market Takeover Offer. In the intervening period between the announcement of the Off Market Takeover Offer and the announcement of the Scheme, WLE shares have traded broadly consistent with this range, at a VWAP of \$1.388 per share.
- 197 For the purpose of assessing the value of the WLE shares offered as consideration we believe more regard should be given to the price of WLE shares since the Scheme was announced on 12 March 2024. This is because we consider the WLE share prices subsequent to 12 March 2024 to be more representative of the share price assuming the Scheme is implemented than the prices before that date.
- 198 Share trading in WLE subsequent to the announcement of the Off Market Takeover Offer and the Scheme up to 26 April 2024 relative to its reported pre-tax NTA is shown below:

**WLE – share trading post announcement of the Off Market Takeover Offer<sup>(1)</sup>**



**Note:**

1 The intraday high and low WLE price is represented by the grey shaded area.

Source: WLE ASX Investment Update announcements, FactSet and LEA analysis.

- 199 The following table sets out the prices at which WLE shares have traded in the period subsequent to the announcement of the Scheme up to 26 April 2024:



**WLE – share price history (post announcement of Scheme)**

Time periods	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
13 March 2024 <sup>(1)</sup> to 26 April 2024	1.370	1.425	1.393	41.3	57.6
10 trading days to 26 April 2024	1.380	1.415	1.398	10.1	14.2

**Note:**

1 Being the first day of trading subsequent to the announcement of the Scheme.

**Source:** FactSet and LEA analysis.

200 As noted above, subsequent to the announcement of the Scheme, shares in WLE have traded between \$1.37 and \$1.425, with a VWAP of \$1.393 per share. Further, we note that:

- the value of WLE shares traded since the announcement of the Scheme has been relatively high, with some \$57.6 million of WLE shares traded since the announcement of the Scheme to 26 April 2024
- the trading range of WLE shares since the announcement of the Scheme has generally been slightly lower than WLE's reported pre and post-tax NTA per share (which as at 31 March 2024 was \$1.4259 per share and \$1.4175 per share respectively).

**Pre-tax NTA**

201 We set out below the pro-forma pre-tax NTA of WLE post the proposed acquisition of QVE assuming implementation of the Scheme as at 31 March 2024 and that all QVE shareholders elect to receive the Scrip Consideration:

**Pro-forma pre-tax NTA assuming 100% Scrip Consideration election<sup>(1)</sup>**

	QVE	WLE – pre Scheme	WLE – post Scheme
Reported pre-tax NTA per share as at 31 March 2024 <sup>(2)</sup> (\$)	1.0643	1.4259	n/a
Transaction Costs yet to be incurred per share <sup>(3)</sup> (\$)	(0.0204)	(0.0003)	n/a
<b>Pre-tax NTA per share (post transaction costs) (\$)</b>	1.0439	1.4256	n/a
Number of shares on issue (million)	227.4	1,260.0	n/a
Exchange Ratio <sup>(4)</sup>	0.7323	-	n/a
<b>Number of shares in merged entity (million)</b>	166.5	1,260.0	1,426.5
<b>Pro forma pre-tax NTA (\$m)</b>	237.4	1,796.3	2,033.7
<b>Pro forma pre-tax NTA per share (\$)</b>			<u>1.4256</u>

**Note:**

1 Rounding differences may exist.

2 Unaudited.

3 Refer to paragraph 187.

4 Refer to paragraph 188.

n/a – not applicable.

202 We have also considered the pro-forma pre-tax NTA of WLE post the proposed acquisition of QVE assuming implementation of the Scheme as at 31 March 2024, assuming 50% of QVE

shareholders elect to receive the Scrip Consideration and 50% elect to receive the Cash Consideration:

<b>Pro-forma pre-tax NTA assuming 50% Scrip Consideration election</b>			
	<b>QVE \$m</b>	<b>WLE – pre Scheme \$m</b>	<b>WLE – post Scheme \$m</b>
Reported pre-tax NTA per share as at 31 March 2024 <sup>(1)</sup> (\$)	1.0643	1.4259	n/a
Transaction Costs yet to be incurred per share <sup>(2)</sup> (\$)	(0.0204)	(0.0003)	n/a
<b>Pre-tax NTA per share (post transaction costs) (\$)</b>	<b>1.0439</b>	<b>1.4256</b>	<b>n/a</b>
Number of shares on issue (million)	227.4	1,260.0	n/a
Shares elected for Scrip Consideration (million)	113.7	-	n/a
Exchange Ratio <sup>(3)</sup>	0.7323	-	n/a
<b>Number of shares in merged entity (million)</b>	<b>83.3</b>	<b>1,260.0</b>	<b>1,343.3</b>
<b>Pro forma pre-tax NTA (\$m)</b>	<b>118.7</b>	<b>1,796.3</b>	<b>1,915.0</b>
<b>Pro forma pre-tax NTA per share (\$)</b>			<b>1.4256</b>

**Note:**

- 1 Unaudited
- 2 Refer to paragraph 187.
- 3 Refer to paragraph 188.
- n/a – not applicable.

203 We note that under both scenarios the pre-tax NTA of the merged entity (on a pro-forma basis) is consistent (at \$1.4256 per merged entity share) and this is also consistent with the reported pre-tax NTA of WLE per share (of \$1.4259 per WLE share).

**Conclusion**

204 In summary, in assessing the value of the WLE shares offered as consideration under the Scheme we have had regard to:

- (a) the recent trading range of WLE shares
- (b) the likely level of on-market trading in WLE shares subsequent to implementation of the Scheme
- (c) the reported pre-tax NTA of WLE shares; and
- (d) the number of shares to be issued by WLE under the Scheme compared to the enlarged number of WLE shares on issue post completion of the Scheme.

205 Based on the above we have assessed the value of WLE shares offered as consideration pursuant to the Scheme at between \$1.39 per share (which is broadly consistent with share price trading for WLE post announcement of the Scheme) and \$1.43 per share (which is consistent with the assessed pre-tax NTA of WLE post the acquisition of QVE under the Scheme).

206 It is also important to note that while the WLE share price was trading at a modest discount to its pre-tax NTA as at 31 March 2024, over the respective six month, one year and three year

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periods to 30 January 2024 (i.e. prior to the announcement of the Off Market Takeover Offer) the WLE share price has traded at average premiums of 5.0%, 3.8% and 4.2% respectively.

### Assessed value of Scrip Consideration

207 We have therefore assessed the value of the Scrip Consideration to be received by QVE shareholders pursuant to the Scheme as follows:

Value of Scrip Consideration			
	Paragraph	Low \$	High \$
Value of WLE post transaction (per share)	205	1.39	1.43
Exchange Ratio	188	0.7323	0.7323
<b>Value of Scrip Consideration (per QVE share)</b>		<b>1.02</b>	<b>1.05</b>

### Other considerations

- 208 QVE shareholders should note that the listed market price of WLE shares is subject to daily fluctuation. The price at which WLE shares may be sold may therefore be greater or less than our assessed value of WLE shares of \$1.39 to \$1.43 per share.
- 209 Shareholders should note that the low end of our range implies a discount to WLE's reported pre-tax NTA as at 31 March 2024 of some 2.6%, while the high end of our range implies a small premium of around 0.3% to WLE's reported pre-tax NTA as at 31 March 2024 (noting that WLE's pre and post-tax NTA is not materially different).
- 210 QVE shareholders should also note that any decision to hold WLE shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold WLE shares should be made by shareholders having regard to their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

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## VIII Value of Cash Consideration

211 As set out in paragraph 5, if the Scheme is approved and implemented, QVE shareholders will have the option to receive Cash Consideration (either wholly or in part). An assessment of the value of the Cash Consideration follows.

### Cash Consideration

212 As noted above, the proposed Cash Consideration is based on QVE's reported pre-tax NTA per share after adjusting for the Transaction Costs associated with implementing the Scheme, less a 2.5% discount. This calculation will be performed at the Calculation Date (i.e. 4 July 2024). For the purposes of this calculation we have adopted QVE's reported unaudited pre-tax NTA as at 31 March 2024.

213 As noted in Section VII, the Transaction Costs for QVE associated with the Scheme are the costs associated with professional advisers (including financial, legal and tax advisers), termination of the QVE Investment Management Agreement, facilitating WLE's access to due diligence, undertaking due diligence on WLE by QVE, Directors and Officers run-off insurance and other Scheme related costs.

214 The Transaction Costs for QVE that remain unpaid as at 31 March 2024 have been estimated by QVE and its advisers at \$4.6 million (including the notional contribution of \$0.55 million (including GST) from WLE to QVE for the purpose of providing a benefit to QVE shareholders when determining the Scrip Consideration and Cash Consideration under the Scheme), which equates to 0.0204 per QVE share.

215 Having regard to the above, the value of the Cash Consideration to be received by QVE shareholders pursuant to the Scheme is \$1.02 per share, calculated as follows:

Value of Cash Consideration	
	\$ per share
Reported pre-tax NTA as at 31 March 2024 (unaudited)	1.0643
Less Transaction Costs	(0.0204)
<b>Adjusted pre-tax NTA</b>	<u>1.0439</u>
Less 2.5% discount	(0.0261)
<b>Cash Consideration</b>	<u><u>1.0178</u></u>
<b>Cash Consideration (adopt say)</b>	<u><u>1.02</u></u>

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## IX Evaluation of the Scheme – Scrip Consideration

### Summary of opinion

216 In our opinion, the Scrip Consideration is fair and reasonable and in the best interests of QVE shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

### Assessment of Scrip Consideration component of the Scheme

217 If the Scheme is approved and implemented the Scrip Consideration to be received by QVE shareholders comprises WLE shares, based on the Exchange Ratio as at the Calculation Date. As set out in:

- (a) Section VII – we have assessed the value of the Scrip Consideration at between \$1.02 and \$1.05 per QVE share<sup>58</sup>
- (b) Section VI – we have assessed the value of QVE on a 100% controlling interest basis at between \$0.99 and \$1.02 per share.

### Assessment of “fairness”

218 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison as it applies to the Scrip Consideration is shown below:

Comparison of Scrip Consideration to assessed value of QVE shares				
	Paragraph	Low \$	Mid \$	High \$
Value of Scrip Consideration per QVE share	207	1.020	1.035	1.050
Assessed value per QVE share	179	0.990	1.005	1.020
<b>Extent to which the Scrip Consideration exceeds our assessed value per QVE share</b>		<b>0.030</b>	<b>0.030</b>	<b>0.030</b>

219 As the value of the Scrip Consideration per QVE share is above our assessed valuation range for QVE shares on a 100% controlling interest basis, in our opinion the Scrip Consideration is fair to QVE shareholders when assessed based on the guidelines set out in RG 111.

### Assessment of reasonableness and in the best interests

220 Pursuant to RG 111, a transaction is “reasonable” if it is “fair”. As the Scrip Consideration component of the Scheme is fair, in our opinion, the Scrip Consideration component of the Scheme is also reasonable.

221 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.

222 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the consideration payable

<sup>58</sup> Assessed based on a WLE share price range of \$1.39 to \$1.43 per share.

pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.

223 We therefore consider that the Scrip Consideration component of the Scheme is also in the best interests of QVE shareholders in the absence of a superior proposal.

### Other considerations

224 In assessing whether the Scheme is reasonable and in the best interests of QVE shareholders electing to receive the Scrip Consideration, LEA has also considered (and discussed in detail below) the following:

- (a) the extent to which a control premium is being paid to QVE shareholders
- (b) the comparative position of QVE shareholders both prior to and on the assumption the Scheme is implemented, including consideration of comparative:
  - (i) investment strategies and portfolio composition
  - (ii) premiums / discounts to pre-tax NTA backing per share
  - (iii) investment returns
  - (iv) total shareholder return
  - (v) dividend position
  - (vi) liquidity levels
- (c) the extent to which QVE shareholders are being paid a share of any synergies likely to be generated pursuant to the Scheme
- (d) the listed market price of the shares in QVE, both prior to and subsequent to the announcement of the Scheme
- (e) the likely market price of QVE shares if the Scheme is not approved
- (f) the value of QVE to an alternative offeror and the likelihood of a superior proposal in respect of QVE being tabled prior to the date of the Scheme meeting
- (g) other qualitative and strategic issues associated with the Scheme; and
- (h) the advantages and disadvantages of the Scheme from the perspective of QVE shareholders.

### Extent to which a control premium is being paid

225 We have calculated the premium implied by the Scrip Consideration by reference to the market prices of QVE shares (as traded on the ASX) for periods up to and including 30 January 2024<sup>59</sup>. For implied premium calculation purposes we have taken the mid-point of our assessed valuation range of the Scrip Consideration of \$1.035 per share. The implied offer premium relative to QVE share prices up to 30 January 2024 is shown below:

<sup>59</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer (i.e. the “undisturbed” QVE share price).

**Implied offer premium relative to recent QVE share prices**

	<b>QVE share price</b>	<b>Implied offer premium</b>
	<b>\$</b>	<b>%</b>
Scrip Consideration	1.035	
Closing share price on 30 January 2024 <sup>(1)</sup>	0.905	14.4
1 month VWAP to 30 January 2024 <sup>(1)</sup>	0.893	15.9
3 month VWAP to 30 January 2024 <sup>(1)</sup>	0.872	18.7

**Note:**

- 1 The last trading day prior to the announcement of the Off Market Takeover Offer, i.e. the “undisturbed” QVE share price.

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- 226 In our opinion, more regard should be had to the VWAPs above rather than the share price on a single day. Having regard to the VWAPs, we note that the Scrip Consideration to be received by QVE shareholders electing to receive the Scrip Consideration provides those QVE shareholders with a material premium above the QVE share prices prior to the announcement of the Off Market Takeover Offer. This primarily reflects (as noted in Section III) that QVE shares were trading at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer.
- 227 Notwithstanding that this implied premium is above the listed market prices, in Section VI when assessing the value of QVE, we have concluded that a notional acquirer of QVE would generally not pay a premium over the underlying value of QVE’s investment portfolio to acquire a 100% interest in QVE (for the reasons stated). In this regard, we note that:
- (a) the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances (refer to Section VI, paragraph 163)
  - (b) the value of the Scrip Consideration is broadly consistent with our assessed value of QVE shares and the reported pre-tax NTA of QVE shares as at 31 March 2024.
- 228 Accordingly, in our view, QVE shareholders electing to receive the Scrip Consideration under the Scheme are being appropriately compensated for the fact that 100% of control of QVE will pass to WLE if the Scheme is approved and implemented.

**Comparative position of QVE shareholders**

**Investment strategies and portfolio composition**

- 229 As noted in Sections III and IV respectively, whilst QVE and WLE invest in Australian equities that are considered to be trading at prices different to their intrinsic values, the investment mandates of the respective LICs is different. The QVE Investment Manager adopts a fundamental, bottom-up approach in its investments, with a focus on value and maintaining a relatively low level of stock turnover. In contrast, the WLE Investment Manager has a highly active approach integrating both top-down and bottom-up analysis with investment decisions guided by the identification of catalysts that could lead to a re-rating of a stock. Additionally, QVE focuses on stocks outside the top 20 ASX listed companies, whilst WLE invests in these larger companies.



230 As set out in Sections III and IV, QVE and WLE have different portfolio constructions based on their individual investment mandates. The table below sets out a comparison of the key investment criteria of QVE and WLE:

Investment criteria	QVE	WLE
Geographic focus	Australia	Australia
Portfolio focus	S&P/ASX 300 ex S&P/ASX 20	S&P/ASX 200
Target number of stocks held	20-50	20-50
Individual stock position size limit (of net asset value)	7.5%	20%
Exchange-traded derivatives	To hedge / create positions	None
Gearing level / leverage permitted (% net asset value)	None	None
Maximum short position (% net asset value)	None	Up to 50%

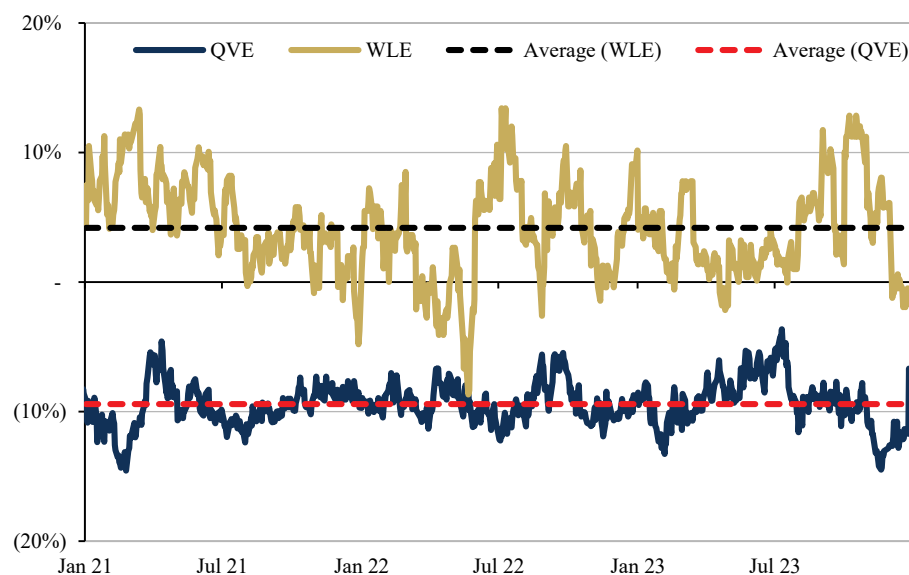
231 As indicated above, there are a number of differences in the management of the QVE and WLE portfolios under their respective investment mandates, including investment strategy, portfolio focus, size of investment and use of derivatives.

232 We also note that the sector allocations vary between QVE and WLE. For instance, as at 31 March 2024, the largest three sector weights for QVE are health care (12.4%), industrials (9.2%) and materials (9.1%). In contrast, the three largest sector weights for WLE are materials (25.6%), financials (18.6%) and health care (9.3%).

#### Premiums / discounts to pre-tax NTA backing per share

233 The chart below sets out the premium / (discount) to the reported pre-tax NTA of QVE and WLE over the three years prior to the announcement of the Off Market Takeover Offer:

QVE and WLE share price premium / (discount) to reported pre-tax NTA



Source: FactSet and LEA analysis.



234 As indicated, WLE shares have typically traded at a premium to its reported pre-tax NTA per share, whilst QVE shares have typically traded at a discount to its reported pre-tax NTA per share. Over the one and three year periods this premium for WLE has been 3.8% and 4.2% respectively, whilst the discount over the same one and three year periods for QVE has been 9.3% and 9.4% respectively.

### Investment returns

235 The comparative investment returns (on a pre-fee and taxes basis) for QVE and WLE since inception are set out below:

WLE – performance to 31 March 2024					
	3 months	1 year	3 years <sup>(1)</sup>	5 years <sup>(1)</sup>	Since inception <sup>(1)</sup>
	%	%	%	%	% <sup>(2)</sup>
<b>QVE</b>					
QVE pre-tax NTA <sup>(3)</sup>	6.6	12.9	7.9	6.0	7.3
S&P/ASX 200 Ex20 Accumulation Index	8.3	15.3	8.0	8.2	9.1
<b>Underperformance</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(0.1)</b>	<b>(2.2)</b>	<b>(1.8)</b>
<b>WLE</b>					
WLE investment portfolio <sup>(4)</sup>	5.7	6.3	12.3	14.7	13.4
S&P/ASX 200 Accumulation Index	13.3	14.4	9.6	9.2	9.3
<b>Outperformance / (underperformance)</b>	<b>(7.6)</b>	<b>(8.1)</b>	<b>2.7</b>	<b>5.5</b>	<b>4.1</b>

**Note:**

- 1 Performance per annum.
- 2 QVE portfolio inception was August 2014 and WLE portfolio inception was May 2016.
- 3 QVE returns are before fees, assumes all declared dividends are reinvested, and exclude tax paid from pre-tax NTA.
- 4 WLE returns are before expenses, fees, taxes and the impact of capital management initiatives.

**Source:** QVE Investment Manager and <https://wilsonassetmanagement.com.au/lic/wam-leaders/>.

236 Whilst the investment strategies differ, and therefore the benchmarks for the respective LICs also differ, aside from returns up to one year, WLE's investment performance has exceeded that of QVE for each of the periods shown above. In addition, the longer term performance of WLE has been significantly higher than QVE.

### Total shareholder return

237 The total shareholder return for QVE and WLE over various periods to 30 January 2024<sup>60</sup> is shown below:

Total shareholder return to 30 January 2024 <sup>(1)</sup>		
	QVE	WLE
	% p.a. <sup>(2)</sup>	% p.a. <sup>(2)</sup>
1 year	1.4	(7.0)
3 years	5.1	5.9
5 years	1.9	10.5
Since inception <sup>(3)</sup>	2.6	8.0

<sup>60</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

**Note:**

- 1 Based on the respective share prices, adjusted for the payment of dividends.
- 2 Percentage return per annum.
- 3 Noting that these LICs have different measurement periods as QVE's inception was August 2014 and WLE's inception was May 2016.

238 As indicated, aside from the one year to 30 January 2024, WLE's total shareholder return has exceeded that of QVE for each of the periods shown above, noting that the return is materially higher for WLE than QVE over the longer term.

**Dividend position**

239 To provide QVE shareholders with an indication of their likely future dividend position relative to recent history, we set out below a comparison of dividends paid by both QVE and WLE for the four years to FY24<sup>61</sup>:

<b>Analysis of comparable dividends<sup>(1)</sup></b>				
	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
	<b>cps</b>	<b>cps</b>	<b>cps</b>	<b>cps</b>
<b>WLE</b>				
Interim	3.50	4.00	4.50	4.60
Final	3.50	4.00	4.50	4.60 <sup>(3)</sup>
<b>Total</b>	<b>7.00</b>	<b>8.00</b>	<b>9.00</b>	<b>9.20</b>
Exchange Ratio <sup>(2)</sup>	0.7323	0.7323	0.7323	0.7323
<b>Implied dividend to QVE shareholders</b>	<b>5.13</b>	<b>5.86</b>	<b>6.59</b>	<b>6.74</b>
<b>QVE</b>				
Interim	1.10	1.20	1.30	1.30
Interim	1.10	1.20	1.30	1.30
Interim	1.10	1.20	1.30	1.30
Final	1.10	1.20	1.30	1.30 <sup>(4)</sup>
<b>Total</b>	<b>4.40</b>	<b>4.80</b>	<b>5.20</b>	<b>5.20</b>
<b>Indicated increase in annual dividend (cps)</b>	<b>0.73</b>	<b>1.06</b>	<b>1.39</b>	<b>1.54</b>
<i>Indicated increase in annual dividend (%)</i>	<i>16.5%</i>	<i>22.0%</i>	<i>26.7%</i>	<i>29.6%</i>

**Note:**

- 1 All dividends are fully-franked.
- 2 The actual Exchange Ratio will be determined on the Calculation Date. The Exchange Ratio used above is what the Exchange Ratio would have been had it been determined as at 31 March 2024.
- 3 Based on guidance provided by WLE.
- 4 Assumed to be consistent with recent quarterly dividends.

240 As indicated, based on the recent comparable level of dividends paid by the respective companies, QVE shareholders would have received a materially higher annual dividend had the Scheme been implemented effective from (say) FY20. For example, had the Scheme been

<sup>61</sup> Including guidance for WLE's FY24 final dividend and an estimate for QVE's fourth quarter FY24 dividend.

effective for FY24, the increased dividend would have been 1.54 cps (which is a 29.6% increase on the comparative QVE position)<sup>62</sup>.

- 241 Dividends paid by both QVE and WLE were fully franked, noting that both QVE and WLE had considerable franking credits as at 31 March 2024. These franking credits were equal to some 3.38 cps (QVE) and 7.25 cps (WLE) respectively as at 31 March 2024, and his equates to 7.89 cps (QVE) and 16.91 cps (WLE) in fully franked dividends respectively.

### Liquidity levels

- 242 The liquidity in QVE and WLE shares based on trading on the ASX over the 12 month period prior to 30 January 2024<sup>63</sup> is set out below:

Liquidity comparison						
Period	No. of shares traded		Implied level of liquidity <sup>(1)</sup>		Value of shares traded	
	QVE 000	WLE 000	QVE %	WLE %	QVE \$000	WLE \$000
1 month to 30 Jan 24	2,484	22,228	13.1	21.2	26,633	363,991
3 months to 30 Jan 24	11,305	65,891	19.9	20.9	39,446	360,688
6 months to 30 Jan 24	21,460	117,902	18.9	18.7	38,212	332,681
1 year to 30 Jan 24	45,382 <sup>(2)</sup>	228,672	19.9 <sup>(2)</sup>	18.8	41,341 <sup>(2)</sup>	332,126

**Note:**

- 1 Implied annualised figure based upon implied level of liquidity for the period.
- 2 Excludes shares bought by WAM Strategic Value Limited during this period, which temporarily increased the liquidity for QVE over this period.

**Source:** FactSet and LEA analysis.

- 243 As indicated, over both the full year and annualised periods to 30 January 2024, the level of share trading for WLE has exceeded \$330 million. In comparison, QVE's share trading has generally been around \$40 million over the same periods.
- 244 Therefore, QVE shareholders electing to receive the Scrip Consideration will not only hold an interest in a significantly larger LIC in WLE, they will also have the benefit of significantly higher liquidity levels than the historical trading in QVE shares.

### Extent to which QVE shareholders are being paid a share of synergies

- 245 QVE has stated that there are expectations that there will be corporate synergies with cost reductions (when compared to the costs of QVE and WLE continuing to operate as separate publicly traded companies) across legal, accounting, investor relations, and compliance and the removal of duplicate expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other listed public company costs.

<sup>62</sup> Noting that under the Scheme it is the current intention of the WLE Board to ensure that all QVE shareholders who elect to receive the Scrip Consideration to be eligible to receive WLE's FY24 fully franked final dividend.

<sup>63</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer.

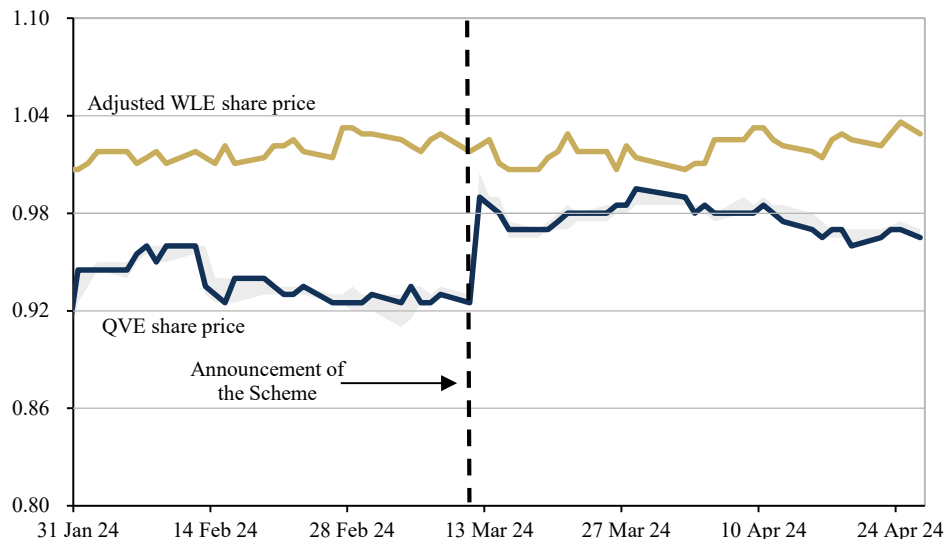
246 However, as previously noted in this report, WLE has higher investment management fees relative to QVE<sup>64</sup> and this has the potential to offset some of the cost savings identified from the combination of QVE and WLE. Accordingly, we do not consider the synergies between the combination of QVE and WLE to be material in the context of the Scheme.

### Recent share prices subsequent to the announcement of the Scheme

247 Shareholders should note that in the period since the Off Market Takeover Offer was announced up to 26 April 2024, QVE shares have traded on the ASX in the range of \$0.91 to \$1.005 per share, with the VWAP for the period being \$0.959.

248 We have compared trading in QVE shares in this period with the corresponding trading in WLE shares, adjusted for the Exchange Ratio, which has been adopted as 0.7323 for the purpose of this report:

**QVE share trading post announcement<sup>(1)</sup>**  
**31 January 2024 to 26 April 2024**



**Note:**

1 QVE's intraday high and low trading range is represented by the grey shaded area.

Source: FactSet and LEA analysis.

249 As indicated, recent trading in QVE shares is generally slightly below the implied value of the Scrip Consideration (based on WLE closing prices adjusted for the Exchange Ratio), suggesting that the market consensus view is that a competing offer for QVE is not expected.

### Likely price of QVE shares if the Scheme is not implemented

250 In the absence of a change of control transaction (such as the Scheme), we would expect that, at least in the short term, QVE shares will trade at a material discount to our valuation and the Scrip Consideration due to the difference between the value of QVE shares on a portfolio basis and the value ascribed to them pursuant to the Scheme. In this regard, we note QVE

<sup>64</sup> QVE's management fees are 0.9% (plus GST) per annum of the portfolio net asset value on the first \$150 million and then 0.75% (plus GST) of the portfolio net asset value above this amount, whilst WLE's management fees are 1.0% per annum (plus GST) of the value of the portfolio plus a performance fee of 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index (subject to the recoupment of prior underperformance).

shares last traded at \$0.905 per share on 30 January 2024 (being the last trading day prior to the announcement of the Off Market Takeover Offer, i.e. the undisturbed QVE share price).

### Likelihood of a superior proposal

- 251 We have been advised by the Independent Directors of QVE that no formal alternative offers have been received subsequent to the announcement of the Scheme on 12 March 2024.
- 252 Whilst there has effectively been (and remains) an opportunity for third parties contemplating an acquisition of QVE to table a proposal before the QVE Board, QVE shareholders should note that:
- (a) there has been a considerable amount of time since the Off Market Takeover Offer was announced on 31 January 2023 for any potential acquirer of QVE to have made an offer
  - (b) under the SIA, QVE is subject to no shop, no talk and no due diligence restrictions during an exclusivity period which commenced on 12 March 2024 and ends on 16 September 2024, unless the SIA is terminated earlier. These restrictions in effect limit QVE's ability to engage with third parties
  - (c) WLE's associated entity, WAM Strategic Value Limited, holds 15.8% of the issued QVE Shares and this may reduce the likelihood of other third parties putting forward a competing proposal.
- 253 Although it is possible that a formal alternate offer / superior proposal may emerge, in our opinion, the factors set out above reduce the likelihood of this occurring.

### Summary of opinion on the Scheme

- 254 We summarise below the likely advantages and disadvantages for QVE shareholders if the Scheme proceeds.

#### Advantages

- 255 The Scrip Consideration component of the Scheme has the following benefits for QVE shareholders:
- (a) the implied value of the Scrip Consideration of \$1.02 to \$1.05 per QVE share is above our assessed value range for QVE shares on a controlling interest basis
  - (b) the Scrip Consideration represents a material premium to the recent market prices of QVE shares prior to the announcement of the Off Market Takeover Offer. Furthermore, the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances
  - (c) QVE has consistently traded at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer (i.e. the "undisturbed" QVE share price), which has averaged 9.3% and 9.4%<sup>65</sup> respectively over the previous one and three year periods<sup>66</sup>. QVE has attempted to reduce this discount through share buy-backs, increasing the frequency of its dividend, more frequent reporting of its NTA position (i.e. from monthly to weekly) and increased marketing. Notwithstanding these

<sup>65</sup> Refer to Section III (paragraph 96) and IX (paragraph 233).

<sup>66</sup> As shown in Section V (paragraph 154) this is not an uncommon situation for ASX LICs which on average also tend to trade at a discount to NTA.

initiatives, QVE continued to trade at a material discount to its reported pre-tax NTA. QVE shareholders accepting the Scrip Consideration will receive WLE shares that have traded on average above WLE's reported pre-tax NTA per share by 3.8% and 4.2% over the one and three years respectively up to the announcement of the Off Market Takeover Offer

- (d) QVE shareholders will obtain exposure to WLE's historically superior investment performance which has generated:
  - (i) annual investment returns before costs and taxes of 13.4% per annum on average since inception. Comparative average returns for QVE since inception have been 7.3% per annum<sup>67</sup>
  - (ii) a total shareholder return<sup>68</sup> (i.e. after allowance for management and performance fees and taxes) of 8.0% per annum since inception. The comparative total shareholder return for QVE since inception has been 2.6% per annum<sup>67</sup>
- (e) based on the Scrip Consideration Exchange Ratio, QVE shareholders are likely to receive a higher annual dividend as WLE shareholders. For example, had the Scheme been effective for the full FY24 year, QVE shareholders' dividend would have been 1.54 cps<sup>69</sup> higher than the equivalent QVE dividend (which is a 29.6% increase)
- (f) QVE shareholders electing to receive the Scrip Consideration will be a part of a significantly larger LIC which has significantly higher liquidity than the historical trading in QVE shares
- (g) QVE shareholders electing to receive the Scrip Consideration may be eligible for capital gains tax rollover relief<sup>70</sup>
- (h) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of QVE shares is likely to trade at a material discount to our valuation, and likely in the range of discount to reported pre-tax NTA it has previously traded at. In addition, there are a number of costs associated with the Scheme that will impact QVE's reported pre-tax NTA regardless of whether the Scheme is successful.

### Disadvantages

256 QVE shareholders who elect to receive the Scrip Consideration should note that:

- (a) WLE has higher management fees than QVE, noting that WLE pays management fees equal to 1.0% per annum of the value of the portfolio, whereas QVE currently pays management fees of 0.9% per annum of the portfolio net asset value on the first \$150 million and then 0.75% of the portfolio net asset value above this amount.

<sup>67</sup> Noting that these LICs have different measurement periods as QVE's inception was August 2014 and WLE's inception was May 2016.

<sup>68</sup> A total shareholder return is based on the respective companies' share price assuming reinvestment of dividends.

<sup>69</sup> Based on the Exchange Ratio of 0.7323, WLE's dividend declared for the half year ending 1H24 of 4.6 cps, plus WLE's final dividend guidance for the year ending 30 June 2024 (FY24) of 4.6 cps, and QVE's declared dividends for the three quarters to 31 March 2024 of 1.3 cps per quarter (3.9 cps for this period) plus an assumed 1.3 cps final dividend.

<sup>70</sup> QVE is in the process of applying for a class ruling from the Australian Taxation Office on specific income tax implications for Australian resident shareholders in relation to their disposal of QVE shares under the Scheme. If capital gains tax rollover relief is available and chosen, the capital gain that a QVE shareholder would otherwise make on the disposal of their QVE shares will be disregarded to the extent that the capital proceeds received are new WLE shares.

However, given WLE's superior historic performance in comparison to QVE (as noted above), this increase in management fees appears reasonable. Further, the removal of duplicated costs (i.e. ASX listing fees and share registry costs and the elimination of other operational costs) could offset the increase in management fees

- (b) QVE is not required to pay performance fees to IML, whereas WLE is required to pay a performance fee to the WLE Investment Manager of 20% of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 200 Accumulation Index (subject to the recoupment of prior underperformance). Such performance fees can incentivise benchmark outperformance, however, this should not be at the expense of adding undue risk to the investment portfolio
- (c) the Exchange Ratio is based on reported pre-tax NTA and accordingly QVE shareholders collectively are not receiving any benefit for QVE's deferred tax asset in respect of realised and unrealised losses on the QVE investment portfolio.

### **Conclusion**

257 Given the above analysis, we consider the advantages of the Scrip Consideration component of the Scheme to significantly outweigh the disadvantages. Accordingly, in our view, the Scrip Consideration component of the Scheme is fair and reasonable and therefore in the best interests of QVE shareholders in the absence of a superior proposal.

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## X Evaluation of the Scheme – Cash Consideration

### Summary of opinion

258 In our opinion, the Cash Consideration is fair and reasonable and in the best interests of QVE shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

### Assessment of Cash Consideration component of the Scheme

259 If the Scheme is approved and implemented the Cash Consideration to be received by QVE shareholders electing to receive this form of Scheme Consideration is based on QVE's reported pre-tax NTA per share after adjusting for the Transaction Costs associated with implementing the Scheme, less a 2.5% discount. As set out in:

- (a) Section VIII – we have assessed the value of the Cash Consideration at \$1.02 per share
- (b) Section VI – we have assessed the value of QVE on a 100% controlling interest basis at between \$0.99 and \$1.02 per share.

### Assessment of “fairness”

260 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison as it applies to the Cash Consideration is shown below:

Comparison of Cash Consideration to assessed value of QVE shares				
	Paragraph	Low \$	Mid \$	High \$
Cash Consideration per QVE share <sup>(1)</sup>	207	1.020	1.020	1.020
Assessed value per QVE share	179	0.990	1.005	1.020
<b>Extent to which the Cash Consideration exceeds our assessed value per QVE share</b>		0.030	0.015	0.000

**Note:**

- 1 Based on the reported pre-tax NTA as at 31 March 2024 adjusted for QVE's Transaction Costs and allowing for a 2.5% discount.

261 As the Cash Consideration per QVE share is consistent with our assessed value per share of QVE on a 100% controlling interest basis, in our opinion, the Cash Consideration is fair when assessed in accordance with the guidelines set out in RG 111.

### Assessment of reasonableness and in the best interests

262 Pursuant to RG 111, a transaction is “reasonable” if it is “fair” and if it is “fair and reasonable” it is also generally “in the best interests” of shareholders. As the Cash Consideration component of the Scheme is fair, in our opinion, the Cash Consideration component of the Scheme is also reasonable and in the best interests.

### Other considerations

263 In assessing whether the Scheme is reasonable and in the best interests of QVE shareholders electing to receive the Cash Consideration, LEA has also considered (and discussed in detail below, or as in Section IX as referenced) the following:

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- (a) the extent to which a control premium is being paid to QVE shareholders
- (b) the extent to which QVE shareholders are being paid a share of any synergies likely to be generated pursuant to the Scheme (refer to Section IX, paragraphs 245 to 246)
- (c) the listed market price of the shares in QVE, both prior to and subsequent to the announcement of the Scheme (refer to Section III, paragraphs 95 to 98 and Section IX, paragraph 247)
- (d) the likely market price of QVE shares if the Scheme is not approved (refer to Section IX, paragraph 250)
- (e) the value of QVE to an alternative offeror and the likelihood of a superior proposal in respect of QVE being tabled prior to the date of the Scheme meeting (refer to Section IX, paragraphs 251 to 253)
- (f) other qualitative and strategic issues associated with the Scheme; and
- (g) the advantages and disadvantages of the Scheme from the perspective of QVE shareholders.

### Extent to which a control premium is being paid

264 We have calculated the premium implied by the Cash Consideration by reference to the market prices of QVE shares (as traded on the ASX) for periods up to and including 30 January 2024<sup>71</sup>, as shown below:

Implied offer premium relative to recent QVE share prices		
	QVE share price \$	Implied offer premium %
Cash Consideration	1.02	
Closing share price on 30 January 2024 <sup>(1)</sup>	0.905	12.7
1 month VWAP to 30 January 2024 <sup>(1)</sup>	0.893	14.2
3 month VWAP to 30 January 2024 <sup>(1)</sup>	0.872	16.9

**Note:**

- 1 The last trading day prior to the announcement of the Off Market Takeover Offer, i.e. the “undisturbed” QVE share price.

265 Having regard to the VWAPs, we note that the Cash Consideration to be received by QVE shareholders electing to receive the Cash Consideration provides those QVE shareholders with a material premium above the QVE share prices prior to the announcement of the Off Market Takeover Offer. This primarily reflects (as noted in Section III) that, QVE shares were trading at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer.

266 Notwithstanding that this implied premium is above the listed market prices, in Section VI when assessing the value of QVE, we have concluded that a notional acquirer of QVE would

<sup>71</sup> Being the last trading day prior to the announcement of the Off Market Takeover Offer (i.e. the “undisturbed” QVE share price).

generally not pay a premium over the underlying value of QVE's investment portfolio to acquire a 100% interest in QVE (for the reasons stated). In this regard, we note that:

- (a) the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances (refer to Section VI, paragraph 163)
- (b) the value of the Cash Consideration is broadly consistent with our assessed value of QVE shares and the reported pre-tax NTA of QVE shares as at 31 March 2024.

267 Accordingly, in our view, QVE shareholders electing to receive the Cash Consideration under the Scheme are being appropriately compensated for the fact that 100% of control of QVE will pass to WLE if the Scheme is approved and implemented.

### Summary of opinion on the Scheme

268 We summarise below the likely advantages and disadvantages for QVE shareholders if the Scheme proceeds.

#### Advantages

269 The Cash Consideration component of the Scheme has the following benefits for QVE shareholders:

- (a) the implied value of the Cash Consideration of \$1.02 per QVE share is consistent with our assessed value range for QVE shares on a controlling interest basis
- (b) the Cash Consideration represents a material premium to the recent market prices of QVE shares prior to the announcement of the Off Market Takeover Offer. Furthermore, the implied premium is consistent with the observed premiums generally paid to LIC shareholders in comparable circumstances
- (c) as stated at paragraph 255(c) above, QVE has consistently traded at a discount to its reported pre-tax NTA prior to the announcement of the Off Market Takeover Offer (i.e. the "undisturbed" QVE share price). QVE has attempted to reduce this discount through a number of initiatives, however, the Company has continued to trade at a material discount to its reported pre-tax NTA. QVE shareholders electing to receive the Cash Consideration will receive cash consideration at a materially higher level than recent share trading
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of QVE shares is likely to trade at a material discount to our valuation, and likely in the range of discount to reported pre-tax NTA it has previously traded at. In addition, there are a number of costs associated with the Scheme that will impact QVE's reported pre-tax NTA regardless of if the Scheme is successful.

#### Disadvantages

270 QVE shareholders who elect to receive the Cash Consideration should note that:

- (a) if the Scheme is implemented they will no longer hold an interest in QVE. QVE shareholders receiving Cash Consideration will therefore not participate in any future value created by the Company over and above that reflected in Cash Consideration. However, as our assessed value of QVE shares is consistent with the Cash Consideration, in our opinion, the current value of QVE is reflected in the Cash Consideration

- (b) the Cash Consideration is based on QVE's reported pre-tax NTA and accordingly QVE shareholders collectively are not receiving any benefit for QVE's deferred tax asset in respect of realised and unrealised losses on the QVE investment portfolio.

**Conclusion**

271 Given the above analysis, we consider the advantages of the Cash Consideration component of the Scheme to significantly outweigh the disadvantages. Accordingly, in our view, the Cash Consideration component of the Scheme is fair and reasonable and therefore in the best interests of QVE shareholders in the absence of a superior proposal.

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## Financial Services Guide

### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

### Financial Services Guide

- 3 LEA has been engaged by QVE to provide general financial product advice in the form of an IER in relation to the Scheme. The *Corporations Act 2001 (Cth)* (Corporations Act) requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

### General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

### Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$130,000 plus GST.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

## Appendix A

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Scheme Booklet should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

### Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

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## Qualifications, declarations and consents

### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Ms Julie Planinic and Mr Jorge Resende, who are each authorised representatives of LEA. Ms Planinic and Mr Resende have over 24 years and 22 years experience respectively in the provision of valuation advice (and related advisory services).

### Declarations

- 3 This report has been prepared at the request of the Independent Directors of QVE to accompany the Scheme Booklet to be sent to QVE shareholders. It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of QVE shareholders.
- 4 LEA expressly disclaims any liability to any QVE shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

### Interests

- 5 At the date of this report, neither LEA, Ms Planinic nor Mr Resende have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 6 LEA has not had within the previous two years, any business or professional relationship with QVE or WLE or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Scheme. Its only role has been the preparation of this report.

### Indemnification

- 9 As a condition of LEA's agreement to prepare this report, QVE has agreed to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of QVE which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.



## Appendix B

### Consents

- 10 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

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## Glossary

Term	Meaning
1H	Half year ended 31 December
AEG	Absolute Equity Performance Fund Limited
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Calculation Date	5pm (Sydney time) on the Effective Date
Cash Consideration	A cash amount equal to a 2.5% discount to the reported QVE pre-tax NTA per share on the Calculation Date after adjusting for QVE's Transaction Costs
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	Corporations Regulations 2001
cps	Cents per share
CYA	Century Australia Investments Limited
Effective Date	The date the Scheme becomes effective, which is expected to be 4 July 2024
ETFs	Exchange traded funds
Exchange Ratio	The number of WLE shares proposed to be exchanged for each QVE share having regard to a formula based on the reported pre-tax NTA of QVE and WLE on the Calculation Date after adjusting for each party's respective Transaction Costs
FSG	Financial Services Guide
FY	Financial year
GICS	Global Industry Classification Standard
IER	Independent expert's report
IML or the QVE Investment Manager	Investors Mutual Limited, the manager of the QVE investment portfolio
Independent Directors	Mr Peter McKillop, Ms Linda Wing Yeung Fox and Mr Eamonn Roles
Ineligible Overseas Shareholders	As defined in Section 11 of the Scheme Booklet
Initial Proposal	The confidential non-binding proposal from WLE to merge QVE and WLE by way of an all-scrip transaction announced concurrently with the Off Market Takeover Offer
QVE Investment Management Agreement	The investment management agreement between QVE and IML that was entered into on 23 June 2014 (i.e. upon fund inception) with a five-year term and an option to extend for a further five-year term
LEA	Lonerган Edwards & Associates Limited
LIC	Listed investment company
MER	Management expense ratio
Net Realisation approach	The orderly realisation of net assets approach
NTA	Net tangible assets
Off Market Takeover Offer	The off-market takeover bid for QVE from WLE announced on 31 January 2024
QVE or the Company	QV Equities Limited
QVE shareholders	QVE shareholders other than WAM Strategic Value Limited
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Scheme	The proposed acquisition of QVE shares by WLE, to be implemented via a scheme of arrangement between QVE and its shareholders
Scheme Consideration	The Scrip Consideration, the Cash Consideration or a combination of Scrip Consideration and Cash Consideration

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Appendix C

Term	Meaning
Scrip Consideration	New shares in WLE. The number of WLE shares to be allotted to each QVE shareholder electing to receive the Scrip Consideration will be determined by the Exchange Ratio. The Scrip Consideration is the default Scheme Consideration and is not available to Ineligible Overseas Shareholders
SIA	Scheme Implementation Agreement between QVE and WLE dated 12 March 2024
S&P/ASX 300 Ex20 Accumulation Index	The S&P/ASX 300 Accumulation Index, excluding that part of the return generated by S&P/ASX 20 Accumulation Index securities. This is QVE's benchmark index
Transaction Costs	All the costs incurred by either party that are not yet paid associated with the Scheme and its implementation, including, inter alia, advisers' expenses, legal expenses, counsel fees, fees of the independent expert and all other related costs
VWAP	Volume weighted average price
WAM	Wilson Asset Management (International) Pty Limited, the owner of MAM Pty Limited
WANOS	Weighted average number of shares outstanding
WHSP	Washington H Soul Pattinson and Company
WLE	WAM Leaders Limited
WLE Investment Manager	MAM Pty Limited (a subsidiary of WAM)
WLE Investment Management Agreement	This was entered into on 4 April 2016 for an initial term of 10 years, with automatic five-year extensions thereafter, unless it is terminated by WLE or the WLE Investment Manager

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**ANNEXURE B – SCHEME OF ARRANGEMENT**

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**Scheme of  
Arrangement  
under  
Section 411 of the  
Corporations Act**

QV Equities Limited  
(ACN 169 154 858) (**QV Equities**)

Scheme Participants

**MILLS OAKLEY**  
Level 7, 151 Clarence Street  
SYDNEY NSW 2000  
Telephone: +61 2 8289 5800  
Facsimile: +61 2 9247 1315  
DX 13025, SYDNEY MARKET STREET  
[www.millsOakley.com.au](http://www.millsOakley.com.au)

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## Details

Date	2024	
<b>Parties</b>	<b>QV Equities and Scheme Participants</b>	
<b>QV Equities</b>	Name	QV Equities Limited
	ACN	169 154 858
	Address	Level 24, 25 Bligh Street, Sydney NSW 2000
	Email	lucy.adamson@hazelbrooklegal.com; hugh.griffin@hazelbrooklegal.com
	Attention	The directors
<b>Scheme Participants</b>	Each person who is a QV Equities Shareholder at the Record Date, other than WAM Leaders.	
<b>Governing law</b>	New South Wales, Australia	

## 1 Definitions and Interpretation

### 1.1 Definitions

In this Scheme:

**ADI** means authorised deposit taking institution as defined in the *Banking Act 1959* (Cth).

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

**ASX** means ASX Limited or the market operated by it, as the context requires.

**ASX Operating Rules** means the operating rules of ASX Settlement.

**ASX Settlement** means ASX Settlement Pty Ltd (ACN 008 504 532).

**Business Day** has the meaning given in the Listing Rules.

**Calculation Date** means 5:00pm (Sydney time) on the Effective Date.

**Cash Consideration** means for each Scheme Share held by a Scheme Participant who makes an Election, the cash amount representing the value of QV Equities NTA per Scheme Share, discounted by 2.5%.

**Cash Consideration Account** has the meaning given by clause 5.3(d).

**Cash Participant** means Scheme Participant who has made a valid Election to receive Cash Consideration for some or all of their Scheme Shares.

**CC Date** has the meaning given in clause 5.3(b).

**CHES** means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

**Conditions Precedent** means the conditions precedent in clause 3.1 of the Scheme Implementation Agreement.

**Confirmed** means the amounts agreed between the parties in writing and **Confirm** has a corresponding meaning.

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

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

**Court** means the Federal Court of Australia, or any other court of competent jurisdiction under the Corporations Act agreed by the parties in writing.

**Deed Poll** means the deed poll dated on or about the date of this Scheme executed by WAM Leaders, under which WAM Leaders covenants in favour of the Scheme Participants to perform the actions attributed to it under this Scheme.

**Details** means the section of this Scheme headed "Details".

**D&O Run-Off Insurance** has the meaning given in the Scheme Implementation Agreement.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Election** has the meaning given in clause 5.1(a).

**Election Date** means 5:00pm on the date of the Scheme Meeting or such other date as the parties agree in writing.

**Election Form** means a form issued by QV Equities for the purposes of a Scheme Participant making an Election.

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

**End Date** means 16 September 2024 or such other date agreed by WAM Leaders and QV Equities in writing.

**Excluded Shareholder** means WAM Leaders and includes any custodian of WAM Leaders to the extent it is acting in that capacity.

**Explanatory Statement** means the statement under section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to the Scheme, and forms part of the Scheme Booklet.

**GST** has the meaning given in the GST Act.

**GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation Date** means the:

- (a) 5<sup>th</sup> Business Day following the Record Date; or
- (b) 2<sup>nd</sup> Business Day after the WAM Leaders NTA and QV Equities NTA have both been Confirmed,

whichever date occurs last, or such other date as the parties agree in writing or as may be required by ASX.

**Independent Expert** means the independent expert appointed by QV Equities under the Scheme Implementation Agreement.

**Ineligible Overseas Shareholder** means any person who:

- (a) holds QV Equities Shares and to whom WAM Leaders would be prohibited from issuing Scrip Consideration pursuant to any act, rule or regulation of Australia which prohibits WAM Leaders from issuing Scrip Consideration to foreign persons;
- (b) holds QV Equities Shares and does not have a Registered Address in Australia, or such other jurisdiction where QV Equities and WAM Leaders may determine it would be lawful and practicable for that registered shareholder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; or
- (c) is acting on behalf of or for the account of a person who holds QV Equities Shares beneficially and resides in a jurisdiction outside of Australia, except, with the consent of QV Equities and WAM Leaders, such a beneficial shareholder residing in another jurisdiction where QV Equities and WAM Leaders may determine it would be lawful and practicable for that beneficial holder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws.

**Listing Rules** means the listing rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

**Management Agreement** has the meaning given in the Scheme Implementation Agreement.

**Net Proceeds** means the net proceeds of sale generated by the Sale Agent under clause 5.7(b)(ii) (after deducting any applicable brokerage and other selling costs, Taxes and charges).

**New WAM Leaders Shares** means the WAM Leaders Shares to be issued to Scheme Participants as Scrip Consideration.

**NTA** means the net tangible asset backing of QV Equities or WAM Leaders (as the context requires) per QV Equities Share or WAM Leaders Share (as the case may be) before current and deferred tax balances calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. For the avoidance of doubt, the NTA will be calculated on the basis of the last sale price quoted by Refinitiv in respect of the equity and option components of the relevant party's underlying portfolio positions on the Calculation Date.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**QV Equities Cash Holdings** has the meaning given by clause 5.3(b).

**QV Equities NTA** means the NTA of QV Equities on the Calculation Date, as calculated and Confirmed in accordance with clauses 5.2(q) and 5.3(m) and, if applicable, 5.4 of the Scheme Implementation Agreement. For the avoidance of doubt, the QV Equities Transaction Costs are considered a liability of QV Equities in calculating the QV Equities NTA.

**QV Equities Share** means a fully paid ordinary share in the capital of QV Equities.

**QV Equities Shareholder** means each person registered in the Share Register as a holder of QV Equities Shares.

**QV Equities Transaction Costs** means, unless otherwise agreed in the Scheme Implementation Agreement, all of QV Equities' costs associated with implementing the Transaction (including registry, court and other filing fees, fees for QV Equities' financial, taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, costs associated with the D&O Run-Off Insurance, accrued management and performance fees as at the Calculation Date and any other contractual liabilities (such as Management Agreement termination costs), including GST paid on such costs (to the extent not reduced by an input tax credit)) that have been incurred but remain unpaid as at the Calculation Date. In calculating the QV Equities NTA, QV Equities will also include a deduction of \$550,000 including GST from the QV Equities Transaction Costs.

**Record Date** means 5.00pm on the 2<sup>nd</sup> Business Day following the Effective Date or such other time and date as the parties agree in writing or as may be required by ASX.

**Registered Address** means in relation to a Scheme Participant, the address of the Scheme Participant shown in the Share Register as at the Record Date.

**Registry** means Link Market Services Limited (ACN 083 214 537) or such other person that provides share registry services to QV Equities from time to time.

**Regulatory Authority** includes:

- (a) ASX, ASIC and the Takeovers Panel;
- (a) a government or governmental, semi-governmental or judicial entity or authority, including the ATO;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (c) any regulatory organisation established under statute.

**Sale Agent** means the agent appointed in relation to the Scheme by WAM Leaders and QV Equities to sell the Scrip Consideration that would have otherwise been issued to Ineligible Overseas Shareholders.

**Scheme** means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by QV Equities and WAM Leaders.

**Scheme Booklet** means the information booklet to be approved by the Court and despatched to QV Equities Shareholders which includes this Scheme, Explanatory Statement, Deed Poll, Independent Expert's report and notice of the Scheme Meeting and proxy form.

**Scheme Consideration** means, depending on the Scheme Participant's Election, the consideration to be provided to each Scheme Participant for the transfer to WAM Leaders of each Scheme Share, being:

- (a) Cash Consideration;
- (b) Scrip Consideration; or
- (c) a combination of Cash Consideration and Scrip Consideration.

**Scheme Implementation Agreement** means the document titled "Scheme Implementation Agreement" between WAM Leaders and QV Equities dated on or around 12 March 2024.

**Scheme Meeting** means the meeting to be convened by the Court at which QV Equities Shareholders will vote on the Scheme.

**Scheme Participant** means each person who is a QV Equities Shareholder at the Record Date other than Excluded Shareholders.

**Scheme Share** means a QV Equities Share held by a Scheme Participant at the Record Date.

**Scrip Consideration** means for each Scheme Share, that number of New WAM Leaders Shares determined in accordance with Schedule 1 and clause 5.

**Scrip Participant** means a Scheme Participant who will receive Scrip Consideration for all or some of their Scheme Shares.

**Second Court Date** means the first day on which the Court hears an application for an order to be made pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, means the day on which the adjourned application or appeal is heard.

**Share Register** means the register of holders of QV Equities Shares maintained by or on behalf of QV Equities.

**Subsidiary** of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statements.

A trust may be a subsidiary (and an entity may be a subsidiary of a trust) if it would have been a subsidiary under this definition if that trust were a body corporate. For these purposes, a unit or other beneficial interest in a trust is to be regarded as a share.

**Takeovers Panel** means the panel established under section 171 of the *Australian Securities and Investments Commission Act 1989* (Cth) and continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth).

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or assessed as being payable by any authority together with any fines, penalties and interest in connection with them.

**Transaction** means the acquisition of QV Equities by WAM Leaders through implementation of the Scheme, in accordance with the Scheme Implementation Agreement or as otherwise agreed between the parties in writing.

**WAM Leaders** means WAM Leaders Limited (ACN 611 053 751).

**WAM Leaders NTA** means the NTA of WAM Leaders as at the Calculation Date, calculated and Confirmed in accordance with clauses 5.3(l), 5.2(r), and, where applicable, 5.4 of the Scheme Implementation Agreement. For the avoidance of doubt, the WAM Leaders Transaction Costs are considered a liability of WAM Leaders in calculating the WAM Leaders NTA.

**WAM Leaders Registry** means WAM Leaders' share registry, Boardroom Pty Limited (ACN 003 209 836) and **WAM Leaders Register** means the register held by WAM Leaders Registry.

**WAM Leaders Share** means a fully paid ordinary share in the capital of WAM Leaders.

**WAM Leaders Transaction Costs** means, unless otherwise agreed pursuant to the Scheme Implementation Agreement, all of WAM Leaders' costs associated with implementing the Transaction (including registry, court and other filing fees, fees for WAM Leaders' financial, taxation, legal and other professional advisers, counsel fees, accrued management and performance fees as at the Calculation Date and any other contractual liabilities, including GST paid on such costs to the extent not reduced by an input tax credit) that have been incurred but remain unpaid as at the Calculation Date.

## 1.2 General interpretation

Unless the contrary intention appears, in this Scheme:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) a reference to a party, clause, annexure or schedule is a reference to a party to, clause in or annexure or schedule to this Scheme;
- (e) headings (including those in brackets at the beginning of paragraphs) and labels used for defined terms are for convenience only and do not affect the interpretation of this Scheme;
- (f) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (g) a reference to "person" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;



- (h) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) a reference to a time of day is a reference to Sydney time;
- (j) other than as expressly provided in this Scheme, if an act under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (k) if a day on which a party must do something under this Scheme is not a Business Day, the party must do it on the next Business Day;
- (l) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (m) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (n) a reference to "law" includes common law, principles of equity and legislation (including regulations);
- (o) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (p) a reference to "regulations" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (q) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually; and
- (r) a reference to any thing (including an amount) is a reference to the whole and each part of it.

## **2 Preliminary matters**

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### **2.1 QV Equities**

- (a) QV Equities is a public company limited by shares, incorporated in Australia and registered in Victoria.
- (b) As at the date of the Scheme Implementation Agreement, QV Equities' issued securities were 227,412,619 QV Equities Shares.
- (c) The QV Equities Shares are officially quoted on ASX.

### **2.2 WAM Leaders**

- (a) WAM Leaders is a public company limited by shares, incorporated in Australia and registered in New South Wales.
- (b) As at the date of the Scheme Implementation Agreement, WAM Leaders' issued securities were 1,260,001,474 WAM Leaders Shares.
- (c) The WAM Leaders Shares are officially quoted on ASX.

### **2.3 Scheme summary**

If this Scheme becomes Effective, then on the Implementation Date:

- (a) WAM Leaders will provide or procure the provision of the Scheme Consideration to Scheme Participants in accordance with this Scheme and the Deed Poll (noting that Ineligible Overseas Shareholders will be dealt with in accordance with clause 5.7 below); and

- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to WAM Leaders, and QV Equities will enter WAM Leaders in the Share Register as the holder of the Scheme Shares, with the result that QV Equities will become a wholly-owned Subsidiary of WAM Leaders.

## 2.4 Implementation

- (a) QV Equities and WAM Leaders have agreed by executing the Scheme Implementation Agreement to implement the Scheme.
- (b) This Scheme attributes actions to WAM Leaders but does not itself impose an obligation on it to perform those actions. WAM Leaders has agreed, by executing the Deed Poll, to perform the actions attributed to it in respect of this Scheme and set out in the Scheme Implementation Agreement, including providing or procuring the provision of the Scheme Consideration to the Scheme Participants and procuring the WAM Leaders Register be updated to reflect the provision of the Scrip Consideration to the Scheme Participants (where relevant). A copy of this Deed Poll forms part of the disclosure materials provided to QV Equities Shareholders prior to the Scheme Meeting.

## 3 Conditions precedent and Effectiveness

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### 3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will not become Effective until, the satisfaction of each of the following conditions precedent:

- (a) as at 8:00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated in accordance with their terms;
- (b) all of the Conditions Precedent as set out in the Scheme Implementation Agreement (other than clause 3.1(c) of the Scheme Implementation Agreement in respect of Court approval of this Scheme) have been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (unless they cannot be waived, in which case they must be satisfied);
- (c) the Court has approved this Scheme, with or without any modification or condition, under section 411(4)(b) of the Corporations Act, and if applicable, WAM Leaders and QV Equities having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act and any such conditions having been satisfied or waived; and
- (d) the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme, on or before the End Date.

### 3.2 Conditions precedent and operation of clauses 4 and 8

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clauses 4 and 8 of this Scheme.

### 3.3 Certificate in relation to conditions precedent

- (a) QV Equities and WAM Leaders must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d)



of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

### **3.4 Effective Date**

Subject to clauses 3.1 and 3.5, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### **3.5 End Date**

Without limiting any rights under the Scheme Implementation Agreement, this Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or  
 (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless WAM Leaders and QV Equities otherwise agree in writing.

## **4 Implementation**

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### **4.1 Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, in accordance with section 411(10) of the Corporations Act, QV Equities must lodge with ASIC an office copy of the Court order approving the Scheme as soon as practicable, and in any event, by no later than 5:00pm on the first Business Day after the day on which the Court approves this Scheme, or any later date agreed in writing with WAM Leaders.

### **4.2 Transfer and registration of Scheme Shares**

On the Implementation Date, subject to WAM Leaders paying the Cash Consideration under clause 5.3 and issuing the Scrip Consideration under clause 5.4, and providing QV Equities with written confirmation that this has occurred:

- (a) the Scheme Shares must, without the need for any further act by a Scheme Participant other than acts performed as attorney and agent for the relevant Scheme Participant by QV Equities under clause 9.7, be transferred to WAM Leaders by:
- (i) QV Equities executing and delivering to WAM Leaders, under the authority in clause 9.7, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to WAM Leaders;
  - (ii) WAM Leaders executing and delivering that share transfer form or those forms to QV Equities; and
  - (iii) where Scheme Shares are held in a CHESS holding, QV Equities causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares held by the relevant Scheme Participant from the CHESS subregister to the issuer sponsored subregister operated by QV Equities, and subsequently completing a proper instrument of transfer of those

Scheme Shares to WAM Leaders under clauses 4.2(a)(i) and 4.2(a)(ii) above; and

- (b) immediately upon receipt of the executed share transfer form or forms, QV Equities must enter the name and address of WAM Leaders in the Share Register as the holder of all Scheme Shares.

## 5 Consideration

### 5.1 Election

- (a) A QV Equities Shareholder may make an election (**Election**) to receive Cash Consideration for some or all of their Scheme Shares (instead of Scrip Consideration) by completing an Election Form, such Election being subject to the terms of this Scheme including clauses 5.5, 5.6 and 5.7.
- (b) Subject to clause 5.1(f), for an Election to be valid:
  - (i) the QV Equities Shareholder must complete and sign the Election Form in accordance with the instructions in the Scheme Booklet and on the Election Form; and
  - (ii) the Election Form must be received by the Registry before the Election Date at the address specified by QV Equities in the Scheme Booklet and on the Election Form.
- (c) An Election made by a QV Equities Shareholder, whether valid or not, will be irrevocable unless WAM Leaders in its absolute discretion agrees to the revocation of the Election.
- (d) If:
  - (i) a valid Election is not made by a QV Equities Shareholder; or
  - (ii) no Election is made by a QV Equities Shareholder,
 then that QV Equities Shareholder will receive Scrip Consideration in respect of all of their Scheme Shares.
- (e) Subject to clause 5.1(f), an Election made or deemed to be made by a QV Equities Shareholder under this clause 5.1 will be deemed to apply in respect of the QV Equities Shareholder's entire registered holding of Scheme Shares at the Record Date, regardless of whether the QV Equities Shareholder's holding of Scheme Shares at the Record Date is greater or less than the Scheme Participant's holding at the time it made its Election.
- (f) A QV Equities Shareholder who is noted on the Share Register as holding one or more parcels of QV Equities Shares as trustee or nominee for, or otherwise on account of, another person, may in the manner considered appropriate by QV Equities and WAM Leaders (acting reasonably including after consultation with the Registry), make separate elections under this clause 5.1 in relation to each of those parcels of QV Equities Shares (subject to it providing to QV Equities and WAM Leaders any substantiating information they reasonably require), and an Election made in respect of any such parcel, or an omission to make an Election in respect of any such parcel, will not be taken to extend to the other parcels.
- (g) Subject to clauses 5.1(h) and 5.1(i), an Election Form will not be valid unless it is completed and received in accordance with the procedures set out in clause 5.1(b).

- (h) WAM Leaders will, acting reasonably, determine all questions as to the correct completion of an Election Form, and time of receipt of an Election Form. WAM Leaders is not required to communicate with any QV Equities Shareholder prior to making this determination. The determination of WAM Leaders will be final and binding on the QV Equities Shareholder.
- (i) Notwithstanding clause 5.1(b), WAM Leaders may, in its sole discretion, at any time and without further communication to QV Equities Shareholders, deem any Election Form it receives from a QV Equities Shareholder to be a valid Election in respect of the relevant Scheme Shares, even if a requirement for a valid Election has not been complied with.

## 5.2 Entitlement to consideration

Subject to the terms of this Scheme, each Scheme Participant will be entitled to and will receive, depending on whether they make a valid Election, the Cash Consideration or the Scrip Consideration in respect of each of their Scheme Shares, or a combination of Cash Consideration and Scrip Consideration for their Scheme Shares, in accordance with this clause 5 of this Scheme.

## 5.3 Provision of Cash Consideration

- (a) WAM Leaders must use its best endeavours to pay or procure payment of the Cash Consideration to each Scheme Participant that has made a valid Election, by no later than the Implementation Date.
- (b) Subject to applicable law, QV Equities must take all reasonable steps after the Calculation Date but by no later than 12:00pm (midday) on the day that is three Business Days before the Implementation Date (**CC Date**) to hold immediate cash holdings in the QV Equities portfolio (**QV Equities Cash Holdings**) up to the amount equal to the aggregate amount of the Cash Consideration payable to Scheme Participants.
- (c) To the extent QV Equities Cash Holdings are below the amount equal to the aggregate amount of the Cash Consideration payable to Scheme Participants, then:
  - (i) by no later than 3:00pm on the CC Date, QV Equities must advise WAM Leaders in writing the balance of the QV Equities Cash Holdings, as well as any acquisitions or disposals that are yet to be settled in connection with assets within the QV Equities portfolio and will become cash;
  - (ii) subject to clause 5.3(c)(iii), the parties must work together in good faith and take all steps as reasonably required to provide the required cash from the QV Equities portfolio of investments such that the amount of the QV Equities Cash Holdings is equal to the aggregate amount of the Cash Consideration payable to Scheme Participants; and
  - (iii) the parties acknowledge that from the Calculation Date to Implementation Date and beyond, all economic benefit or loss within the QV Equities portfolio accrues to WAM Leaders and does not affect the consideration payable to Scheme Participants. Notwithstanding clause 5.3(c)(ii), the parties agree QV Equities will not be required to undertake any activity that would be a breach of any of QV Equities' current and future obligations including obligations pursuant to this Scheme.
- (d) WAM Leaders must procure that by no later than the Business Day before the Implementation Date cleared funds in an amount equal to the aggregate amount

of the Cash Consideration payable to Scheme Participants has been deposited in an Australian dollar denominated trust account with an ADI operated by QV Equities as trustee for the Scheme Participants (**Cash Consideration Account**).

- (e) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.3(d), QV Equities must pay or procure the payment, from the Cash Consideration Account, to each Scheme Participant such amount of Cash Consideration as that Scheme Participant is entitled under this clause 5 (if any).
- (f) The obligations of QV Equities under clause 5.3(e) will be satisfied by QV Equities (in its absolute discretion):
  - (i) where a QV Equities Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from QV Equities by electronic funds transfer to a bank account nominated by the QV Equities Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
  - (ii) otherwise, whether or not the Scheme Participant has made an election referred to in clause 5.1(d)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 5.5).
- (g) To the extent that, following satisfaction of QV Equities' obligations under clause 5.3(e), there is a surplus in the amount held by QV Equities as trustee for the Scheme Participants in the trust account referred to in that clause, that surplus shall be paid by QV Equities to WAM Leaders.
- (h) For the avoidance of doubt, and notwithstanding any other provision of this Scheme, the parties acknowledge, pursuant to clause 5.3(a) of this Scheme, if the Scheme becomes Effective, WAM Leaders is responsible for paying the Cash Consideration under the Scheme to the Scheme Participants who have made an Election and this clause 5.3 does not impose any obligation on QV Equities to fund any amount of the Cash Consideration to be paid to Scheme Participants on the Implementation Date.

#### 5.4 Provision of Scrip Consideration

Subject to clauses 5.5 to 5.9 and Schedule 1, WAM Leaders must:

- (a) on the Implementation Date, issue to each Scrip Participant the Scrip Consideration to which it is entitled without the need for any further act by that Scrip Participant other than acts performed as attorney and agent for that Scrip Participant by WAM Leaders under clause 8.3, by causing the name and Registered Address of that Scrip Participant to be entered into the WAM Leaders Register as the holder of the New WAM Leaders Shares issued to that Scrip Participant; and
- (b) within five Business Days of the Implementation Date, procure that a holding statement (or equivalent document) for that Scrip Consideration is sent to the Registered Address of that Scrip Participant.

## 5.5 Joint holders

In the case of QV Equities Shares held in joint names:

- (a) any Cash Consideration payable or cash payable to an Ineligible Overseas Shareholder in accordance with clause 5.7(c) to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date;
- (b) any Scrip Consideration to be issued under this Scheme must be issued and registered in the names of the joint holders and entry in the WAM Leaders Register must take place in the same order as the holders' names appear in the Share Register;
- (c) the holding statement (or equivalent document) to be issued to Scrip Participants pursuant to clause 5.4(b) will be issued in the name of the joint holders and will be forwarded to the holder whose name appears first in the Share Register as at the Record Date; and
- (d) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

## 5.6 Fractional entitlements

Where the calculation of a particular Scrip Participant's entitlement to Scrip Consideration would result in an entitlement to a fraction of a New WAM Leaders Share, then, any such fractional entitlement will be rounded to the nearest whole number as follows:

- (a) fractional entitlements of 0.5 or more to a New WAM Leaders Share will be rounded up to the nearest whole number; and
- (b) fractional entitlements of less than 0.5 to a New WAM Leaders Share will be rounded down to the nearest whole number.

## 5.7 Ineligible Overseas Shareholders

- (a) Where an Ineligible Overseas Shareholder has made a valid Election to receive Cash Consideration, they will receive that Cash Consideration in accordance with clause 5.3.
- (b) WAM Leaders is under no obligation to issue, and will not issue, any Scrip Consideration to Ineligible Overseas Shareholders, and instead:
  - (i) all Scrip Consideration that would otherwise be required to be issued to any Ineligible Overseas Shareholder under the Scheme, if they were eligible to receive them, must be issued by WAM Leaders to the Sale Agent;
  - (ii) WAM Leaders must procure that, as soon as reasonably practicable (and in any event not more than 20 Business Days after the Implementation Date), the Sale Agent sells on the ASX all of the Scrip Consideration issued to the Sale Agent under clause 5.7(b)(i) on a "best endeavours" basis (and at the risk of the Ineligible Overseas Shareholders); and
  - (iii) WAM Leaders must procure that the Sale Agent remits to the Registry the Net Proceeds.
- (c) QV Equities must, promptly after the Net Proceeds are remitted to the Registry under clause 5.7(b)(iii), procure the Registry to pay to each Ineligible Overseas



Shareholder the amount “A” calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

Where:

**B** = the number of New WAM Leaders Shares that would have been issued to that Ineligible Overseas Shareholder had it not been an Ineligible Overseas Shareholder;

**C** = the total number of New WAM Leaders Shares that would otherwise have been issued to all Ineligible Overseas Shareholders and which are issued to the Sale Agent; and

**D** = the Net Proceeds,

by either:

- (i) despatching, or procuring the despatch, of a cheque in the name of that Ineligible Overseas Shareholder by prepaid post to that Ineligible Overseas Shareholder’s Registered Address, subject to clause 5.5;
  - (ii) making a deposit in an account with any ADI in Australia notified by that Ineligible Overseas Shareholder to QV Equities as recorded in or for the purposes of the Share Register at the Record Date; or
  - (iii) paying, or procuring the payment of, the relevant amount in Australian currency to a bank account nominated by that Ineligible Overseas Shareholder by an appropriate authority from that Ineligible Overseas Shareholder to QV Equities.
- (d) Payment to an Ineligible Overseas Shareholder in accordance with this clause 5.7 satisfies in full the Ineligible Overseas Shareholder’s right to Scrip Consideration.
  - (e) Each Ineligible Overseas Shareholder appoints QV Equities as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the nominee is required to provide to Ineligible Overseas Shareholders under the Corporations Act or any other applicable law.
  - (f) Neither QV Equities nor WAM Leaders make any representation as to the amount of proceeds of sale to be received by Ineligible Overseas Shareholders in accordance with this clause 5.7. Both QV Equities and WAM Leaders expressly disclaim any fiduciary duty to the Ineligible Overseas Shareholders which may arise in connection with this clause 5.7.

### 5.8 Unclaimed consideration

- (a) QV Equities may cancel a cheque issued under this clause 5 if the cheque:
  - (i) is returned to QV Equities; or
  - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date and in any event not earlier than 20 Business Days after the Implementation Date, on request from a Scheme Participant, QV Equities must reissue a cheque that was previously cancelled under clause 5.8(a).
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Cash Consideration or Scrip Consideration issued as cash proceeds to an Ineligible

Overseas Shareholder which becomes 'unclaimed money' (as defined in section 7 of that Act).

### 5.9 Orders of a court or Regulatory Authority

If written notice is given to QV Equities (or the Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

- (a) requires payment to a third party of a sum in respect of QV Equities Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant as Cash Consideration or Scrip Consideration, or a combination of both, in accordance with this clause 5, QV Equities may, if that Scheme Participant is a:
  - (i) Cash Participant, make payment (or procure that payment is made) of the Cash Consideration in accordance with that order; and/or
  - (ii) Scrip Participant, direct WAM Leaders to issue, or to issue to a trustee or nominee, the Scrip Consideration in accordance with that order; or
- (b) prevents payment of Cash Consideration or Scrip Consideration to any particular Scheme Participant in accordance with this clause 5 or the payment is otherwise prohibited by applicable law, QV Equities may, if that Scheme Participant is:
  - (i) an Ineligible Overseas Shareholder, retain an amount, in Australian dollars, equal to the relevant Ineligible Overseas Shareholder's share of the Net Proceeds received by QV Equities pursuant to clause 5.7(b)(iii);
  - (ii) a Cash Participant, retain an amount, in Australian dollars, equal to the Cash Consideration; and/or
  - (iii) a Scrip Participant, direct WAM Leaders not to issue, or to issue to a trustee or nominee, the Scrip Consideration,

to which the Scheme Participant would otherwise be entitled, until such time as provision of the relevant Cash Consideration and/or Scrip Consideration in accordance with this clause 5 is permitted by that order or otherwise by law.

### 5.10 Title to and rights in Scheme Shares

- (a) Immediately upon the provision of the Scrip Consideration to each Scheme Participant or to the Sale Agent (as applicable, and in accordance with this clause 5), WAM Leaders will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by QV Equities of the name and address of WAM Leaders or its custodian in the Share Register as the holder of all Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to WAM Leaders will, at the time of transfer to WAM Leaders, vest in WAM Leaders free from all:
  - (i) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
  - (ii) restrictions on transfer of any kind.
- (c) To avoid doubt, notwithstanding clause 5.10(a), to the extent that clause 5.9(a) applies to any Scheme Participant, WAM Leaders will be beneficially entitled to any Scheme Shares held by that Scheme Participant immediately upon compliance with clause 5.9 on the Implementation Date as if WAM Leaders had provided the Scrip Consideration to that Scheme Participant.



## 6 Dealings in QV Equities Shares

### 6.1 Determination of Scheme Participants

To establish the identity of Scheme Participants, QV Equities will only recognise dealings in Scheme Shares if:

- (a) in the case of dealings of a type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the QV Equities Shares on or before the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Registry on or before the Record Date. QV Equities must register those registrable transfers or transmission applications received on or before the Record Date,

and QV Equities will not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate, except a transfer to WAM Leaders pursuant to this Scheme and any subsequent transfer by WAM Leaders.

### 6.2 No issue

QV Equities must not issue any QV Equities Shares after the Effective Date and on or before the Implementation Date.

### 6.3 No registration of transfers

If this Scheme becomes Effective:

- (a) a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme, and any such disposal will be void and of no legal effect whatsoever; and
- (b) QV Equities must not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of QV Equities Shares received after the Record Date, other than a transfer to WAM Leaders, in accordance with this Scheme.

### 6.4 Statements of holding

Subject to provision of the Scrip Consideration and registration of the transfer to WAM Leaders contemplated in clause 4.2, all statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares, except as evidence of entitlement to the Scrip Consideration or the Cash Consideration (as applicable).

### 6.5 Maintenance of Share Register

- (a) In order to determine entitlements to the Scrip Consideration or Cash Consideration (as applicable), QV Equities must maintain, or procure the maintenance of, the Share Register in accordance with this clause 6 and close the Share Register as at the Record Date.
- (b) The Share Register in this form will solely determine the entitlements of Scheme Participants to the Scrip Consideration or Cash Consideration (as applicable).

## 6.6 Details of Scheme Participants

As soon as possible and in any event within one Business Day of the Record Date, QV Equities must make available to WAM Leaders the details of the names, Registered Addresses and holdings of QV Equities Shares for each Scheme Participant as shown in the Share Register as at the Record Date, in the form WAM Leaders reasonably requires.

## 7 Quotation of QV Equities Shares

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### 7.1 Suspension of trading

QV Equities must apply to ASX for QV Equities Shares to be suspended with effect from the close of trading on the Effective Date.

### 7.2 Termination of quotation

After the Scheme has been fully implemented and on a date after the Implementation Date to be determined by WAM Leaders, QV Equities must apply for termination of the official quotation of QV Equities Shares and to have itself removed from the official list of ASX.

## 8 WAM Leaders' obligations and ancillary matters

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### 8.1 Status of New WAM Leaders Shares

The Scrip Consideration to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid;
- (c) be free from any Encumbrance; and
- (d) rank equally in all respects with all existing WAM Leaders Shares then on issue (other than in respect of any dividend already declared or determined and not yet paid by WAM Leaders, where the record date for entitlement to that dividend occurred prior to the Record Date).

### 8.2 Quotation of Scrip Consideration

WAM Leaders will do everything reasonably necessary to ensure that trading in the New WAM Leaders Shares commences by the first Business Day after the Implementation Date.

### 8.3 Appointment of WAM Leaders as attorney and agent

On the Effective Date, each Scrip Participant, without need for any further act, irrevocably appoints WAM Leaders and each of its directors and officers, jointly and severally, as that Scrip Participant's attorney and agent for the purpose of executing any form of application required for Scrip Consideration to be issued to that Scrip Participant under this Scheme.

### 8.4 Scheme Participants bound

Each Scheme Participant (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme):

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those shares in accordance with this Scheme;
- (b) for all purposes including section 231 of the Corporations Act, if they are to receive New WAM Leaders Shares under the Scheme, agrees to have their name and address entered into the WAM Leaders Register, become a member of WAM Leaders and to accept the Scrip Consideration issued to them in

accordance with this Scheme subject to, and to be bound by, WAM Leaders' constitution and other constituent documents; and

- (c) agrees and acknowledges that the issue of the Scheme Consideration in accordance with clause 5 constitutes satisfaction of all that person's entitlements under this Scheme.

## **9 General Scheme provisions**

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### **9.1 Consent to Court amendments to this Scheme**

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) QV Equities may by its counsel consent on behalf of all persons concerned to those alterations or conditions; and
- (b) each Scheme Participant agrees to any such alterations or conditions to which counsel for QV Equities has consented.

### **9.2 Further action by QV Equities**

Each Scheme Participant irrevocably consents to QV Equities doing all things (on its own behalf and on behalf of each Scheme Participant) necessary or incidental to give full effect to the implementation of this Scheme and the transactions contemplated by it.

### **9.3 Instructions QV Equities**

Binding instructions or notifications between a Scheme Participant and QV Equities relating to Scheme Shares or a QV Equities Shareholder's status as a Scheme Participant (including any instructions in relation to payment of dividends or communications from QV Equities) will (to the extent permitted by law), from the Record Date, be deemed by reason of this Scheme to be similarly binding instructions and notifications in respect of the New WAM Leaders Shares. WAM Leaders will accept any such instructions or notifications until they are, in each case, revoked or amended in writing addressed to WAM Leaders at the WAM Leaders Registry.

### **9.4 Warranties by Scheme Participants**

- (a) Each Scheme Participant acknowledges that this Scheme binds QV Equities and all Scheme Participants, including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting.
- (b) Each Scheme Participant:
  - (i) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those shares in accordance with this Scheme;
  - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares, as relevant, constituted by or resulting from this Scheme; and
  - (iii) agrees to, at the direction of WAM Leaders, destroy any share certificates relating to their Scheme Shares.
- (c) Each Scheme Participant is taken to have warranted to WAM Leaders, and appointed and authorised QV Equities as its attorney and agent to warrant to WAM Leaders, that it has no existing rights to be issued any QV Equities Shares, QV Equities options, QV Equities convertible notes or any other QV Equities securities.

- (d) Each Scheme Participant is taken to have warranted to WAM Leaders, and appointed and authorised QV Equities as its attorney and agent to warrant to WAM Leaders, that:
- (i) all of its Scheme Shares transferred to WAM Leaders under this Scheme, including any rights and entitlements attaching to those shares, will, at the date of transferring them, be fully paid and free from all:
    - (A) Encumbrances; and
    - (B) restrictions on transfer of any kind (but acknowledging that a security interest holder may potentially have an interest in the Scrip Consideration in accordance with the terms of that security interest); and
  - (ii) it has full power and capacity to transfer its Scheme Shares to WAM Leaders together with any rights and entitlements attaching to those shares under the Scheme.
- (e) QV Equities undertakes that it will provide the warranties in clauses 9.4(c) and 9.4(d) to WAM Leaders as agent and attorney of each relevant Scheme Participant.

#### **9.5 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements) transferred under this Scheme to WAM Leaders will, at the time of transfer to WAM Leaders, vest in WAM Leaders free from all:
- (i) Encumbrances; and
  - (ii) restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to the Scheme Participant in the manner contemplated in clause 5, WAM Leaders is beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by QV Equities of WAM Leaders in the Share Register as the holder of those Scheme Shares.

#### **9.6 Appointment of sole proxy**

Immediately upon the Scheme Consideration being issued by WAM Leaders to each Scheme Participant under clause 5 and until QV Equities registers WAM Leaders as the holder of all Scheme Shares in the Share Register:

- (a) each Scheme Participant is deemed to have appointed WAM Leaders as attorney and agent (and to have directed WAM Leaders in that capacity) to appoint any director, officer, secretary or agent nominated by WAM Leaders as its sole proxy and where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) no Scheme Participant may itself attend or vote at any shareholders' meetings or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than under clause 9.6(a));
- (c) each Scheme Participant must take all other actions in the capacity of a registered holder of Scheme Shares as WAM Leaders reasonably directs; and

- (d) each Scheme Participant acknowledges and agrees that in exercising the powers conferred by clause 9.6(a), WAM Leaders and any director, officer, secretary or agent nominated by WAM Leaders under that clause may act in the best interests of WAM Leaders as the intended registered holder of the Scheme Shares.

### 9.7 Authority given to QV Equities

- (a) Each Scheme Participant, without the need for any further act, irrevocably appoints QV Equities and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:
- (i) enforcing the Deed Poll against WAM Leaders;
  - (ii) executing any document, or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including executing any share transfer forms,
- and QV Equities accepts that appointment.
- (b) QV Equities, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 9.7 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

### 9.8 Scheme binding

Each of the Scheme Participants:

- (a) irrevocably consents to QV Equities and WAM Leaders doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds QV Equities and all of the Scheme Participants (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of QV Equities.

## 10 General

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### 10.1 Stamp duty

- (a) WAM Leaders will:
- (i) pay or reimburse all stamp duty, registration fees and any similar Taxes payable or assess as being payable (if any) and any related fines and penalties payable on or in respect of this Scheme; and
  - (ii) indemnify each Scheme Participant against, and agrees to reimburse and compensate it, for any liability arising from failure to comply with clause 10.1(a)(i).
- (b) However, WAM Leaders need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of QV Equities' delay.

### 10.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to QV Equities, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at QV Equities' registered office or at the office of the Registry.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any QV Equities Shareholder does not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

**10.3 Governing law**

The law in force in New South Wales governs this Scheme. The parties submit to the non-exclusive jurisdiction of the courts of that place and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

**10.4 Serving documents**

Without preventing any other method of service, any document in an action in connection with this Scheme may be served on a party by being delivered or left at that party's address set out in the Details.

**10.5 Further action**

QV Equities must promptly execute all documents and do all acts and things as may be necessary or expedient (on its own behalf and on behalf of each Scheme Participant) to implement and give full effect to this Scheme in accordance with its terms.

**10.6 No liability when acting in good faith**

Without prejudice to each parties' rights under the Scheme Implementation Agreement, each Scheme Participant agrees that QV Equities, WAM Leaders and their respective directors, officers, secretaries and employees will not be liable for anything done or omitted to be done in performance of this Scheme or the Deed Poll in good faith.

## Schedule 1 Scrip Consideration

1. The New WAM Leaders Shares to be issued to each Scrip Participant (or the Sale Agent, in respect of each Ineligible Overseas Shareholder) as Scheme Consideration is calculated on the following basis:

$$\mathbf{CU = (A \div B) \times D}$$

Where:

- CU =** the number of New WAM Leaders Shares to be issued to each Scrip Participant (rounded to the nearest whole number in accordance with clause 5.6).
  - A =** the QV Equities NTA per QV Equities Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).
  - B =** the WAM Leaders NTA per WAM Leaders Share on the Calculation Date (calculated and Confirmed in accordance with the Scheme Implementation Agreement).
  - D =** the number of Scheme Shares held by the Scrip Participant at the Record Date.
2. If the Scheme becomes Effective, QV Equities must no later than 8am on the Business Day prior to the Implementation Date, notify WAM Leaders of the New WAM Leaders Shares to be issued to each Scrip Participant and the Sale Agent as Scrip Consideration.



**ANNEXURE C – DEED POLL**

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## Scheme Deed Poll

WAM Leaders Limited (ACN 611 053 751)  
**(WAM Leaders)**

In favour of each Scheme Participant

**MILLS OAKLEY**  
Level 7, 151 Clarence Street  
SYDNEY NSW 2000  
Telephone: +61 2 8289 5800  
Facsimile: +61 2 9247 1315  
DX 13025, SYDNEY MARKET STREET  
[www.millsOakley.com.au](http://www.millsOakley.com.au)

## Details

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**Date** 21 May 2024

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**BY** WAM Leaders Limited (ACN 611 053 751) of Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000  
(**WAM Leaders**)

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**IN FAVOUR OF** Each person who is a QV Equities Shareholder at the Record Date, other than WAM Leaders  
(**Scheme Participants**)

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## Recitals

- A. WAM Leaders and QV Equities have entered into the Scheme Implementation Agreement, under which WAM Leaders has agreed to enter into this deed.
- B. QV Equities has agreed in the Scheme Implementation Agreement, subject to the satisfaction or waiver of certain conditions, to propose the Scheme.
- C. Under the Scheme, all Scheme Shares held by Scheme Participants will be transferred to WAM Leaders for the Scheme Consideration.
- D. WAM Leaders is entering into this deed to covenant in favour of the Scheme Participants that it will observe and perform its obligations under the Scheme.

## Terms and Conditions

### 1 Definitions and Interpretation

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#### 1.1 Defined terms

In this deed:

**Controller** has the meaning given in the Corporations Act.

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

**Details** means the section of this deed headed "Details".

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed); or

- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in paragraphs (a), (b) or (c); or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**QV Equities Directors** means the directors of QV Equities.

**Scheme** means the scheme of arrangement under part 5.1 of the Corporations Act under which all Scheme Shares held by the Scheme Participants will be transferred to WAM Leaders, together with any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by QV Equities and WAM Leaders.

All other words and phrases used in this deed have the meaning given to them in the Scheme.

## 1.2 Interpretation

The rules for interpretation specified in clause 1.2 of the Scheme apply in interpreting this deed unless the context otherwise requires, except that references to 'this Scheme' are to be read as references to 'this deed'.

## 1.3 Nature of deed poll

WAM Leaders acknowledges that:

- (a) this deed may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints QV Equities and any of the QV Equities Directors (jointly and each of them severally) as its agent and attorney to enforce this deed against WAM Leaders.

## 2 Condition precedent and termination

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### 2.1 Condition

WAM Leaders' obligations under clause 3 are subject to the Scheme becoming Effective (other than clause 3.1(a), which applies on and from the date of this deed).

### 2.2 Termination

If:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Scheme does not become Effective on or before the End Date,

then WAM Leaders' obligations under this deed automatically terminate and the terms of this deed are of no further force or effect, unless WAM Leaders and QV Equities otherwise agree in writing.

### 2.3 Consequences of termination

If this deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to WAM Leaders or the Scheme Participants:

- (a) WAM Leaders is released from its obligations to further perform this deed except those obligations contained in clause 7.4 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains any rights, power or remedies it has against WAM Leaders in respect of any breach of this deed by WAM Leaders that occurred before termination of this deed.

## 3 Obligations and Scheme Consideration

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### 3.1 Performance of obligations generally

- (a) WAM Leaders must comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.
- (b) Subject to clause 2, WAM Leaders undertakes in favour of each Scheme Participant to perform the actions attributed to it under the Scheme as if it were a party to the Scheme.

### 3.2 Undertaking to provide Scheme Consideration

Subject to clause 2, WAM Leaders undertakes in favour of each Scheme Participant to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Participant (or to the Sale Agent in respect of Ineligible Overseas Shareholders) in accordance with the terms of the Scheme; and
- (b) undertake all other actions attributed to it under the Scheme.

## 4 Representations and warranties

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WAM Leaders represents and warrants to each Scheme Participant that:

- (a) **(status)** it is a company limited by shares and validly existing under the laws of its place of incorporation, and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has full legal capacity and power to enter into this deed and to carry out the transactions that this deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this deed and its carrying out of the transactions this deed contemplates;
- (d) **(deed effective)** this deed constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping;
- (e) **(rank equally)** the New WAM Leaders Shares to be issued as Scrip Consideration under the Scheme will:

- (i) be validly issued;
  - (ii) be fully paid;
  - (iii) be free from any Encumbrance;
  - (iv) rank equally in all respects with all existing WAM Leaders Shares on issue as at the Implementation Date (other than in respect of any dividend already declared or determined and not yet paid by WAM Leaders, where the record date for entitlement to that dividend occurred prior to the Record Date); and
  - (v) be approved for official quotation by ASX, subject to any conditions which ASX may reasonably require and which are acceptable to both WAM Leaders and QV Equities, acting reasonably and promptly;
- (f) **(no restrictions)** this deed does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (g) **(solvency)** it is not Insolvent.

## 5 Continuing obligations

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This deed is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) WAM Leaders has completely performed its obligations under this deed; or
- (b) the earlier termination of this deed under clause 2.2.

## 6 Variation and assignment

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### 6.1 Variation

This deed or any right created under it may not be varied, altered or otherwise amended unless:

- (a) before the Second Court Date:
  - (i) QV Equities and WAM Leaders agree to that variation, alteration or amendment in writing; and
  - (ii) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme; or
- (b) on or after the Second Court Date, WAM Leaders agrees to a variation in writing as approved by the Court,

in any of which events, WAM Leaders must enter into a further deed poll in favour of Scheme Participants giving effect to that variation.

### 6.2 Assignment

The rights and obligations of a person under this deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with at law or in equity without the prior written consent of WAM Leaders, and any purported dealing in contravention of this clause 6.2 is invalid.

## 7 General

### 7.1 Notices

Unless expressly stated otherwise in this deed, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed must be in writing and sent to the address stated in the Details, or as otherwise advised by WAM Leaders from time to time, and marked to the attention of the person stated in the Details.

### 7.2 Governing law

- (a) This deed is governed by the laws in force of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with the Scheme, and waive any right they might have to claim that those courts are an inconvenient forum.

### 7.3 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

### 7.4 Stamp duty and registration fees

WAM Leaders must:

- (a) pay or reimburse all stamp duty, registration fees and any similar taxes payable or assessed as being payable, including any related fines, interest and penalties, in respect of or in connection with this deed, the performance of this deed and each transaction effected by or made or any instrument executed under this deed or the Scheme, including the transfer of the Scheme Shares to WAM Leaders under the Scheme; and
- (b) indemnify each Scheme Participant against, and agrees to reimburse and compensate it, for any liability arising from failure to comply with clause 7.4(a),

however, WAM Leaders need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of QV Equities' delay.

### 7.5 Cumulative rights

The rights, powers and remedies of WAM Leaders and the Scheme Participants under this deed are cumulative with and do not exclude the rights, powers or remedies provided by law independently of this deed.

### 7.6 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this deed.
- (b) A waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.



**7.7 Consent**

WAM Leaders consents to QV Equities producing this deed to the Court.

**7.8 Further assurances**

WAM Leaders must promptly do all further acts and execute and deliver all further documents (on its own behalf or on behalf of each Scheme Participant) necessary or desirable to give full effect to this deed and the transactions contemplated by this deed.

**7.9 Severability**

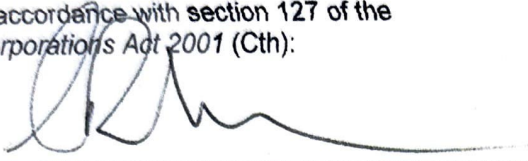
If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 7.9 has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

For personal use only

**Execution page**

EXECUTED as a deed poll

**SIGNED, SEALED AND DELIVERED** by  
**WAM LEADERS LIMITED (ACN 611 053 751)**  
in accordance with section 127 of the  
*Corporations Act 2001 (Cth)*:



Signature of Director

LINDSAY MANN

Name of Director  
(Please print)



Signature of Director / Company Secretary  
(delete as applicable)

JESSE HAMILTON

Name of Director / Company Secretary  
(Please print)

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## ANNEXURE D – NOTICE OF SCHEME MEETING

### NOTICE OF COURT ORDERED MEETING OF QV EQUITIES LIMITED SHAREHOLDERS

#### QV Equities Limited (ASX: QVE) (QVE)

ACN 169 154 858

Notice is given that, by an order of the Federal Court of Australia (**Court**) made on 24 May 2024, pursuant to section 411(1) of the Corporations Act, the Court has ordered a meeting of the holders of QVE Shares will be held at 10:00am (Sydney time) on 28 June 2024 at the following locations:

- (a) in person, at Dexus Place Auditorium, Level 15, 1 Farrer Place, Sydney, NSW, 2000; or
- (b) virtually at the online platform at <https://meetings.linkgroup.com/QVESM24>.

Unless the context otherwise requires, capitalised terms used in this Notice of Scheme Meeting (including the Scheme Resolution) have the meaning given to those terms in the Scheme Booklet, of which this notice forms part.

#### 1 PURPOSE OF THE SCHEME MEETING

The purpose of this Scheme Meeting is to consider and, if thought fit:

- (a) to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which QVE and WAM Leaders agree) proposed to be made between QVE and QVE Shareholders; and
- (b) pass the Scheme Resolution.

The Scheme Booklet accompanying this Notice of Scheme Meeting constitutes an explanatory statement for the purposes of section 412(1) of the Corporations Act.

#### 2 SCHEME RESOLUTION

The Scheme Meeting will be asked to consider, and if thought fit, to pass (with any alterations or conditions agreed or any alterations or conditions required by the Court) the following resolution:

*“That pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the arrangement proposed between QV Equities Limited ACN 169 154 858 and the holders of its fully paid ordinary shares, designated as the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of QV Equities Limited is authorised to implement the Scheme with any such alterations or conditions.”*

#### BY ORDER OF THE COURT

Company Secretary

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## EXPLANATORY NOTES FOR THE SCHEME MEETING

### 1 GENERAL

This Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the accompanying Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution. The Scheme Booklet includes a copy of the Scheme (refer Annexure B) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (being all Sections of this Scheme Booklet, other than this Annexure D).

### 2 VOTING ENTITLEMENTS

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as a holder of QVE Shares at 7:00pm (Sydney time) on 26 June 2024 are entitled to participate and vote at the Scheme Meeting in respect of each QVE Share held by them at that time.

Only those QVE Shareholders entered on the Share Register as at that time will be entitled to attend and vote at the Scheme Meeting either personally or virtually, by proxy or attorney or, in the case of a QVE Shareholder or proxy who is a corporation, by corporate representative.

### 3 REQUIRED VOTING MAJORITY

The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

The Scheme Resolution must be approved by:

- (a) a majority in number (that is, more than 50%) of QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative); and
- (b) holders of at least 75% of the total number of votes cast on the Scheme Resolution by QVE Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, by attorney or corporate representative).

### 4 COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with any alterations or conditions agreed between QVE and WAM Leaders or any alterations or conditions required by the Court to which QVE and WAM Leaders agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC.

If the Scheme Resolution is approved by the required voting majority of QVE Shareholders (as set out in section 3 of these "Explanatory notes for the Scheme Meeting") at the Scheme Meeting, QVE will apply to the Court for orders approving the Scheme.

### 5 HOW TO VOTE

The vote at the Scheme Meeting will be conducted by poll.

QVE Shareholders who are entitled to vote at the Scheme Meeting may vote:

- (a) by attending the Scheme Meeting and voting personally (in person or virtually) or by appointing an attorney to attend the Scheme Meeting (in person or virtually) and vote on their behalf or, in the case of a QVE Shareholder or proxy who is a corporation, by appointing a corporate representative to attend the Scheme Meeting and vote on their behalf (in person or virtually); or
- (b) by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying the Scheme Booklet, available on QVE's website [www.qvequities.com](http://www.qvequities.com) or by contacting the QVE Registry.

You will need the following information to access the Scheme Meeting virtually:

- (a) Enter the following URL in your browser: <https://meetings.linkgroup.com/QVESM24>;
- (b) Your Securityholder Reference Number (SRN) or Holder Identification Number and your registered postcode

## 6 JOINTLY HELD SECURITIES

If you hold QVE Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

## 7 VOTING BY PROXY

A QVE Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend and vote in their place.

A proxy does not need to be a shareholder of QVE and may be an individual or a body corporate.

If a QVE Shareholder appoints more than one proxy, the QVE Shareholder 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 an equal proportion of the QVE Shareholder's votes. If the specified proportion or number of votes exceeds that which the QVE Shareholder is entitled to, each proxy may exercise an equal proportion of the QVE Shareholder'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 QVE Registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au);
- (b) by posting or delivering the Proxy Form by hand to the QVE Registry (addresses below); or
- (c) by faxing the Proxy Form to the QVE Registry (fax number below).

Proxy Forms must be received by the QVE Registry and all online proxy appointments must be completed no later than 10:00am (Sydney time) on 26 June 2024. Documents received after this deadline will not be valid for the scheduled meeting.

QVE Registry's address details for the return of Proxy Forms is provided with the Scheme Booklet:

- (a) **Hand deliveries:**  
 QV Equities Limited  
 C/- Link Market Services Limited  
 Parramatta Square  
 Level 22, Tower 6  
 10 Darcy Street  
 Parramatta NSW 2150
- (b) **Postal address:**  
 QV Equities Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235
- (c) **By internet at the QVE Registry's website:** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
- (d) **By Fax:** +61 2 9287 0309

## 8 ATTENDANCE

If you or your proxies, attorneys or corporate representative(s) plan to attend the Scheme Meeting, please arrive at the venue at least 15 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

## 9 ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from QVE's website at [www.qvequities.com/schemebooklet](http://www.qvequities.com/schemebooklet) or by contacting QVE Registry.