



## Securities Exchange Announcement

26 August 2021

### Update to Transaction – Release and dispatch of Explanatory Memorandum

Templeton Global Growth Fund Limited (ASX: TGG) ("**TGG**" or the "**Company**") is pleased to announce that the Australian Securities and Investments Commission has registered the explanatory statement ("**Explanatory Memorandum**") in relation to the proposed scheme of arrangement under which: (i) TGG has agreed to undertake a buy-back of fully paid ordinary shares in TGG ("**TGG Shares**") ("**Buy-Back**") and (ii) WAM Global has agreed to acquire all TGG Shares (other than TGG Shares held by eligible TGG shareholders who have validly accepted the Buy-Back offer) ("**Scheme**") (together, "**Transaction**").

This follows the orders made by the Supreme Court of New South Wales ("**Court**") yesterday approving the convening of a meeting of TGG shareholders to consider and vote on the Scheme ("**Scheme Meeting**") and the distribution of the Explanatory Memorandum to TGG shareholders, also as announced by TGG yesterday.

### Release and dispatch of Explanatory Memorandum

TGG is also pleased to confirm the dispatch of the Explanatory Memorandum, including the Independent Expert's Report and the notice of the Scheme Meeting and the General Meeting, to TGG shareholders. A copy of the Explanatory Memorandum is also attached to this announcement.

TGG Shareholders who have elected to receive communications electronically will receive an email that will contain instructions about how to view or download a copy of the Explanatory Memorandum, and to lodge their proxies for the Scheme Meeting and the General Meeting online. TGG shareholders who have not made such an election will receive a hard copy of the Explanatory Memorandum by post together with a hard copy proxy form for the Scheme Meeting and the General Meeting. The Explanatory Memorandum will also be available for viewing and downloading at [www.tggtransaction.com.au](http://www.tggtransaction.com.au).

TGG Shareholders who wish to receive a printed copy of the Explanatory Memorandum may request one by calling Computershare on 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia).

### Scheme Meeting and General Meeting

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting and the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting and the General Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting and the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting and the General Meeting will be held entirely virtually. TGG will update the market if this is required.

TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting or General Meeting.

TGG Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting and the General Meeting through an online platform via the website [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316).

The Scheme Meeting will be held at **11.00am (Sydney time) on 29 September 2021**. The General Meeting will be held at **11.30am (Sydney time) on 29 September 2021** (or as soon thereafter as the Scheme Meeting has concluded or been adjourned).

#### **Independent Expert's conclusion**

The Independent Expert, Grant Thornton Corporate Finance Pty Ltd, has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of TGG shareholders in the absence of a superior proposal. The Independent Expert's conclusions should be read in context with the full Independent Expert's Report and the Explanatory Memorandum.

#### **Recommendation**

The TGG Board continues to unanimously recommend that TGG shareholders vote in favour of the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

Each TGG director who has a Relevant Interest in TGG Shares intends to vote in favour of the Scheme and Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

WAM Global has advised TGG that the Wilson Asset Management Group members who hold TGG Shares are in favour of the Transaction, however will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back Resolution at the General Meeting.

#### **Further Information**

TGG encourages all TGG Shareholders to read the Explanatory Memorandum in its entirety before deciding whether to vote in favour of the Scheme at the Scheme Meeting or the Buy-Back Resolution at the General Meeting. For further information, shareholders should contact the Shareholder Information Line on 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia) which is open between Monday and Friday from 8.30am to 5.30pm (Sydney time), or visit the FAQ page at [www.tggfttransaction.com.au](http://www.tggfttransaction.com.au).

– ENDS –

This announcement has been authorised for release by the TGG Board.

For further information, please contact:

Chris Freeman

Chair

[enquiries@templeton.com](mailto:enquiries@templeton.com)

1800 673 776



Templeton Global Growth Fund Limited  
ACN 006 558 149

# Explanatory Memorandum

In relation to the Transaction which comprises:

- a proposal from WAM Global Limited (ACN 624 572 925) ("**WAM Global**") to acquire all of the ordinary shares in Templeton Global Growth Fund Limited (ACN 006 558 149) ("**TGG**") that it does not already own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) by way of a scheme of arrangement between TGG and TGG Shareholders; and
- the proposed buy back of ordinary shares in TGG.

## VOTE IN FAVOUR

The TGG Board unanimously recommend that you **vote in favour** of the Scheme and Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

**This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme and the Buy-Back.** If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser. If you have recently sold all your TGG Shares, please ignore this Explanatory Memorandum. TGG has established a Shareholder Information Line which you should call if you have any questions in relation to the Transaction. The telephone number for the Shareholder Information Line is 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia). The Shareholder Information Line is open between Monday and Friday from 8.30am to 5.30pm (Sydney time).

Financial adviser

**Deloitte.**

Legal adviser

**KING & WOOD  
MALLESONS**  
金杜律师事务所

# Important Notices

## General

TGG Shareholders should read this Explanatory Memorandum in its entirety before making a decision as to how to vote on the resolutions to be considered at the Scheme Meeting and the General Meeting.

## Purpose of Explanatory Memorandum

The purpose of this Explanatory Memorandum is to explain the terms of the Transaction (including the Scheme and the Buy-Back) and the manner in which the Transaction will be considered and implemented (if the Scheme is approved by the Requisite Majority of TGG Shareholders and the Court, and the Buy-Back is approved by the Requisite Majority of TGG Shareholders) and to provide such information as is prescribed or otherwise material to the decision of TGG Shareholders whether or not to approve the Scheme and the Buy-Back, and whether to receive the Scrip Consideration or alternatively elect to participate in the Buy-Back.

This Explanatory Memorandum includes the explanatory statement required to be sent to TGG Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme and the explanatory statement required to be sent to TGG Shareholders under Division 2 of Part 2J.1 of the Corporations Act in relation to the Buy-Back.

This Explanatory Memorandum is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that disclosure to investors under Part 6D.2 of the Corporations Act is not required for any offer of securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act and approved at a meeting held as

a result of an order made by the Court under section 411(1) of the Corporations Act.

## Responsibility for information

The information contained in this Explanatory Memorandum, other than the WAM Global Information and the Independent Expert's Report, has been prepared by TGG and is the responsibility of TGG. None of WAM Global, its directors, officers or advisers assume any responsibility for the accuracy or completeness of the TGG Information.

The WAM Global Information, which primarily consists of the information contained in the WAM Global Chair's Letter, sections 5, 6 and 7, has been provided by WAM Global and is the responsibility of WAM Global. None of TGG, its directors, officers or advisers assume any responsibility for the accuracy or completeness of the WAM Global Information.

The Independent Expert has prepared the Independent Expert's Report in relation to the Transaction contained in Annexure A and takes responsibility for that report. None of TGG, WAM Global and their respective directors, officers and advisers assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

## ASIC and the ASX

A copy of this Explanatory Memorandum was provided to ASIC under section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Explanatory Memorandum in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a

statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the hearing on the Second Court Date. Neither ASIC nor its officers take any responsibility for the contents of this Explanatory Memorandum.

A copy of this Explanatory Memorandum has been provided to the ASX for its review under the Listing Rules. Neither the ASX nor its officers take any responsibility for the contents of this Explanatory Memorandum.

## IMPORTANT NOTICE ASSOCIATED WITH COURT ORDERS UNDER SECTION 411(1) OF THE CORPORATIONS ACT

A copy of this Explanatory Memorandum was submitted to the Court to obtain orders of the Court under section 411(1) of the Corporations Act directing TGG to convene the Scheme Meeting. Those orders were obtained at the First Court Hearing.

The fact that the Court has ordered the Scheme Meeting to be convened is no indication that the Court has: (a) formed a view about the merits of the proposed Transaction or about how the TGG Shareholders should vote (on this matter the TGG Shareholders must reach their own decisions); (b) prepared, or is responsible for, the content of this Explanatory Memorandum; or (c) approved or will approve the terms of the Scheme.

An order of the Court under section 411(1) of the Corporations Act is not an endorsement of, or any other

expression of opinion on, the Scheme.

### **Future matters and intentions**

Certain statements in this Explanatory Memorandum relate to the future. These statements may not be based on historical facts, and they involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of TGG, WAM Global or the Enlarged Group to be materially different from future results, performance or achievements expressed or implied by those statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, commodity prices, competitive pressures, selling price, market demand, and changes to the operational and regulatory environment of TGG and WAM Global (or the Enlarged Group), including the risks and uncertainties associated with the ongoing impacts of COVID-19. These forward-looking statements and information are based on numerous assumptions regarding present and future business strategies, and the environment in which the Enlarged Group (or TGG and WAM Global in the scenario where the Transaction does not proceed) will operate in the future, including anticipated costs and ability to achieve objectives and strategies.

Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of TGG, WAM Global or the Enlarged Group are or may be forward looking statements. These statements only reflect views held as at the

date of this Explanatory Memorandum.

Other than as required by law neither TGG, WAM Global nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur. You are cautioned about relying on any such forward looking statements in this Explanatory Memorandum. Additionally, statements of the intentions of WAM Global (and the Enlarged Group) reflect WAM Global's present intentions as at the date of this Explanatory Memorandum and may be subject to change.

All subsequent written and oral forward-looking statements attributable to TGG or WAM Global or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under law or the Listing Rules, TGG and WAM Global do not give any undertaking to update or revise any forward-looking statements after the date of this Explanatory Memorandum to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

### **No investment advice**

This Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation and particular needs of individual TGG Shareholders. This Explanatory Memorandum should not be relied upon as the sole basis for any investment decision in relation to the Transaction or your TGG Shares. Before making an investment decision in relation to the Transaction or your TGG Shares, including any decision to vote for or against the Scheme or the Buy-

Back, you should consider, with or without the assistance of a financial adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. If you are in any doubt, you should consult your legal, financial or other professional adviser before making any investment decision in relation to the Transaction or your TGG Shares.

### **TGG Shareholders outside Australia**

This Explanatory Memorandum complies with the disclosure requirements applicable in Australia, which may be different to those in other countries.

### **Foreign jurisdictions**

This Explanatory Memorandum does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Other than as set out in this Explanatory Memorandum, no action has been taken to register New WAM Global Shares or New WAM Global Options or otherwise permit an offering of New WAM Global Shares or New WAM Global Options in any jurisdiction outside of Australia.

The distribution of the Explanatory Memorandum (electronically or otherwise) outside Australia may be restricted by law. If you come into possession of this Explanatory Memorandum (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

This Explanatory Memorandum may not be distributed outside Australia except to the extent permitted in section 9.9 or with the consent of TGG.

## Financial Information

Financial information in this Explanatory Memorandum has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and also complies with the International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board. It is presented in an abbreviated form and does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Australian disclosure requirements may differ from those applicable in other jurisdictions. Accordingly, the release, publication or distribution of this Explanatory Memorandum in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions, and persons outside Australia who come into possession of this Explanatory Memorandum should seek advice on, and observe, any applicable restrictions. This Explanatory Memorandum does not in any way constitute an offer to buy securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## Taxation implications of the Transaction

Section 8 provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for TGG Shareholders who dispose of their TGG Shares to WAM Global in accordance with the Scheme or elect to participate in the Buy-Back. It does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual TGG Shareholders.

TGG Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Transaction in the relevant jurisdiction.

## Privacy

TGG, WAM Global and Computershare (TGG's share registry) may collect personal information in the process of implementing the Transaction. The personal information may include the names, addresses, contact details, bank account details and security holdings of TGG Shareholders and the names of persons appointed by TGG Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting or the General Meeting. The collection of some of this personal information is required or authorised by the Corporations Act. Except for a TGG Shareholder's tax file number or ABN, all binding instructions or notifications between a TGG Shareholder and TGG relating to TGG Shares (such as payment instructions, communication elections, email addresses, etc.), will, from the Implementation Date be deemed (except to the extent determined by TGG in its sole discretion), by reason of the Scheme, to be a similar binding instruction or notification to and accepted by WAM Global in respect of the New WAM Global Shares and New WAM Global Options issued to the Scrip Participants until that instruction or notification is revoked or amended in writing addressed to WAM Global at its share registry.

The primary purpose of collecting this personal information is to assist TGG in the conduct of the Scheme Meeting and the General Meeting and to enable the Transaction to be implemented by TGG and WAM Global in the manner described in this Explanatory Memorandum. The personal information may be disclosed to WAM Global's share registry, to the parties'

respective print and mail service providers, authorised securities brokers and any other service provider to the extent necessary to effect the Transaction.

If the information outlined above is not collected, TGG may be hindered in, or prevented from, conducting the Scheme Meeting and the General Meeting and implementing the Transaction.

TGG Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) if they wish to exercise these rights.

TGG Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

## Notice of Scheme Meeting

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

The Wilson Asset Management Group holds 29,606,312 TGG Shares (representing 14.95% of issued TGG Shares). The Wilson Asset Management Group members who hold TGG Shares will not vote on the Scheme.

## Notice of General Meeting

The Notice of General Meeting is set out in Annexure E.

The Wilson Asset Management Group holds 29,606,312 TGG Shares (representing 14.95% of issued TGG Shares). Wilson Asset Management Group members who hold TGG Shares will not vote on the Buy-Back Resolution.

## **Notice of Second Court Hearing and if any TGG Shareholder wishes to oppose the Scheme**

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

Any TGG Shareholder may appear at the Second Court Hearing. It is likely that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing will be conducted virtually by remote access technology, including via web link or telephone conferencing. A TGG Shareholder seeking to appear at (or view) the Second Court Hearing should review the Court list (available at [http://www.courtlist.justice.nsw.gov.au/courtlists/nswsc\\_lists.nsf/Web+Version+Courtlist](http://www.courtlist.justice.nsw.gov.au/courtlists/nswsc_lists.nsf/Web+Version+Courtlist)) for details of the hearing and how such hearing can be viewed. The Court list is usually available by 3:30pm the day before a scheduled hearing.

TGG Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in light of developments relating to COVID-19. Any such change will be announced by TGG on the ASX and notified on TGG's website ([www.tggf.com.au](http://www.tggf.com.au)).

Any TGG 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 TGG a notice of appearance in the prescribed form together with any affidavit that the TGG Shareholder proposes to rely on. The notice of appearance and affidavit must be served on TGG at the address for service at least one day before the date fixed for the Second Court Hearing.

The address for service is: c/o King & Wood Mallesons,

Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 (Attention: Alexander Morris). The notice of appearance and affidavit may also (or instead) be sent by email to the electronic service address, being [Alexander.Morris@au.kwm.com](mailto:Alexander.Morris@au.kwm.com).

## **TGG and WAM Global websites**

The content of TGG's and WAM Global's respective websites do not form part of this Explanatory Memorandum and TGG Shareholders should not rely on their content.

Any references in this Explanatory Memorandum to a website is a textual reference for information only and no information in any website forms part of this Explanatory Memorandum.

## **Questions**

TGG has established a Shareholder Information Line which you should call if you have any questions or require further information. The telephone number is 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia). The Shareholder Information Line is open between Monday and Friday from 8.30am to 5.30pm (Sydney time).

TGG Shareholders should consult their legal, financial or other professional adviser before making any decision regarding the Transaction.

## **Supplementary information**

In certain circumstances, TGG may provide additional disclosure to TGG Shareholders in relation to the Transaction after the date of this Explanatory Memorandum. To the extent applicable, TGG Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Scheme and the Buy-Back.

## **Interpretation**

Capitalised terms and certain abbreviations used in this Explanatory Memorandum have the meanings set out in the Glossary at the back of this Explanatory Memorandum. The documents reproduced in the Annexures to this Explanatory Memorandum may have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Explanatory Memorandum. A number of figures, amounts, percentages, estimates, calculations and fractions in this Explanatory Memorandum are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Unless otherwise specified, all references to \$, A\$, AUD and cents are references to Australian currency.

All information set out in this Explanatory Memorandum (including financial and operational information) is current as at the date of this Explanatory Memorandum, unless otherwise stated.

All references to times in this Explanatory Memorandum are references to time in Sydney, Australia unless otherwise stated.

All times and dates relating to the implementation of the Transaction referred to in this Explanatory Memorandum are subject to change.

## **Date**

This Explanatory Memorandum is dated 26 August 2021.

## **Important matters relating to the Scheme Meeting and the General Meeting during COVID-19**

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting and the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting and the General Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting and the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting and the General Meeting will be held entirely virtually. TGG will update the market if this is required.

**TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting or General Meeting.**

TGG Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting and the General Meeting through an online platform via the website [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316).

The online platform enables participants to listen to the Scheme Meeting and the General Meeting live, vote on the relevant resolutions in real time and ask questions online.

Further details with respect to the conduct of the Scheme Meeting and the General Meeting, including how to join the Scheme Meeting and the General Meeting, ask questions during the Scheme Meeting and the General Meeting and vote at the Scheme Meeting and the General Meeting are set out in the Notice of Scheme Meeting (see Annexure D) and the Notice of General Meeting (see Annexure E) and summarised in the "Summary of the Transaction" section (see "How do I vote?").

TGG strongly encourages TGG Shareholders to consider lodging a directed proxy if they are not able to participate in the Scheme Meeting or the General Meeting.



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# Important Dates

Wednesday, 25 August 2021	First Court Hearing at which the Court made orders convening the Scheme Meeting
Thursday, 26 August 2021	Buy-Back offer opens and Buy-Back Election Forms (or, if applicable, Buy-Back Withdrawal Forms) may be submitted from this date until 7.00pm on the Buy-Back Election Date below
By Monday, 30 August 2021	Explanatory Memorandum sent to TGG Shareholders
11.00am on Monday, 27 September 2021	Latest time and date for receipt of proxy forms for the Scheme Meeting and the General Meeting
7.00pm on Monday, 27 September 2021	Time and date for determining eligibility to vote at the Scheme Meeting and the General Meeting
11.00am on Wednesday, 29 September 2021	<p>TGG Shareholders' Scheme Meeting to vote on the Scheme</p> <p>In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting virtually.</p> <p>If public health orders do not permit the conduct of the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting will be held entirely virtually. TGG will update the market if this is required.</p> <p>Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out at Annexure D to this Explanatory Memorandum</p>
11.30am on Wednesday, 29 September 2021 (or as soon thereafter as the Scheme Meeting has concluded or been adjourned)	<p>TGG Shareholders' General Meeting to vote on the Buy-Back Resolution</p> <p>In order to minimise health risks created by the COVID-19 pandemic, the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the General Meeting virtually.</p> <p>If public health orders do not permit the conduct of the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the General Meeting will be held entirely virtually. TGG will update the market if this is required.</p> <p>Further details relating to the General Meeting are set out in the Notice of General Meeting set out at Annexure E to this Explanatory Memorandum</p>
<b>If the Scheme and the Buy-Back are approved by the Requisite Majorities of TGG Shareholders</b>	
Thursday, 30 September 2021	Calculation Date
7.00pm on Wednesday, 6 October 2021	Buy-Back Election Date – Buy-Back offer closes and last time for receipt by Computershare of your Buy-Back Election Form (or your Buy-Back Withdrawal Form)
By Monday, 18 October 2021	Announcement of the Cash Consideration and Scrip Consideration to the ASX <sup>1</sup>
9.15am on Tuesday, 19 October 2021	Second Court Hearing for approval of the Scheme
Wednesday, 20 October 2021	Court order is lodged with ASIC and Scheme becomes Effective ( <b>Effective Date</b> ) Last day of trading in TGG Shares
Close of trading on ASX on Wednesday, 20 October 2021	Suspension of TGG Shares from trading on the ASX

<sup>1</sup> Refer to section 3.3.4 for further details.

Thursday, 21 October 2021	Commencement of trading of New WAM Global Shares and New WAM Global Options on the ASX on a deferred settlement basis
7.00pm on Friday, 22 October 2021	Record Date for determining entitlement to receive Scrip Consideration and the Cash Consideration
Friday, 29 October 2021	Implementation of the Buy-Back and the Scheme ( <b>Implementation Date</b> ) Payment of the Cash Consideration to Buy-Back Accepting TGG Shareholders under the Buy-Back, immediately followed by issuance of the Scrip Consideration to Scrip Participants under the Scheme.
By Monday, 1 November 2021	Commencement of trading of New WAM Global Shares and New WAM Global Options on the ASX on a normal settlement basis

All dates following the date of the Scheme Meeting and the General Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and other Regulatory Authorities. Any changes to the above timetable will be announced through the ASX. All references to time and dates in this Explanatory Memorandum are references to Sydney time unless otherwise stated.

TGG Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Explanatory Memorandum (including the Notice of Scheme Meeting and the Notice of General Meeting), and to lodge their proxy vote online. TGG Shareholders who have not elected to receive communications electronically will be mailed a paper copy of the Explanatory Memorandum and accompanying Buy-Back Election Form, Buy-Back Withdrawal Form and proxy forms.

The Explanatory Memorandum will also be available for viewing and downloading on the TGG website ([www.tggf.com.au](http://www.tggf.com.au)). TGG Shareholders who wish to receive a printed copy of the Explanatory Memorandum may request one by calling Computershare on 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia), Monday to Friday between 8.30am and 5.30pm (Sydney time).

# TGG Chair's Letter

Dear TGG Shareholder

On behalf of the Board, I am pleased to present you with the opportunity to consider and vote on the Scheme and the Buy-Back outlined in this Explanatory Memorandum (together, the **"Transaction"**). On 29 June 2021, TGG announced that it had entered into a Scheme Implementation Agreement with WAM Global under which: (i) WAM Global agreed to acquire all of the shares in TGG that it does not already own by way of a scheme of arrangement (**"Scheme"**), and (ii) TGG also agreed to offer to buy-back TGG Shares (**"Buy-Back"**).

The TGG Board decided to pursue the Transaction following our strategic review. The Transaction will result in TGG merging with WAM Global, while also providing Scheme Participants a cash alternative through the Buy-Back. Under the Transaction, Scheme Participants have the option to receive either:

- **Scrip Consideration** – Under the Scheme, as consideration for their TGG Shares, Scrip Participants will receive New WAM Global Shares and New WAM Global Options based on the relative NTA per share after tax, but before deferred tax balances of TGG and WAM Global; or
- **Cash Consideration** – Under the Buy-Back, TGG will buy-back TGG Shares for a cash amount equal to the NTA per TGG Share after all current and deferred tax balances. The Buy-Back provides Scheme Participants a cash alternative to the Scrip Consideration under the Scheme.

The TGG NTA will be adjusted for the associated Transaction Costs and the impact of the Buy-Back, and the WAM Global NTA will be adjusted for any associated transaction costs that it will incur.

If the Transaction is implemented, Scheme Participants who do not elect to participate in the Buy-Back will receive the Scrip Consideration. There is no 'cap' on the Scrip Consideration or Cash Consideration. Additional detail in relation to the Scrip Consideration and the Cash Consideration is set out below:

<b>Scrip Consideration</b>	<p>As consideration for their TGG Shares under the Scheme, Scrip Participants will receive New WAM Global Shares and New WAM Global Options as follows:</p> <ul style="list-style-type: none"><li>• <b>New WAM Global Shares:</b> the number of New WAM Global Shares to be issued to each Scrip Participant will be calculated by reference to the relative NTA per share after tax, but before all deferred tax balances, determined in the same manner as per each company's monthly announcement to the ASX in accordance with the ASX Listing Rules and the Australian Accounting Standards. The TGG NTA will be adjusted for the associated Transaction Costs and the impact of the Buy-Back.</li><li>• <b>New WAM Global Options:</b> for every New WAM Global Share that Scrip Participants receive under the Scheme, Scrip Participants will also receive one New WAM Global Option. Each New WAM Global Option provides the holder with the opportunity, but not the requirement, to purchase one additional WAM Global Share for \$2.54 per New WAM Global Option, without paying brokerage. The New WAM Global Options to be issued as part of the Scrip Consideration under the Scheme will be on the same terms as existing options issued by WAM Global, listed on ASX under ticker "WGBO".</li></ul>
<b>Cash Consideration</b>	<p>Under the Buy-Back, Buy-Back Accepting TGG Shareholders will receive cash equal to the NTA per TGG Share after all current and deferred tax balances.</p>

TGG and WAM Global also intend that all TGG Shareholders who receive the Scrip Consideration will be eligible for the WAM Global Dividend (being the 5.0 cents per WAM Global Share fully franked final dividend announced by WAM Global on 18 August 2021).<sup>2</sup>

TGG Shareholders should be aware that the exact Scrip Consideration and Cash Consideration will not be known at the time of the Scheme Meeting and General Meeting on Wednesday, 29 September 2021. The value of the Scrip Consideration and Cash Consideration will be calculated as at the Calculation Date (30 September 2021) and will be announced to the ASX by Monday, 18 October 2021. The Scrip Consideration and Cash Consideration will be calculated

<sup>2</sup> Further information on the WAM Global Dividend, and Scrip Participants' ability to receive this, is set out in section 3.11.

using the formulas disclosed in this Explanatory Memorandum, and a number of illustrative worked examples have been provided (see sections 3.4.3 and 3.5.3) to assist TGG Shareholders to understand how these formulas will be applied. Those formulas are based in part of respective NTAs of TGG and WAM Global at a future point in time as well as other inputs disclosed in this Explanatory Memorandum. There is a risk that the value of the consideration when calculated will be lower than the NTAs for each of TGG and WAM Global at the time you elect to participate in the Buy-Back or vote on the Transaction.

This Explanatory Memorandum includes:

- important information relating to the Transaction;
- the reasons why the TGG Board has unanimously recommended that TGG Shareholders vote in favour of the Transaction, as well as reasons why you may wish to vote against the Transaction. These reasons are set out in section 1; and
- the Independent Expert's Report, which has concluded that the Transaction is fair and reasonable and therefore in the best interests of TGG Shareholders in the absence of a Superior Proposal, and includes a valuation of TGG Shares for the purpose of the Buy-Back.

**It is important to understand that, for the Transaction to proceed, the Requisite Majorities of TGG Shareholders must approve both the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting.**

The Transaction is also subject to a number of other conditions precedent, including TGG obtaining the Draft ATO Class Ruling in respect of the Buy-Back before the date of the Scheme Meeting and the Court approving the Scheme.<sup>3</sup>

The TGG Board considers that the Transaction is in the best interests of TGG Shareholders. The TGG Board unanimously recommends that you vote in favour of the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

Each TGG director who has a Relevant Interest in TGG Shares intends to vote in favour of the Scheme and the Buy-Back in relation to all TGG Shares held or controlled by them in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders. The full report of the Independent Expert is set out in Annexure A.

I encourage you to read this Explanatory Memorandum (including the report of the Independent Expert) carefully in full and, if required, to seek your own legal, financial or other professional advice.

At the Scheme Meeting, TGG Shareholders will be asked to approve the Scheme. At the General Meeting held shortly after the Scheme Meeting on the same day, TGG Shareholders will be asked to approve the Buy-Back. WAM Global has advised TGG that the Wilson Asset Management Group members who hold TGG Shares will abstain from voting at these meetings. A confirmatory statement to that effect is made by WAM Global in section 5.

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting and the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting and the General Meeting virtually on Wednesday, 29 September 2021 commencing at 11.00am. TGG Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting and the General Meeting through an online platform at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316). Please refer to the "Summary of the Transaction" section (see "How do I vote?"), the Notice of Scheme Meeting (Annexure D) and the Notice of General Meeting (Annexure E) for detailed instructions on how you can participate in the Scheme Meeting and the General Meeting through the online platform.

If public health orders do not permit the conduct of the Scheme Meeting and the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting and the General Meeting will be held entirely virtually. TGG will update the market if this is required.

Your vote is important. I strongly encourage you to vote either by attending the Scheme Meeting and the General Meeting virtually, or by appointing a proxy to vote on your behalf by completing and returning the proxy forms (either online or by returning the paper form to the addresses shown on the proxy forms) by 11.00am (Sydney time) on Monday, 27 September 2021.

<sup>3</sup> The conditions precedent to the Scheme are contained in clause 3.1 of the Scheme Implementation Agreement, a summary of which is set out in section 9.10.2.

TGG Shareholders who have any questions relating to the Transaction should contact the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, or visit the FAQ page at [www.tggftransaction.com.au](http://www.tggftransaction.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Freeman', written in a cursive style.

Christopher Freeman, Chair

# WAM Global Chair's Letter

Dear TGG Shareholders

We are pleased to have worked with the TGG Directors to deliver this Explanatory Memorandum that we anticipate will result in the merger of Templeton Global Growth Fund Limited and WAM Global Limited.

The WAM Global Board of Directors believes the Scheme will result in a superior merged entity that will deliver the significant benefits to shareholders that Chairman Chris Freeman has detailed in his letter, and leverage Wilson Asset Management's proven investment strategy.

We look forward to finalising the integration of TGG with WAM Global and welcoming TGG shareholders to the Wilson Asset Management family as we continue to grow WAM Global.

I encourage you to read the Explanatory Memorandum carefully and vote for the merger of TGG and WAM Global.

If you have any questions, please call the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday. Alternatively, contact your financial, legal, taxation or other professional adviser.

Yours faithfully,



Geoff Wilson  
**Chairman**  
**WAM Global Limited**

## Summary of the Transaction

For the Transaction outlined in this Explanatory Memorandum to proceed, the Requisite Majorities of TGG Shareholders must approve both the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. The diagram below illustrates the outcome for TGG Shareholders given different combinations of voting outcomes at the Scheme Meeting and the General Meeting.

Result of vote on the Scheme at the Scheme Meeting	Result of vote on the Buy-Back at the General Meeting	Outcome for TGG Shareholders
Approved by the Requisite Majority <sup>(1)</sup>	Approved by the Requisite Majority	<ul style="list-style-type: none"> <li>The Transaction will proceed.</li> <li>Scrip Participants will receive the Scrip Consideration on the Implementation Date.</li> <li>Buy-Back Accepting TGG Shareholders will receive the Cash Consideration on the Implementation Date.</li> </ul>
Approved by the Requisite Majority	Not approved	<ul style="list-style-type: none"> <li>The Transaction will not proceed.</li> <li>TGG Board would likely proceed with a winding up of TGG. For reasons discussed in further detail in section 4.7, TGG Shareholders should expect the winding up process would take several months to complete.</li> </ul>
Not approved	Approved by the Requisite Majority	
Not approved	Not approved	

*Note: 1. This outcome is also subject to all other Conditions Precedent for the Transaction set out in section 9.10.2 being satisfied or waived (if applicable), including Court approval of the Scheme.*



## What is the Transaction?

The Transaction is:

- **the Scheme** – the proposal from WAM Global to acquire all of the TGG Shares that it does not already own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) by way of the Scheme, and to issue the Scrip Consideration to the relevant TGG Shareholders; and
- **the Buy-Back** – the proposed buy-back of all TGG Shares held by each TGG Shareholder who validly elects to participate in the Buy-Back (and who does not withdraw such election) in each case by 7.00pm on the Buy-Back Election Date.

The Scheme and the Buy-Back are inter-conditional, which means both must be approved by TGG Shareholders in order for the Transaction to proceed. In addition, the Court must approve the Scheme and the other Conditions Precedent must be satisfied or waived. If all these conditions are met, on the Implementation Date, the Buy-Back will complete first and the Scheme will be implemented immediately after this.

For further understanding of the potential Transaction value to TGG Shareholders, please refer to illustrative examples presented in section 3.4.3 for the Scrip Consideration and section 3.5.3 for the Cash Consideration.

## What is the Scheme?

The Scheme is a scheme of arrangement between TGG and Scheme Participants. If the Scheme becomes Effective, WAM Global will acquire all of the TGG Shares on issue that it does not already own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder), and TGG will become a wholly owned Subsidiary of WAM Global.

A “scheme of arrangement” is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of TGG Shareholders at a meeting of TGG Shareholders (the Scheme Meeting), as well as Court approval. The Wilson Asset Management Group holds 29,606,312 TGG Shares (representing 14.95% of issued TGG Shares). The Wilson Asset Management Group members who hold TGG Shares will not vote on the Scheme.

If you are a TGG Shareholder on the Record Date and you do not elect to participate in the Buy-Back, you will receive the Scrip Consideration.

The Scrip Consideration is:

- for each Scheme Share (other than Buy-Back TGG Shares), that number of New WAM Global Shares determined by dividing the TGG NTA per share after tax, but before deferred tax balances by the WAM Global NTA (on the same basis). The TGG NTA will also be adjusted for Transaction Costs and the impact of the Buy-Back; plus
- one New WAM Global Option for every New WAM Global Share received by a Scrip Participant.

Any fractional entitlement of a Scrip Participant to a part of a New WAM Global Share or a New WAM Global Option will be rounded up or down to the nearest whole number of New WAM Global Shares or New WAM Global Options (as applicable). For the avoidance of doubt, fractional entitlements of 0.5 of a New WAM Global Share or a New WAM Global Option will be rounded up.

TGG and WAM Global also intend that all TGG Shareholders who receive the Scrip Consideration will be eligible for the WAM Global Dividend (being the 5.0 cents per WAM Global Share fully franked final dividend announced by WAM Global on 18 August 2021).<sup>4</sup>

The resolution to approve the Scheme must be passed by TGG Shareholders by the Requisite Majority, being:

- a majority in number (more than 50%) of TGG Shareholders who are present and voting either virtually or by proxy, attorney or, in the case of corporate shareholders, by corporate representative (**Headcount Test**); and<sup>5</sup>
- at least 75% of the total number of votes cast on the resolution to approve the Scheme by TGG Shareholders who are present and voting either virtually or by proxy, attorney or, in the case of corporate shareholders, by corporate representative.

The Scheme is also subject to the satisfaction or waiver of the Conditions Precedent summarised in section 9.10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement.

The terms of the Scheme are set out in full in Annexure B.

## What is the Buy-Back?

The Buy-Back is an equal access buy-back offer made by TGG to Scheme Participants. If the Scheme becomes Effective, TGG will buy-back all of the TGG Shares held as at 7.00pm on the Buy-Back Election Date and which continue to be held at 7.00pm on the Record Date of the Buy-Back Accepting TGG Shareholders.

Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

<sup>4</sup> Further information on the WAM Global Dividend, and Scrip Participants' ability to receive this, is set out in section 3.11.

<sup>5</sup> The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. TGG reserves the right to apply to the Court at the Second

A “buy-back” is a statutory process that can be used by a company to acquire its own shares. The Buy-Back requires a vote in favour of the Buy-Back Resolution at a meeting of TGG Shareholders by the Requisite Majority of TGG Shareholders (the General Meeting), being at least 50% of the total number of votes cast on the Buy-Back Resolution. The Wilson Asset Management Group holds 29,606,312 TGG Shares (representing 14.95% of issued TGG Shares). Wilson Asset Management Group members who hold TGG Shares will not vote on the Buy-Back Resolution.

If you are a TGG Shareholder on the Record Date and you elected to participate in the Buy-Back by validly submitting a Buy-Back Election Form which was received by Computershare by 7.00pm on the Buy-Back Election Date (and did not submit a Buy-Back Withdrawal Form which was received by Computershare by 7.00pm on the Buy-Back Election Date), you will receive the Cash Consideration for each of your Buy-Back TGG Shares.

The Cash Consideration is the TGG NTA after all current and deferred tax balances (as at the Calculation Date). This is to be calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. The income or capital components and any LIC capital gains attribution or franking credits to be attached to the Cash Consideration on a per TGG Share basis will be determined by the TGG Board following the Buy-Back Election Date. The Cash Consideration may be more or less than the valuation of TGG Shares and/or the illustrative Cash Consideration stated in the Independent Expert’s Report included at Annexure A.

## What should I do?

You should read this Explanatory Memorandum carefully in its entirety and then vote by attending the Scheme Meeting and the General Meeting virtually or by appointing a proxy to vote on your behalf. Full details of who is eligible to vote and how to vote are set out on the following page.

Answers to various frequently asked questions are set out in section 2. If you have any additional questions in relation to this Explanatory Memorandum or the Transaction please call the Shareholder Information Line on 1300 145 831 within Australia and +61 3 9415 4832 outside Australia between Monday and Friday from 8.30am to 5.30pm (Sydney time). Alternatively, you may consult your legal, financial or other independent professional adviser.

## What are the conditions to the Transaction?

The implementation of the Transaction is subject to a number of Conditions Precedent summarised in section 9.10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement. As at the date of this Explanatory Memorandum, implementation of the Scheme remains conditional on:

- TGG Shareholders’ approval of the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting by the relevant Requisite Majorities;
- TGG obtaining the Draft ATO Class Ruling in respect of the Buy-Back before the date of the Scheme Meeting, and the ATO not changing the Draft ATO Class Ruling in any material respect, withdrawing the Draft ATO Class Ruling or otherwise indicating that it will not issue the final ATO Class Ruling;
- the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders; and
- Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act.

As at the date of this Explanatory Memorandum, TGG is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

## How do I vote?

### Am I entitled to vote?

If you are registered on the Register at 7.00pm (Sydney time) on Monday, 27 September 2021 as a TGG Shareholder, you will be entitled to vote on the resolution to approve the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. Registrable transmission applications or transfers registered after this time will not be recognised in determining entitlements to vote at the Scheme Meeting and the General Meeting.

### How/when will the Scheme Meeting and the General Meeting be held?

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting and the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG’s directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting and the General Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting and the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting and the General Meeting will be held entirely virtually. TGG will update the market if this is required.

The Scheme Meeting and the General Meeting are being arranged to ensure that all TGG Shareholders have a reasonable opportunity to participate, question the TGG Board, and have their views and opinions put forward on this important decision for TGG Shareholders. TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

The Scheme Meeting is to be held at 11.00am (Sydney time) on Wednesday, 29 September 2021 and the General Meeting is to be held at 11.30am (Sydney time) on Wednesday, 29 September 2021 (or as soon thereafter as the Scheme Meeting has concluded or been adjourned). TGG Shareholders and their proxies, attorneys or corporate representatives will be entitled to attend and vote at the Scheme Meeting and the General Meeting via the website [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316).

The online platform enables participants to listen to the Scheme Meeting and the General Meeting live, vote on the relevant resolution in real time and ask questions online.

#### **How do I vote?**

TGG Shareholders may vote by either personally joining the shareholders' meetings virtually or by appointing a proxy, an attorney, or in the case of a TGG Shareholder which is a corporation, a corporate representative to join the Scheme Meeting and the General Meeting and vote on your behalf. Please refer to the "Virtual Meeting Online Guide" at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide) for more information.

#### ***Voting using the online platform:***

Enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your computer or online device.

- (a) TGG Shareholders will need their SRN or HIN and postcode (or country code, if outside Australia) to vote at the Scheme Meeting and the General Meeting. Please note the SRN or HIN includes the 'X' or the 'I' which precedes the number; and
- (b) Proxyholders will need their username and password issued by Computershare, to register to vote at the Scheme Meeting and the General Meeting. If you have not received confirmation of your username and password prior to the Scheme Meeting and the General Meeting, please call Computershare on +61 3 9415 4024 on the day of the Scheme Meeting and the General Meeting.

Unless otherwise determined by the Chair, online voting will be open from when the Chair declares the poll to be open at the Scheme Meeting and the General Meeting, until the time at which the Chair closes the voting.

More information about online voting in the Scheme Meeting is available in the Virtual Meeting Online Guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

#### ***Voting by proxy:***

TGG Shareholders can appoint a proxy to vote on their behalf at the Scheme Meeting and the General Meeting electronically by following the instructions contained in the Notice of Scheme Meeting and the Notice of General Meeting email communications they receive to complete an online proxy form **OR** if you received a

paper copy proxy form, by following the instructions in the Notice of Scheme Meeting and the Notice of General Meeting.

If you wish to appoint a proxy using a paper copy proxy form, you must deliver or mail the completed proxy form to Computershare located at GPO Box 1282 Melbourne Victoria 3001 using the reply paid envelope. Should you choose to return your paper copy proxy form via mail, please be aware of the current postal timeframes, including the possibility of delays due to COVID-19 regulations and reduced frequency of deliveries. If a proxy form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must be received by Computershare at least 48 hours before the Scheme Meeting unless the power of attorney or other authority has previously been received by Computershare. TGG encourages TGG Shareholders to return their proxy forms electronically or by fax to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Proxies must be received by Computershare by no later than 11.00am (Sydney time) on Monday, 27 September 2021. Proxy forms received after this time will be invalid.

A TGG Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a TGG Shareholder appoints two proxies and does not specify the percentage of votes each proxy may exercise, each proxy may exercise 50 per cent of the votes. Fractions of votes are to be disregarded.

If TGG Shares are jointly held, either shareholder may sign the proxy form.

A proxy need not be a TGG Shareholder. A body corporate appointed as a TGG Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the meeting (see "Corporate Representatives" below).

If a proxy appointment is signed or validly authenticated by a TGG Shareholder but does not name the proxy or proxies in whose favour it is given, the Chair or any other director of TGG or the company secretary, as nominated by the Chair, will act as proxy in respect of the resolution to be considered at the Scheme Meeting and the General Meeting.

TGG Shareholders who have appointed a proxy prior to the Scheme Meeting or the General Meeting can still attend and take part in the Scheme Meeting or the General Meeting. If the TGG Shareholder votes on a resolution during the Scheme Meeting or the General Meeting, the proxy is not entitled to vote and must not vote as the shareholder's proxy on that resolution.

TGG encourages you to direct your proxy how to vote. As the Scheme and the Buy-Back will be voted on by a poll, if you direct your proxy how to vote at the Scheme Meeting or the General Meeting and your proxy is the

Chair, your proxy must vote on the poll and must vote in the way directed. If your proxy is not the Chair, your proxy need not vote on the poll, but if your proxy does so, your proxy must vote as directed. The Chair intends to vote all undirected proxies in favour of the Scheme and the Buy-Back.

If you return your proxy form with a proxy identified on it but your proxy does not attend the Scheme Meeting or the General Meeting or does not vote as directed, the Chair will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

It is important that you vote or instruct your proxy, attorney or corporate representative to vote in favour of the Scheme and the Buy-Back if you want the Transaction to proceed.

### **Technical difficulties**

Technical difficulties may arise during the course of the Scheme Meeting and the General Meeting. The Chair has discretion as to whether, and how, the Scheme Meeting and the General Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of TGG Shareholders impacted and the extent to which participation in the business of the Scheme Meeting and the General Meeting is affected.

In these circumstances, where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, TGG Shareholders are encouraged to lodge a proxy form that accompanies this Explanatory Memorandum by no later than 11.00am (Sydney time) on Monday, 27 September 2021, even if they plan to attend the Scheme Meeting and the General Meeting virtually.

### **Jointly held securities**

If the TGG Shares are jointly held, only one of the joint TGG Shareholders is entitled to vote. If more than one joint TGG Shareholder votes, only the vote of the TGG Shareholder whose name appears first in the Register will be counted.

### **Attorney**

A TGG Shareholder entitled to virtually attend and vote at the Scheme Meeting and the General Meeting may appoint an attorney to virtually attend and vote at the Scheme Meeting and the General Meeting on his/her behalf. For an appointment to be effective for the Scheme Meeting and the General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### **Corporate Representatives**

A body corporate which is a TGG Shareholder, or which has been appointed as a proxy, may appoint an

individual to act as its representative at the Scheme Meeting and the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

The representative should provide a certified copy of the original form of appointment, a certified copy of appointment, or a certificate of the body corporate evidencing the appointment must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

For further details of how to vote, appoint a proxy, or any other Scheme Meeting and the General Meeting related queries, please refer to the Notice of Scheme Meeting (see Annexure D), the Notice of General Meeting (see Annexure E), the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide) or please call the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between Monday and Friday from 8.30am to 5.30pm (Sydney time).

## **What is the TGG Board's recommendation?**

The TGG Board believes that the Transaction is in the best interests of TGG Shareholders and unanimously recommends that TGG Shareholders vote in favour of the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

In reaching their recommendation, the TGG Board has assessed the Transaction having regard to the reasons to vote for, or against, the Transaction, as set out in this Explanatory Memorandum.

The TGG Board believes that the Transaction provides an opportunity for TGG Shareholders to choose either the Scrip Consideration or the Cash Consideration, and in each case realise value in the near term which reflects the NTA of TGG. Section 1 sets out reasons to vote for or against the Transaction.

Each TGG director who has a Relevant Interest in TGG Shares intends to vote the TGG Shares that they own or control, and will direct any proxies placed at their discretion, in favour of the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

WAM Global has advised TGG that the Wilson Asset Management Group members who hold TGG Shares will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. A confirmatory statement to that effect is made by WAM Global in section 5.

If a Superior Proposal emerges after the date of this Explanatory Memorandum, or the Independent Expert changes its conclusion that the Transaction is in the best interests of TGG Shareholders, the TGG Board will

carefully reconsider the Transaction and advise you of their recommendation.

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1. Matters relevant to your vote on the Transaction

# Reasons to vote for the Transaction

- ✓ The TGG Board unanimously recommends that you vote in favour of the Transaction (by approving both the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting) in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.
- ✓ The Transaction provides Scheme Participants with a choice to receive either the Scrip Consideration or the Cash Consideration. Both forms of consideration are calculated by reference to the TGG NTA (as at the Calculation Date) after all applicable Transaction Costs:
  - for the Cash Consideration, the TGG NTA is calculated after all current and deferred tax balances; and
  - for the Scrip Consideration, the TGG NTA is after tax, but before deferred tax balances and is calculated on the basis that the TGG Buy-Back Proceeds have already been paid in full by TGG.
- ✓ The Independent Expert has concluded that the Transaction is fair and reasonable and therefore in the best interests of TGG Shareholders in the absence of a Superior Proposal.
- ✓ No Superior Proposal has emerged as at the date of this Explanatory Memorandum and the TGG Board is not aware of any Superior Proposal.
- ✓ TGG's share price may fall if the Transaction is not approved and no Superior Proposal emerges.
- ✓ No brokerage or stamp duty will be payable on the transfer of your TGG Shares (in the case of the Scrip Consideration) or the buy-back of your TGG Shares (in the case of the Cash Consideration).
- ✓ If the Transaction does not proceed, TGG Shareholders will continue to be exposed to risks associated with TGG's business rather than realising value for their TGG Shares in a certain timeframe. The TGG Board would likely proceed with a winding up of TGG, but TGG Shareholders should expect the winding up process would incur additional costs and take several months to complete.
- ✓ As outlined in section 3, the Scrip Consideration under the Scheme and the Cash Consideration under the Buy-Back both represent a premium to TGG's historical trading prices before the announcement of the Transaction on 29 June 2021.
- ✓ Under the Scheme, the availability of scrip-for-scrip relief, subject to the individual circumstances of TGG Shareholders that receive the Scrip Consideration.
- ✓ Under the Buy-Back, the Cash Consideration provides TGG Shareholders with certainty of value. The Cash Consideration will be calculated based on the TGG NTA as at the Calculation Date, and is expected to include a franked dividend component and LIC capital gain component.
- ✓ Under the Scheme, TGG and WAM Global also intend that all Scrip Participants who receive the Scrip Consideration will be eligible for the WAM Global Dividend (being the 5.0 cents per WAM Global Share fully franked dividend announced by WAM Global on 18 August 2021).<sup>6</sup>
- ✓ Under the Scheme, TGG Shareholders are able to migrate their investment from one international equities manager to another without crystallising potential capital gains and associated tax.

<sup>6</sup> Further information on the WAM Global Dividend, and Scrip Participants' ability to receive this, is set out in section 3.11.

## Reasons to vote against the Transaction

-  You may disagree with the TGG Board and the Independent Expert, and believe that the Transaction is not in the best interests of TGG Shareholders.
-  If the Transaction proceeds you will no longer be a shareholder of TGG and you will not participate in any potential upside that may result from being a TGG Shareholder in the period leading up to the potential winding up of TGG.
-  If the Transaction proceeds you will no longer be a shareholder of TGG, FTIAL will cease to be the investment manager of TGG and you will not have access to the Templeton investment style.
-  You may believe it is in your best interests to maintain your current investment and participate in a potential winding up of TGG in the future.
-  You may consider that there is potential for a Superior Proposal to be made after the date of this Explanatory Memorandum (noting that no Superior Proposal has been received as at the date of this Explanatory Memorandum).
-  The tax consequences of transferring your TGG Shares pursuant to the Scheme or having your TGG Shares bought back pursuant to the Buy-Back (as applicable) may not be optimal for your financial position. In addition, in an unlikely event, there may be a risk that the anticipated tax consequences in section 8 are different to those in the final ATO Class Ruling which will not be received until after the implementation of the Transaction and the payment of the Cash Consideration.



# Other relevant considerations

## 1.1 The Transaction is subject to conditions

In addition to the need to obtain TGG Shareholder approval by the Requisite Majorities and Court approval, the Transaction is subject to a number of other conditions. These Conditions Precedent are summarised in section 9.10.2 and are set out in full in clause 3.1 of the Scheme Implementation Agreement.

All these Conditions Precedent need to be satisfied (or alternatively, waived, in the case of certain conditions that are capable of being waived) in order for the Transaction to proceed.

The TGG Board has reviewed these Conditions Precedent and does not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature.

As to the date of this Explanatory Memorandum, TGG is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

## 1.2 The Transaction may be implemented even if you vote against it

You should be aware that even if you do not vote, or vote against the Scheme and the Buy-Back, the Scheme and Buy-Back will be implemented if they are approved by the Requisite Majorities of TGG Shareholders and the Court and if all of the other Conditions Precedent are satisfied or (if applicable) waived. If this occurs and you are a TGG Shareholder on the Record Date:

- (a) and you elect to participate in the Buy-Back, you will receive the Cash Consideration for each of your Buy-Back TGG Shares; or
- (b) and you do not elect to participate in the Buy-Back, you will receive the Scrip Consideration, even though you did not vote on, or voted against, the Scheme and the Buy-Back.

## 1.3 Costs

TGG has incurred significant costs in undertaking its strategic review announced on 6 October 2020, and responding to WAM Global's proposal to acquire TGG Shares announced on 29 June 2021 and negotiating that proposal to the point that it is capable of being submitted to TGG Shareholders as the Transaction for their consideration. These costs include negotiating the Scheme Implementation Agreement, retaining professional advisers (including financial, legal and tax advisers), facilitating WAM Global's access to due diligence, engaging the Independent Expert, considering regulatory matters and preparing this Explanatory Memorandum.

If the Transaction is implemented, TGG's Transaction Costs will be factored into the TGG NTA calculations used to determine the Scrip Consideration and the Cash Consideration for the Transaction (see sections 3.3, 3.4 and 3.5 for further details about how these amounts will be calculated). If the Transaction is not implemented, TGG expects to incur total external costs of approximately \$3 million which have been partly paid in the FY21 financial year and the balance will be paid in the FY22 financial year.

## 1.4 The exact value of the Scrip Consideration and Cash Consideration will not be known until after the Scheme Meeting and General Meeting

TGG Shareholders should be aware that the exact Scrip Consideration and Cash Consideration will not be known at the time of the Scheme Meeting and General Meeting on Wednesday, 29 September 2021. The value of the Scrip Consideration and Cash Consideration will be calculated as at the Calculation Date (30 September 2021) and will be announced to the ASX by Monday, 18 October 2021. The Scrip Consideration and Cash Consideration will be calculated using the formulas disclosed in this Explanatory Memorandum, and a number of illustrative worked examples have been provided (see sections 3.4.3 and 3.5.3) to assist TGG Shareholders to understand how these formulas will be applied.

Those formulas are based in part of respective NTAs of TGG and WAM Global at a future point in time as well as other inputs disclosed in this Explanatory Memorandum. There is a risk that the value of the consideration when calculated will be lower than the NTAs for each of TGG and WAM Global at the time you elect to participate in the Buy-Back or vote on the Transaction.

#### **1.5 Implications if the Transaction does not proceed**

If the Scheme and the Buy-Back are not approved by the Requisite Majorities or the Scheme is not approved by the Court, or if any of the other Conditions Precedent set out in section 9.10.2 are not satisfied or waived (if applicable), the Transaction will not proceed. In those circumstances:

- (a) WAM Global will not provide the Scrip Consideration;
- (b) TGG will not buy-back any TGG Shares and pay the Cash Consideration;
- (c) TGG will remain listed on the ASX;
- (d) TGG Shareholders will retain their TGG Shares and, in doing so, will (subject to the next paragraph) continue to have the benefits of their current TGG investment and continue to be exposed to the risks of holding their TGG Shares (see section 4.7 in respect of risks relating to an investment in TGG); and
- (e) the TGG Board would likely proceed with a winding up of TGG. TGG Shareholders should expect the winding up process would incur additional costs and take several months to complete. See section 4.6 for further detail.

In the absence of a Superior Proposal, there is a risk that TGG Shareholders may not be able to realise a price for all of their TGG Shares (at least in the short term) comparable to the price that they would receive under the Transaction.

## 2. Q&A

This Explanatory Memorandum contains detailed information regarding the Transaction. The following section provides summary answers to some questions you may have and will assist you to locate further detailed information in this Explanatory Memorandum.

## **2.1 THE TRANSACTION AT A GLANCE**

### **2.1.1 Why have I received or why am I eligible to receive or access to this Explanatory Memorandum?**

You have received or are eligible to receive or access this Explanatory Memorandum because you are shown in the Register as a TGG Shareholder and TGG Shareholders are being asked to vote on the Scheme and the Buy-Back which, if approved, will result in WAM Global acquiring all of the TGG Shares on issue that it does not already own (other than TGG Shares held by Buy-Back Accepting TGG Shareholders).

This Explanatory Memorandum is intended to help you to decide how to vote on the resolution which needs to be passed at the Scheme Meeting to allow the Scheme to be implemented and the Buy-Back Resolution which needs to be passed at the General Meeting to allow the Buy-Back to be implemented.

If you have sold all of your TGG Shares, please disregard this Explanatory Memorandum as you will not be entitled to vote at the Scheme Meeting or the General Meeting.

### **2.1.2 What is the Transaction?**

The Transaction is:

- **the Scheme** – the proposal from WAM Global to acquire all of the TGG Shares that it does not already own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) by way of the Scheme, and to issue the Scrip Consideration to the relevant TGG Shareholders; and
- **the Buy-Back** – the proposed buy-back of all TGG Shares held by each relevant TGG Shareholder who validly elects to participate in the Buy-Back (and who does not withdraw such election) in each case by 7.00pm on the Buy-Back Election Date.

The Scheme and the Buy-Back are inter-conditional, which means both must be approved by TGG Shareholders in order for the Transaction to proceed. In addition, the Court must approve the Scheme and the other Conditions Precedent must be satisfied or waived. If all these conditions are met, on the Implementation Date, the Buy-Back will complete first and the Scheme will be implemented immediately after this.

### **2.1.3 What is the Scheme?**

The Scheme is a scheme of arrangement between TGG and Scheme Participants. If the Scheme

becomes Effective, WAM Global will acquire all the TGG Shares on issue (other than the Buy-Back TGG Shares) and TGG will become a wholly-owned Subsidiary of WAM Global. WAM Global will issue the Scrip Consideration to the relevant Scrip Participants.

A “scheme of arrangement” is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of TGG Shareholders at a meeting of TGG Shareholders, and Court approval.

The terms of the Scheme are set out in full in Annexure B.

### **2.1.4 What is the Buy-Back?**

The Buy-Back is an equal access buy-back offer made by TGG to Scheme Participants. If the Scheme becomes Effective, TGG will buy-back all of the TGG Shares held as at 7.00pm on the Buy-Back Election Date and which continue to be held at 7.00pm on the Record Date of the Buy-Back Accepting TGG Shareholders.

If you are a TGG Shareholder on the Record Date and you elected to participate in the Buy-Back by validly submitting a Buy-Back Election Form which was received by Computershare by 7.00pm on the Buy-Back Election Date (and did not submit a Buy-Back Withdrawal Form which was received by Computershare by 7.00pm on the Buy-Back Election Date), you will receive the Cash Consideration for each of your Buy-Back TGG Shares.

The Cash Consideration is the TGG NTA after all current and deferred tax balances (as at the Calculation Date). This is to be calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. The income or capital components and any LIC capital gains attribution or franking credits to be attached to the Cash Consideration on a per TGG Share basis will be determined by the TGG Board following the Buy-Back Election Date. The Cash Consideration may be more or less than the valuation of TGG Shares and/or the illustrative Cash Consideration stated in the Independent Expert's Report included at Annexure A.

### **2.1.5 Who is WAM Global and what are its intentions regarding TGG?**

WAM Global is a listed investment company, incorporated in New South Wales, Australia on 21 February 2018 and was admitted to the official list of the ASX on 21 June 2018.

For further information on WAM Global and its intentions regarding TGG, please refer to sections 5 and 6.

#### **2.1.6 What does the TGG Board recommend?**

The TGG Board unanimously considers that the Transaction is in the best interests of TGG Shareholders and recommends that you vote in favour of the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders. The basis for this recommendation is set out in section 1.

Section 1 includes a summary of the possible reasons to vote against the Transaction.

#### **2.1.7 How do TGG directors intend to vote?**

Each TGG director who has a Relevant Interest in TGG Shares intends to vote in favour of the Scheme and Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

WAM Global has advised TGG that Wilson Asset Management Group members who hold TGG Shares will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. A confirmatory statement to that effect is made by WAM Global in section 5.

#### **2.1.8 What is the Independent Expert's conclusion?**

The Independent Expert has concluded that the Transaction is fair and reasonable and therefore in the best interests of TGG Shareholders in the absence of a Superior Proposal.

The Independent Expert has also provided a valuation of TGG Shares for the purpose of the Buy-Back.

The Independent Expert's Report is set out in full in Annexure A.

#### **2.1.9 What are the prospects of receiving a Superior Proposal?**

Since the Transaction was announced, no Superior Proposal has emerged. Given the time that has elapsed since entry into the Scheme Implementation Agreement was announced, the view of the TGG Board is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting and the General Meeting.

#### **2.1.10 Is the Transaction subject to any conditions?**

Implementation of the Transaction is subject to a number of Conditions Precedent summarised in section 9.10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement.

#### **2.1.11 What should I do?**

You should read this Explanatory Memorandum carefully in its entirety and then vote by attending the Scheme Meeting and the General Meeting virtually or by appointing a proxy to vote on your behalf. Full details of who is eligible to vote and how to vote are set out in the "Summary of the Transaction" section (see "How do I vote?").

### **2.2 WHAT YOU WILL RECEIVE UNDER THE TRANSACTION**

#### **2.2.1 What will I receive if the Scheme becomes Effective and the Transaction proceeds?**

If the Transaction is approved and implemented, and you remain a TGG Shareholder on the Record Date, the consideration you will receive depends on the choice you have made in respect of the Transaction:

- If you have not elected to participate in the Buy-Back, you will receive the Scrip Consideration for each TGG Share you hold on the Record Date. You will be issued the Scrip Consideration on the Implementation Date.
- If you have elected to participate in the Buy-Back and not withdrawn such election before the Buy-Back Election Date, you will receive the Cash Consideration for each of your Buy-Back TGG Shares. The Cash Consideration will be paid by direct credit into your nominated bank account recorded on your shareholding at 7.00pm on the Record Date or, if you have not nominated a bank account, by cheque drawn on an Australian bank, in Australian currency on the Implementation Date. Alternatively, if you wish to receive payment for your TGG Shares to an Australian bank account that is different to your current direct credit instructions for payment of dividends on your TGG Shares, or if you are a TGG Shareholders who resides outside of Australia and wish to receive the Cash Consideration electronically in your local currency using Computershare's Global Wire Payment service, you may change your current direct credit instructions online at [www.computershare.com.au/easyupdate/tgg](http://www.computershare.com.au/easyupdate/tgg) by 7.00pm on the Record Date.

## **2.2.2 When will I know the value of the Scrip Consideration and Cash Consideration?**

The Scrip Consideration and Cash Consideration will be determined using the respective NTAs of TGG and WAM Global as at the Calculation Date (see sections 3.4 and 3.5 for further details). Once determined, the value of the Scrip Consideration and Cash Consideration will be announced to the ASX by Monday, 18 October 2021. See section 3.3.4 for further details on the process to determine and announce these values.

While the exact Scrip Consideration and Cash Consideration will not be known by TGG Shareholders at the time of the Scheme Meeting and General Meeting, these amounts are calculated using the formulas disclosed in this Explanatory Memorandum and accompanied by a number of illustrative worked examples in sections 3.4.3 and 3.5.3. These worked examples are intended to assist TGG Shareholders to understand how that formula will be applied.

There is a risk that the value of the consideration when calculated will be lower than the NTAs for each of TGG and WAM Global at the time you elect to participate in the Buy-Back or vote on the Transaction.

## **2.2.3 What are the tax consequences of the Transaction?**

Section 8 provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for (i) Scrip Participants who dispose of their TGG Shares in accordance with the Scheme and (ii) Buy-Back Accepting TGG Shareholders who dispose of their TGG Shares in accordance with the Buy-Back. You should not rely on those general descriptions as advice for your own affairs.

You should consult with your own independent tax adviser regarding the tax consequences of disposing of your TGG Shares in accordance with the Transaction in light of current tax laws and your own particular circumstances.

## **2.2.4 Will I have to pay brokerage fees or stamp duty?**

No brokerage fees or stamp duty will be payable on the transfer of TGG Shares under the Scheme or the buying back of TGG Shares under the Buy-Back.

## **2.3 VOTING TO APPROVE THE TRANSACTION**

### **2.3.1 When and where will the Scheme Meeting be held?**

The Scheme Meeting will be held at 11.00am (Sydney time) on Wednesday, 29 September 2021. In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting and the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting and the General Meeting will be held entirely virtually. TGG will update the market if this is required.

TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting.

TGG strongly encourages TGG Shareholders to consider lodging a directed proxy in the event they are not able to participate in the virtual Scheme Meeting.

### **2.3.2 How do I attend the Scheme Meeting?**

TGG Shareholders are able to attend the Scheme Meeting virtually. To attend TGG's Scheme Meeting online:

- Enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your desktop computer or online device. We recommend you log into the online platform 30 minutes prior to the Scheme Meeting to check your connection.
- **For TGG Shareholders:** You will need your SRN or HIN and postcode (or country code, if outside Australia) to register to vote at the Scheme Meeting once logged in. Please note the SRN or HIN includes the "X" or the "I" which precedes the number.
- **For proxyholders:** Proxyholders will need their username and password issued by Computershare, to register to vote at the Scheme Meeting. If you have not received confirmation of your username and password prior to the Scheme Meeting, please call Computershare on +61 3 9415 4024 on the day of the Scheme Meeting.
- You will only be able to ask a question after you have registered to vote. To ask a question, click the 'Ask a Question' button on the webpage.

- Once the Scheme Meeting commences at 11.00am (Sydney time), you will hear the audio webcast and see the presentation slides displayed.

For further details, please refer to the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### 2.3.3 Am I entitled to vote at the Scheme Meeting?

If you are registered as a shareholder on TGG's Register at 7.00pm (Sydney time) on Monday, 27 September 2021, you will be entitled to vote at the Scheme Meeting.

Whether you elect to participate in the Buy-Back or not, you can still vote at the Scheme Meeting. This is because a Buy-Back Agreement will not be formed for the buy back of your Buy-Back TGG Shares until 7.00pm on the Buy-Back Election Date.

### 2.3.4 What vote is required to approve the Scheme?

As noted above (see "What is the Transaction?"), the Scheme and the Buy-Back are inter-conditional, which means both must be approved by TGG Shareholders in order for the Transaction to proceed.

For the Scheme to be approved, votes "in favour of" the resolution to approve the Scheme at the Scheme Meeting must be received from a Requisite Majority of TGG Shareholders. A Requisite Majority, in relation to the resolution to be put to TGG Shareholders at the Scheme Meeting, is:

- a majority in number (more than 50%) of TGG Shareholders, who are present and voting either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative; and<sup>7</sup>
- at least 75% of the total number of votes cast on the resolution to approve the Scheme by TGG Shareholders, who are present and voting either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative.

It is also necessary for the Court to approve the Scheme before it can become Effective.

### 2.3.5 When and where will the General Meeting be held?

The General Meeting will be held at 11.30am (Sydney time) on Wednesday, 29 September 2021

(or as soon thereafter as the Scheme Meeting has concluded or been adjourned). In order to minimise health risks created by the COVID-19 pandemic, the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the General Meeting virtually.

TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical General Meeting.

TGG strongly encourages TGG Shareholders to consider lodging a directed proxy in the event they are not able to participate in the virtual General Meeting.

### 2.3.6 How do I attend the General Meeting?

TGG Shareholders are able to attend the General Meeting virtually. To attend TGG's General Meeting online:

- Enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your desktop computer or online device. We recommend you log into the online platform 30 minutes prior to the General Meeting to check your connection.
- **For TGG Shareholders:** You will need your SRN or HIN and postcode (or country code, if outside Australia) to register to vote at the General Meeting once logged in. Please note the SRN or HIN includes the "X" or the "I" which precedes the number.
- **For proxyholders:** Proxyholders will need their username and password issued by Computershare, to register to vote at the General Meeting. If you have not received confirmation of your username and password prior to the General Meeting, please call Computershare on +61 3 9415 4024 on the day of the General Meeting.
- You will only be able to ask a question after you have registered to vote. To ask a question, click the 'Ask a Question' button on the webpage.
- Once the General Meeting commences at 11.30am (Sydney time) (or as soon thereafter as the Scheme Meeting has concluded or been adjourned), you will hear the audio webcast and see the presentation slides displayed.

<sup>7</sup> The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. TGG reserves the right to apply to the Court

at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

For further details, please refer to the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### **2.3.7 Am I entitled to vote at the General Meeting?**

If you are registered as a shareholder on TGG's Register at 7.00pm (Sydney time) on Monday, 27 September 2021, you will be entitled to vote at the General Meeting.

Whether you elect to participate in the Buy-Back or not, you can still vote at the General Meeting. This is because a Buy-Back Agreement will not be formed for the buy back of your Buy-Back TGG Shares until 7.00pm on the Buy-Back Election Date.

### **2.3.8 What vote is required to approve the General Meeting?**

As noted above (see "What is the Transaction?"), the Scheme and the Buy-Back are inter-conditional, which means both must be approved by TGG Shareholders in order for the Transaction to proceed.

For the Buy-Back to be approved, votes "in favour of" the Buy-Back Resolution at the General Meeting must be received from a Requisite Majority of TGG Shareholders. A Requisite Majority, in relation to the Buy-Back Resolution to be put to TGG Shareholders at the General Meeting, is 50% of the total votes cast on the resolution by TGG Shareholders who are present and voting, either virtually or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.

### **2.3.9 What choices do I have as a TGG Shareholder?**

As a TGG Shareholder you have the following choices:

- you can vote virtually or by proxy at the Scheme Meeting and/or the General Meeting;
- you can elect not to vote at the Scheme Meeting and/or the General Meeting; or
- you can sell your TGG Shares on the ASX at the then prevailing market price (which may vary from the value of the Scrip Consideration and/or the Cash Consideration). If you sell your TGG Shares on the ASX you may incur brokerage costs. If the Scheme becomes Effective, TGG Shares will cease trading on the ASX at close of trading on the Effective Date. Accordingly, you can sell your TGG Shares on market at any time before the close of trading on the day that the Scheme becomes Effective. Normal

brokerage and other expenses on sale may be incurred. You may however seek to sell your TGG Shares off-market after the Effective Date but before the Record Date. You should note that if you elect to participate in the Buy-Back you agree to having a holding lock applied to your TGG Shares as at the time you submit your Buy-Back Election Form and you will not be able to sell your TGG Shares unless you submit a Buy-Back Withdrawal Form prior to 7.00pm on the Buy-Back Election Date.

### **2.3.10 Should I vote?**

Voting is not compulsory. However, the TGG Board believe that the Transaction is important to TGG Shareholders and the TGG Board unanimously recommends that you vote in favour of the Scheme and Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

### **2.3.11 How do I vote?**

TGG Shareholders may vote by joining the Scheme Meeting and the General Meeting virtually, or by proxy.

#### ***Voting using the online platform:***

To join the Scheme Meeting and the General Meeting, enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your computer or online device.

- TGG Shareholders will need their SRN or HIN and postcode (or country code, if outside Australia) to vote at the Scheme Meeting and the General Meeting. Please note the SRN or HIN includes the "X" or the "I" which precedes the number.
- Proxyholders will need their username and password issued by Computershare, to register to vote at the Scheme Meeting and the General Meeting. If you have not received confirmation of your username and password prior to the Scheme Meeting and the General Meeting, please call Computershare on +61 3 9415 4024 on the day of the Scheme Meeting and the General Meeting.

More information on how to vote during the Scheme Meeting and the General Meeting is provided in the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.



Further details of how to vote and how to lodge a corporate representative appointment or power of attorney are set out in the "Summary of the Transaction" section (see "How do I vote?").

### 2.3.12 How do I appoint a proxy?

TGG Shareholders can appoint a proxy to vote on their behalf at the Scheme Meeting and the General Meeting electronically by following the instructions contained in the email communications they receive to complete an online proxy form **OR** if you received a paper copy proxy form, by following the instructions to complete a proxy form and by returning that form in accordance with the details set out on that form.

If you wish to appoint a proxy using a paper copy proxy form, please be aware of current postal timeframes, including the possibility of delays due to COVID-19 regulations and reduced frequency of deliveries. Proxies must be received by Computershare by 11.00am (Sydney time) on Monday, 27 September 2021 to be valid for the Scheme Meeting and the General Meeting. Proxy forms received after this time will be invalid.

Further details of how to vote and how to lodge a proxy form are set out in the "Summary of the Transaction" section (see "How do I vote?").

### 2.3.13 How do I ask questions before the Scheme Meeting and the General Meeting?

We encourage TGG Shareholders to submit questions in advance of the Scheme Meeting and the General Meeting by sending their questions to Ms Elizabeth McGregor, Company Secretary (elizabeth.mcgregor@automicgroup.com.au).

TGG Shareholders who have elected to receive electronic communications may also ask a question when completing an online proxy form.

Questions submitted in advance of the Scheme Meeting and the General Meeting need to be received by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### 2.3.14 How do I ask questions at the Scheme Meeting and the General Meeting?

TGG Shareholders and proxyholders can ask questions during the Scheme Meeting and the General Meeting using the online platform by selecting the "Ask a Question" button.

- Questions should be stated clearly and should be relevant to the business of the Scheme Meeting and the General Meeting, including matters directly relating to the Scheme and the Buy-Back.

- No questions should be asked at the Scheme Meeting and the General Meeting regarding personal matters or those that are commercial in confidence.

More information about asking questions at the Scheme Meeting and the General Meeting is available in the "Virtual Meeting Online Guide" at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### 2.3.15 How can I vote if I can't attend the Scheme Meeting and the General Meeting or do not have a working internet connection?

If you are unable to virtually attend the Scheme Meeting and the General Meeting you are able to vote by proxy, by following the instructions contained in the email communications you receive to complete an online proxy form, **OR** by completing and returning to Computershare a paper copy proxy form. The proxy forms must be received by Computershare by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

Further information relating to how to appoint a proxy and how to vote by proxy is set out in the "Summary of the Transaction" section (see "How do I vote?").

### 2.3.16 What happens if I do not vote, or I vote against the Scheme and the Buy-Back?

The Scheme may not be approved at the Scheme Meeting or the Buy-Back may not be approved at the General Meeting. If this occurs the Scheme and Buy-Back will not proceed, you will **not** receive the Scrip Consideration or the Cash Consideration and you will remain a TGG Shareholder.

However, if the Transaction is approved and implemented and you are:

- a Scrip Participant, your TGG Shares will be transferred to WAM Global and you will receive the Scrip Consideration for your TGG Shares even if you did not vote or you voted against the Scheme;
- a Buy-Back Accepting TGG Shareholder, your TGG Shares will be transferred to TGG and immediately cancelled and you will receive the Cash Consideration for each of your Buy-Back TGG Shares.

### 2.3.17 What happens if the Scheme is not approved at the Scheme Meeting or is not approved by the Court, or if the Buy-Back is not approved at the General Meeting or if any of the other Condition Precedents are not satisfied or waived?

If the Scheme is not approved by a Requisite Majority of TGG Shareholders at the Scheme

Meeting or the Scheme is not approved by the Court, or if the Buy-Back is not approved at the General Meeting, or if any of the other Conditions Precedent are not satisfied or waived, the Transaction will not proceed. In those circumstances:

- TGG will remain listed on the ASX;
- TGG Shareholders will retain their TGG Shares and, in doing so, will (subject to the comments below regarding the TGG Board's intention to wind up TGG) continue to have the benefits of their current TGG investment and continue to be exposed to the risks of holding their TGG Shares (see section 4.7); and
- TGG Shareholders will not receive the Scrip Consideration or the Cash Consideration.

The TGG Board believe that if the Transaction is not implemented then the price of TGG Shares may fall.

Before the Scheme Meeting and the General Meeting, TGG estimates that it will have incurred or committed transaction costs of approximately \$3 million in relation to the Transaction. Those costs will be payable by TGG regardless of whether or not the Transaction is implemented.

If the Transaction does not proceed you will retain your TGG Shares. TGG Shareholders will continue to be exposed to risks associated with TGG's business rather than realising value for their TGG Shares in a certain timeframe. The TGG Board would likely proceed with a winding up of TGG, but TGG Shareholders should expect the winding up process would incur additional costs and take several months to complete. See section 4.6 for further detail.

### **2.3.18 When will the result of the Scheme Meeting and the General Meeting be known?**

The results of the Scheme Meeting and the General Meeting will be available shortly after the conclusion of the Scheme Meeting and the General Meeting and will be announced to the ASX once available. The results will also be published on TGG's website ([www.tggf.com.au](http://www.tggf.com.au)) soon after the Scheme Meeting and the General Meeting.

## **2.4 ENLARGED GROUP**

### **2.4.1 Who is WAM Global?**

WAM Global Limited, one of Australia's leading LICs, is managed by Wilson Asset Management. Listed in June 2018, WAM Global provides investors

with exposure to an actively managed diversified portfolio of undervalued international growth companies. WAM Global's investment objectives are to deliver investors a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

WAM Global was incorporated in New South Wales, Australia on 21 February 2018 and admitted to the official list of the ASX on 21 June 2018. Further information about WAM Global is set out in section 5.

### **2.4.2 Why does WAM Global wish to acquire TGG?**

WAM Global believes the Scheme will create a single listed investment company with a larger capital and shareholder base under one investment manager. WAM Global believes that the Enlarged Group will deliver the following benefits:

- continued access to Wilson Asset Management's commitment to shareholder engagement;
- increased net assets to a total of approximately \$962 million with over 17,700 shareholders,<sup>8</sup> expected to deliver shareholders access to greater on-market liquidity;
- a proven investment strategy under Wilson Asset Management, providing investors with diversified exposure to a portfolio of undervalued international growth companies;
- a share price trading at or near the company's pre-tax NTA determined by trading on the ASX. The greater liquidity of a larger shareholder and net asset base helps mitigate the risk of discounts that can occur with securities that are less frequently traded on market;
- a history of paying fully franked dividends to shareholders;
- the potential for TGG Shareholders to exit their investment in TGG at or above the NTA after tax; and
- scrip-for-scrip rollover relief, subject to their own individual circumstances, for TGG Shareholders who receive the Scrip Consideration.

For further information see section 6.2.

<sup>8</sup> Based on the net asset value and number of shareholders of WAM Global and TGG as at 30 June

2021, and assuming that TGG Shareholders holding 100% of TGG Shares participate in the Scheme.

#### **2.4.3 Who will manage the Enlarged Group following the implementation of the Transaction?**

The current investment manager of WAM Global, Wilson Asset Management, will continue to act as investment manager of the Enlarged Group and there will be no substantive changes to the existing management arrangements already in place. Wilson Asset Management is part of the Wilson Asset Management Group.

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for eight leading LICs – 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) – Wilson Asset Management invests over \$4.7 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs 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 Global Investment Manager.

For further information see sections 5.5 and 5.6.

#### **2.4.4 Who will be the chair of the Enlarged Group?**

Geoff Wilson AO, the Chairman of WAM Global, will continue to act as Chairman of the Enlarged Group.

For further information, see section 6.3.

#### **2.4.5 Where will the head office of the Enlarged Group be located?**

The Enlarged Group will be located at the offices of WAM Global, which is at Level 26, Governor Phillip Tower, 1 Farrer Place Sydney NSW 2000.

#### **2.4.6 What are the intentions of the WAM Global Board in relation to the investments of the Enlarged Group after implementation of the Scheme?**

The WAM Global Investment Manager, Wilson Asset Management, will be the investment manager for the TGG assets in accordance with the arrangements described in section 5, and WAM Global will ultimately be responsible for managing all the assets held by the Enlarged Group.

If the Scheme is approved, the board of the Enlarged Group will consider, as soon as practicable, issues such as whether WAM Global will form a tax consolidated group with TGG and the management of the assets held within TGG as part of the Enlarged Group.

Although the WAM Global Board expects that all the assets of the Enlarged Group will be managed in a similar way to those of WAM Global, the board of the Enlarged 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.

For further information refer to section 6.4.

### **2.5 OTHER**

#### **2.5.1 Can I keep my TGG Shares?**

If the Transaction is implemented, your TGG Shares will be transferred to WAM Global (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) or bought back by TGG (if you are a Buy-Back Accepting TGG Shareholder). This will happen even if you did not vote, or you voted against the Transaction.

#### **2.5.2 Can I sell my TGG Shares now?**

You can sell your TGG Shares on market at any time before close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the value of the Scrip Consideration and the Cash Consideration). You should note that if you elect to participate in the Buy-Back you agree to having a holding lock applied to your TGG Shares as at the time you submit your Buy-Back Election Form and you will not be able to sell your TGG Shares unless you submit a Buy-Back Withdrawal Form prior to 7.00pm on the Buy-Back Election Date.

If the Scheme becomes Effective, TGG intends to apply to the ASX for TGG Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date. You will not be able to sell your TGG Shares on market after this time.

You may however seek to sell your TGG Shares off-market after the Effective Date but before the Record Date.

If you sell your TGG Shares before the Record Date you:

- will receive the proceeds from the sale of your TGG Shares sooner than you would receive the Scrip Consideration or the Cash Consideration (as applicable) under the Transaction (noting that your sale proceeds may vary from the Scrip Consideration and the Cash Consideration);

- may incur a brokerage charge if you sell your TGG Shares on market; and
- will not be able to participate in the Transaction or a Superior Proposal, if one emerges.

### **2.5.3 What happens if a Competing Transaction emerges?**

If a proposal for a Competing Transaction is received this will be announced to the ASX and the TGG Board will carefully consider the proposal and advise you of any change to their recommendation.

In accordance with the Scheme Implementation Agreement, WAM Global has a right to match any such Competing Transaction that the TGG Board determines is a Superior Proposal.

### **2.5.4 Are any other approvals required?**

The Scheme must be approved by the Court in addition to being approved by a Requisite Majority of TGG Shareholders. If the Scheme is approved by a Requisite Majority of TGG Shareholders at the Scheme Meeting and the Buy-Back Resolution is approved by a Requisite Majority of TGG Shareholders at the General Meeting, TGG will apply to the Court for approval of the Scheme. Further details of the approval process are set out in section 3.7.

Implementation of the Transaction is also subject to certain regulatory approvals as summarised in sections 9.10.2 and 9.11.

### **2.5.5 Will I receive any more dividends from TGG after the Transaction is implemented?**

No, you will not receive any further special or ordinary dividends from TGG if the Scheme becomes Effective (other than the dividend component of the Cash Consideration paid to Buy-Back Accepting TGG Shareholders).

See section 3.11 for further details regarding the circumstances in which TGG and WAM Global are permitted to determine to pay or declare and pay dividends in the period prior to implementation of the Transaction.

### **2.5.6 Do I need to do or sign anything to transfer my TGG Shares in the Transaction?**

*If you wish to receive the Scrip Consideration for your TGG Shares*

No. If the Scheme becomes Effective, TGG will automatically have authority to sign a transfer document on behalf of Scrip Participants, who will then receive the Scrip Consideration as set out above.

You should be aware that, if you are a Scrip Participant, you will be deemed to have warranted to TGG, and authorised TGG to warrant to WAM Global on your behalf, that:

- all of your TGG Shares are fully paid and free from all encumbrances (for example, mortgages or other security interests); and
- you have full power and capacity to transfer your TGG Shares to WAM Global.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

*If you wish to receive the Cash Consideration for your TGG Shares*

Yes – you must elect to participate in the Buy-Back by submitting a valid Buy-Back Election Form which must be received by Computershare by 7.00pm on the Buy-Back Election Date (and not submit a Buy-Back Withdrawal Form which is received by Computershare by 7.00pm on the Buy-Back Election Date) and your Buy-Back TGG Shares must continue to be registered in your name on the Record Date. Further details of the Buy-Back participation process are set out in section 3.5.

### **2.5.7 What if I have further questions about the Transaction?**

If you have any further questions about the Transaction please call the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between 8.30am to 5.30pm (Sydney time) Monday to Friday or visit the FAQ page at [www.tggftransaction.com.au](http://www.tggftransaction.com.au).

For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional adviser.

### 3. Details of the Transaction

### 3.1 Overview of the Transaction

On 29 June 2021, TGG announced that it had entered into a Scheme Implementation Agreement with WAM Global under which it is proposed that, subject to the satisfaction or waiver of a number of Conditions Precedent:

- (a) WAM Global will acquire all of the issued TGG Shares that it does not own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) by way of a scheme of arrangement between TGG and TGG Shareholders under Part 5.1 of the Corporations Act, and issue the Scrip Consideration to the relevant TGG Shareholders;<sup>9</sup> and
- (b) TGG will offer to buy-back all TGG Shares held by each relevant TGG Shareholder<sup>10</sup> who validly elects to participate in the Buy-Back (and who did not withdraw such election) in each case by 7.00pm on the Buy-Back Election Date.

Scheme Participants who do not participate in the Buy-Back will receive the Scrip Consideration under the Scheme.

This section provides detail about the Transaction, including specific detail about the Scheme and the Scrip Consideration, and about the Buy-Back and the Cash Consideration.

A summary of the key terms of the Scheme Implementation Agreement is included in section 9.10.

### 3.2 Directors' recommendation

The TGG Board considers that the Transaction is in the best interests of TGG Shareholders. The TGG Board unanimously recommends that TGG Shareholders vote in favour of both the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

### 3.3 Calculation of the NTA of TGG and WAM Global

The NTAs of TGG and WAM Global will be calculated as at the Calculation Date. The respective NTAs of TGG and WAM Global will be used to determine the Scrip Consideration under the Scheme (see below and section 3.4 for further details), and the NTA of TGG will be used to determine the Cash Consideration under the Buy-Back (see below and section 3.5 for further details).

#### 3.3.1 TGG NTA

TGG must procure that the TGG NTA is calculated and delivered to WAM Global within 6 Business Days of the Calculation Date with sufficient supporting information to permit WAM Global and the WAM Global Auditor to review and confirm the calculation. The TGG NTA will be calculated (as at the Calculation Date) after all applicable Transaction Costs for two purposes:

- (a) for the Cash Consideration, the TGG NTA is calculated after all current and deferred tax balances; and
- (b) for the Scrip Consideration, the TGG NTA is calculated after tax, but before deferred tax balances and on the basis that the TGG Buy-Back Proceeds have already been paid in full by TGG.

WAM Global has agreed to confirm in writing the TGG NTA within 3 Business Days of receipt of TGG's calculation of the TGG NTA.

#### 3.3.2 WAM Global NTA

WAM Global must procure that the WAM Global NTA is calculated and delivered to TGG within 6 Business Days of the Calculation Date with sufficient supporting information to permit TGG and the TGG

<sup>9</sup> Ineligible Overseas Shareholders will not be entitled to receive the Scrip Consideration, and will instead receive cash under the Sale Facility for any New WAM Global Shares and New WAM Global Bonus Options they would otherwise have been entitled to receive. Refer to section 3.4.5 for more information.

<sup>10</sup> Ineligible Overseas Shareholders for the purpose of the Buy-Back will not be entitled to participate in the Buy-Back. Refer to section 3.5.5 for more information.

Auditor to review and confirm the calculation. TGG has agreed to confirm in writing the WAM Global NTA within 3 Business Days of receipt of WAM Global's calculation of the WAM Global NTA.

### 3.3.3 Dispute process

If WAM Global and TGG cannot agree to the calculation of the TGG NTA and/or the WAM Global NTA, then the calculation of the relevant NTA must be referred immediately to that party's auditor to provide certification of the relevant NTA amount to the standard prescribed by Accounting Standard on Review Engagements ASRE 2410 "Review of a Financial Report Performed by the Independent Auditor of the Entity" ("**ASRE 2410**"), within 3 Business Days of the referral.

If either party's NTA calculation is disputed, the certification of that party's NTA amount by that party's auditor will be final. This certification will not be subjective, as it will be determined by the relevant auditor to the standard prescribed by ASRE 2410, which is issued by the Auditing and Assurance Standards Board (an independent, non-corporate Commonwealth entity of the Australian Government).

### 3.3.4 Announcement of Scrip Consideration and Cash Consideration

Following the NTA review and confirmation process outlined above, the Scrip Consideration (being the exchange ratio for each New WAM Global Share and New WAM Global Option) and the Cash Consideration (being the price payable by TGG for each Buy-Back TGG Share held by a Buy-Back Accepting TGG Shareholder) will be announced to the ASX.

## 3.4 Outline of the Scheme

Under the Scheme, WAM Global will acquire all of the issued TGG Shares that it does not own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder), and issue the Scrip Consideration to the relevant TGG Shareholders.

This section 3.4 sets out the terms of the Scheme and other information to assist you in deciding whether you would prefer to receive the Scrip Consideration.

### 3.4.1 Formula for calculating the Scrip Consideration

The Scrip Consideration comprises New WAM Global Shares and New WAM Global Options.

The number of New WAM Global Shares to be issued to each Scrip Participant as part of the Scrip Consideration will be based on the following formula:

$$\text{Number of New WAM Global Shares} = \text{Number of TGG Shares} \times \frac{\text{TGG NTA}}{\text{WAM Global NTA}}$$

Where:

- **Number of New WAM Global Shares** means the number of New WAM Global Shares to be issued to that Scrip Participant.
- **Number of TGG Shares** means the number of TGG Shares (other than Buy-Back TGG Shares) held by that Scrip Participant as at the Record Date.
- **TGG NTA** means the NTA of TGG after tax but before deferred tax balances as at the Calculation Date and calculated on the basis that the TGG Buy-Back Proceeds and TGG's Transaction Costs have already been paid.
- **WAM Global NTA** means the NTA of WAM Global (after tax and WAM Global's transaction costs but before deferred tax balances) as at the Calculation Date.

For every New WAM Global Share that a Scrip Participant receives under the Scheme, they will also receive one New WAM Global Option.

### 3.4.2 Fractional entitlements to Scrip Consideration

Any fractional entitlement of a Scrip Participant to a part of a New WAM Global Share or a New WAM Global Option will be rounded up or down to the nearest whole number of New WAM Global Shares or New WAM Global Options (as applicable) and, for the avoidance of doubt, fractional entitlements of 0.5 of a New WAM Global Share or a New WAM Global Option will be rounded up.

### 3.4.3 Indicative examples of calculation of number of New WAM Global Shares and New WAM Global Options

The table below sets out the Exchange Ratio for calculating the number of New WAM Global Shares and New WAM Global Options which would be issued to each Scrip Participant, based on the NTA per share values for each of TGG and WAM Global as at 30 June 2021. The illustrative Exchange Ratio under a scenario where TGG Shareholders who hold 40% of TGG Shares elect to participate in the Buy-Back is as follows:

Assumptions	TGG	WAM Global
30 June 2021 NTA as published	\$1.666	\$2.671 <sup>11</sup>
Adjustment for deferred tax assets	\$(0.002)	\$(0.003)
NTA per share at 30 June 2021*	\$1.664	\$2.667
Less: Transaction Costs per share	\$(0.011)	\$(0.002)
<b>Adjusted NTA per share**</b>	<b>\$1.653</b>	<b>\$2.666</b>
<b>Implied Exchange Ratio</b>	<b>0.620</b>	

Note: above may not sum due to rounding.

\* Adjustments to both the TGG and WAM Global ASX-disclosed NTAs are applied to present both NTAs on a like-for-like basis, before applying transaction costs.

\*\* Adjusted for impact of the Buy-Back and associated Transaction Costs under the illustrative scenario where TGG Shareholders who hold 40% of TGG Shares elect to participate in the Buy-Back.

The following illustrative Exchange Ratios would apply to a TGG Shareholder and will differ according to the percentage of TGG Shareholders who elect to participate in the Buy-Back. The difference is due to the impact of deferred tax assets arising as a result of incurred Transaction Costs. Refer below:

	Buy-Back participation percentage (as a % of all TGG Shares)			
	20.0%	40.0%	60.0%	80.0%
<b>TGG NTA</b>	\$1.654	\$1.653	\$1.651	\$1.644
<b>WGB NTA</b>	\$2.666	\$2.666	\$2.666	\$2.666
<b>Exchange Ratio</b>	0.621	0.620	0.619	0.617
<b>New WAM Global Shares received (per 1,000 TGG Shares)</b>	621	620	619	617
<b>New WAM Global Options received (per 1,000 TGG Shares)</b>	621	620	619	617
<b>Value of the New WAM Global Shares</b>	\$1,591	\$1,590	\$1,588	\$1,582
<b>Value of the New WAM Global Options*</b>	\$46	\$46	\$46	\$46
<b>Total Scrip Consideration value received by Scrip Participant**</b>	\$1,638	\$1,636	\$1,634	\$1,628

<sup>11</sup> Refer to WAM Global announcement to ASX dated 16 July 2021.



The table above illustrates the potential sensitivity of the Exchange Ratio and resultant Scrip Consideration to alternative Buy-Back election scenarios utilising pro forma 30 June 2021 balances.

\* The value of the WAM Global Option consideration assumes the 5-day average WAM Global Option price to 28 June 2021, not adjusted for any tax implications as a result of receiving the WAM Global Options as part of the Scrip Consideration for TGG Shareholders. Please see section 8.3.2 for further information.

\*\* The total Scrip Consideration shown utilised WAM Global's 5-day volume weighted average price (VWAP) to 28 June 2021 (the date prior to the Transaction announcement) and includes the 5-day average value of New WAM Global Options to 28 June 2021 which each Scrip Participant will also receive as part of the Scrip Consideration.

For a TGG Shareholder who holds 1,000 TGG Shares on the Record Date, the table below sets out for illustrative purposes only, the maximum indicative number of New WAM Global Shares (and same maximum indicative number of New WAM Global Options) they would receive as part of their Scrip Consideration for their TGG Shares. The table below sets out the way in which this would alter depending on the relative NTA of TGG and WAM Global at the Calculation Date.

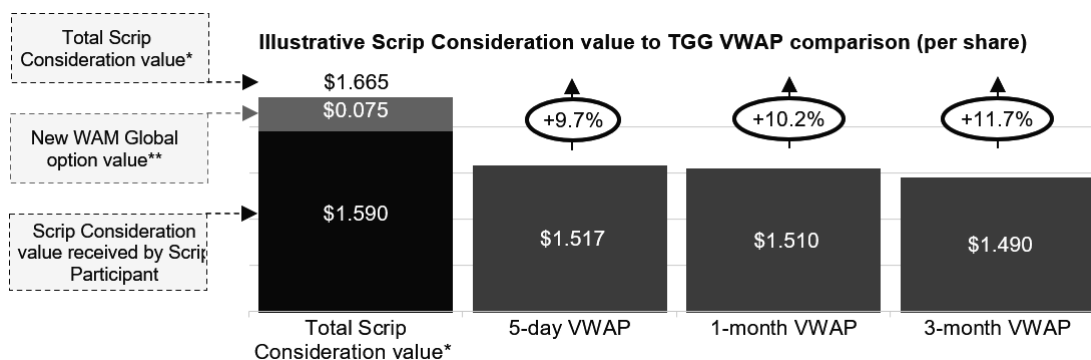
		Indicative TGG NTA per TGG Share for merger calculation						
		\$1.578	\$1.603	\$1.628	\$1.653	\$1.678	\$1.703	\$1.728
Indicative WAM Global NTA per WAM Global Share for merger calculation	\$2.591	609	619	628	638	648	657	667
	\$2.616	603	613	622	632	642	651	661
	\$2.641	598	607	617	626	635	645	654
	\$2.666	592	601	611	620	629	639	648
	\$2.691	586	596	605	614	624	633	642
	\$2.716	581	590	599	609	618	627	636
	\$2.741	576	585	594	603	612	621	631

For a TGG Shareholder who holds 1,000 TGG Shares, based on an implied Exchange Ratio of 0.620 New WAM Global Shares per TGG Share (and TGG Shareholders who hold 40% of TGG Shares electing to participate in the Buy-Back), that TGG Shareholder would (under this illustrative example) receive the following:

- (a) 620 New WAM Global Shares; and
- (b) 620 New WAM Global Options.

**The above tables and value comments are rounded and are all provided for illustrative purposes only. The actual outcome for these figures will depend on the actual TGG NTA to be calculated as at the Calculation Date and the actual number of TGG Shares which will be bought back under the Buy-Back.**

For a TGG Shareholder to compare the value of the Scrip Consideration to TGG's historical share price performance, assuming a top marginal tax rate TGG Shareholder scenario, refer to the below chart for illustrative purposes. The total value of the Scrip Consideration in this example is calculated utilising the illustrative Exchange Ratio derived from pro forma NTA positions as at 30 June 2021 (i.e. 0.620 – see above) and the 5-day VWAP for the period ending 28 June 2021 for WAM Global Shares and WAM Global Options.



Utilising historical pricing metrics up to the date of the announcement of the proposed Scheme, the illustrative Exchange Ratio metrics demonstrate (on this example) the ability for TGG Shareholders to observe a value uplift when compared to TGG's VWAP. The final TGG NTA determined in accordance with the Scheme Implementation Agreement will depend on the actual TGG NTA to be calculated as at the Calculation Date.

\* Total Scrip Consideration value is indicative only and will vary as result of relative movements in TGG's and WAM Global's respective NTA up to the Calculation Date, amongst other things.

\*\* New WAM Global Option represents the 5-day average price to 28 June 2021, adjusted for the tax rate of a top marginal TGG Shareholder.

#### 3.4.4 Trading in New WAM Global Shares and New WAM Global Options

In accordance with the Scheme Implementation Agreement, WAM Global will seek confirmation from the ASX that, from the Business Day after the Effective Date (or any later date as the ASX requires), the New WAM Global Shares and New WAM Global Options will be listed for quotation on the official list of the ASX.

The New WAM Global Shares and New WAM Global Options are expected to commence trading on the ASX, initially on a deferred settlement basis from the Business Day after the Effective Date and, by the Business Day after the Implementation Date (or any later date as the ASX requires), on a normal settlement basis.

The exact number of New WAM Global Shares and New WAM Global Options to be issued to each Scrip Participant will not be known until the Scrip Consideration is calculated as set out above in this section 3.4.1. See section 3.3 for details on when the Scrip Consideration will be announced to the ASX. It is the responsibility of each Scrip Participant to confirm their holdings of New WAM Global Shares and New WAM Global Options before they trade them, to avoid the risk of committing to sell more than will be issued to them. Scrip Participants can confirm their holdings of New WAM Global Shares and New WAM Global Options by checking their holding statements from WAM Global.

Scrip Participants who sell New WAM Global Shares and New WAM Global Options before they receive their holding statements or confirm their holdings of New WAM Global Shares and New WAM Global Options, do so at their own risk. Neither TGG nor WAM Global takes any responsibility for such trading.

#### 3.4.5 Eligibility to participate in the Scheme

The way in which a TGG Shareholder participates in the Scheme will depend on whether that shareholder is an eligible TGG Shareholder or an Ineligible Overseas Shareholder.

Eligible TGG Shareholders are Scheme Participants who are not Ineligible Overseas Shareholders. If the Scheme becomes Effective and is implemented, each Scrip Participant who is not an Ineligible Overseas Shareholder will receive Scrip Consideration in respect of each TGG Share held on the Record Date.

Relevantly, an Ineligible Overseas Shareholder for the purpose of the Scheme is any person who as at the Record Date:

- (a) holds TGG Shares and to whom WAM Global would be prohibited from issuing New WAM Global Shares and New WAM Global Options pursuant to any act, rule or regulation of

Australia which prohibits WAM Global from issuing New WAM Global Shares and New WAM Global Options to foreign persons;

- (b) holds TGG Shares and does not have a registered address in Australia, the United Kingdom (or, if the registered address is in the United Kingdom, the TGG Shareholder is not a “professional investor” within the meaning of the AIFMD UK Regulation) or the United States or such other jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such 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 TGG Shares beneficially and resides in a jurisdiction outside of Australia or the United Kingdom (or, if the person resides in the United Kingdom, such person is not a “professional investor” within the meaning of the AIFMD UK Regulation) except, with the consent of TGG and WAM Global, such a beneficial shareholder residing in another jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such beneficial holder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws.

Ineligible Overseas Shareholders will participate in the Scheme on the same basis as all eligible TGG Shareholders. However, Scrip Consideration will not be issued to Ineligible Overseas Shareholders. Instead, all of the Scrip Consideration 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 market price of the Scrip Consideration is subject to change from time to time. The current market price of WAM Global Shares and WAM Global Options can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Sale Agent will remit the aggregate Sale Proceeds to TGG or Computershare and TGG or Computershare will then remit the Sale Proceeds to each Ineligible Overseas Shareholder. Applicable brokerage and other selling costs, taxes and charges will be allocated proportionally between each Ineligible Overseas Shareholder. The Sale Proceeds you receive may be more or less than the actual market price that is received by the Sale Agent for your WAM Global Shares and WAM Global Options.

The Sale Proceeds will be paid to each Ineligible Overseas Shareholder in Australian dollars by TGG or Computershare by direct credit to the nominated Australian bank account recorded on your shareholding at 7.00pm on the Record Date. Alternatively, if you wish to receive payment of the Sale Proceeds to an Australian bank account that is different to your current direct credit instructions for payment of dividends on your TGG Shares, you may change your current direct credit instructions online at [www.computershare.com.au/easyupdate/tgg](http://www.computershare.com.au/easyupdate/tgg) by 7.00pm on the Record Date.

If you wish to receive the Sale Proceeds electronically in your local currency using Computershare’s Global Wire Payment service, you can elect Global Wire Payment by visiting [www.computershare.com.au/easyupdate/tgg](http://www.computershare.com.au/easyupdate/tgg) and following the prompts. If you do not have a direct credit authority to an Australian bank account or Global Wire Payment instructions recorded on the TGG Register at 7.00pm on the Record Date, your Sale Proceeds will be sent to you by cheque in Australian dollars. Cheques, direct credit payment advices and Global Wire Payment advices will be mailed, at your risk, to your address as shown on the Register at 7.00pm on the Record Date. The payment of the Sale Proceeds to Ineligible Overseas Shareholders through the Sale Facility will be in full satisfaction of the rights of Ineligible Overseas Shareholders to Scrip Consideration under the Scheme.

Full details of this process are contained in clause 5.7 of the Scheme (which is set out in Annexure B).

#### **3.4.6 Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in TGG Shares will only be recognised by TGG if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant TGG Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7.00pm on the Record Date at the place where the Register is kept.

### **3.4.7 Issuance of Scrip Consideration**

If the Scheme is implemented, Scrip Participants will transfer all of their TGG Shares to WAM Global and receive the Scrip Consideration. Scrip Participants will be issued the Scrip Consideration in respect of each TGG Share held by them as at the Record Date.

The Scrip Consideration will be issued to Scrip Participants on the Implementation Date. It is anticipated that the New WAM Global Shares and New WAM Global Options will commence normal settlement trading on the ASX by the first Business Day after the Implementation Date.

The number of New WAM Global Shares and New WAM Global Options issued to Scrip Participants under the Scheme will be determined in accordance with this section 3.4.

### **3.4.8 Deemed warranty on transfer of TGG Shares to WAM Global**

Under the terms of the Scheme, each Scrip Participant is deemed to have warranted to WAM Global and authorised TGG to warrant to WAM Global as its agent and attorney that all of their TGG Shares (including all rights attaching to them) will, on the Implementation Date, be fully paid and free from all encumbrances, or restrictions on transfer of any kind, and that they have full power and capacity to transfer their TGG Shares (including any rights attaching to them) to WAM Global. See further clause 9.3 of the Scheme of Arrangement in Annexure B. TGG undertakes that it will provide the warranty to WAM Global as agent and attorney of each Scrip Participant. You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

## **3.5 Outline of Buy-Back**

Under the Buy-Back, TGG proposes to buy-back all TGG Shares held on the Record Date by each Scheme Participant that has elected to participate in the Buy-Back.

This section 3.5 sets out the terms of the Buy-Back and other information to assist you in deciding whether to elect to participate in the Buy-Back.

### **3.5.1 What is an equal access scheme?**

The Buy-Back is an equal access scheme as defined in section 257B(2) of the Corporations Act, as amended by ASIC Instrument 21-0743 dated 24 August 2021 described in section 3.5.30.

An equal access scheme is a scheme that satisfies each of the following conditions:

- (a) the offers under the scheme relate only to ordinary shares;
- (b) the offers are to be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons have a reasonable opportunity to accept the offers made to them;
- (d) buy-back agreements are not entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of all the offers are the same.

Under a buy back, a company buys back its own shares from its shareholders. Any shares bought back are immediately cancelled, with the result that the total number of the company's shares on issue is reduced by the number of shares bought back.

### **3.5.2 Why is TGG conducting the Buy-Back?**

TGG is conducting the Buy-Back in order to provide Scheme Participants with a cash alternative to receiving the Scrip Consideration under the Scheme. That cash alternative is the Cash Consideration, which Scheme Participants will receive if they elect to participate in the Buy-Back.

### 3.5.3 What is the Cash Consideration?

The Cash Consideration equals TGG NTA after all current and deferred tax balances and Transaction Costs.

As explained in section 3.3, TGG NTA will be calculated as at the Calculation Date. The figures in this section 3.5.3 are rounded and are provided for illustrative purposes only. The actual outcome for these figures will depend on the actual TGG NTA to be calculated as at the Calculation Date. The Cash Consideration may be more or less than the valuation of TGG Shares and/or the illustrative Cash Consideration stated in the Independent Expert's Report included at Annexure A.

For illustrative purposes only, if the TGG NTA was calculated on 30 June 2021, the Cash Consideration would have been \$1.546 per TGG Share, as the TGG NTA after all current and deferred tax balances was \$1.556 per TGG Share and assuming the total Transaction Costs were \$0.01 per TGG Share.

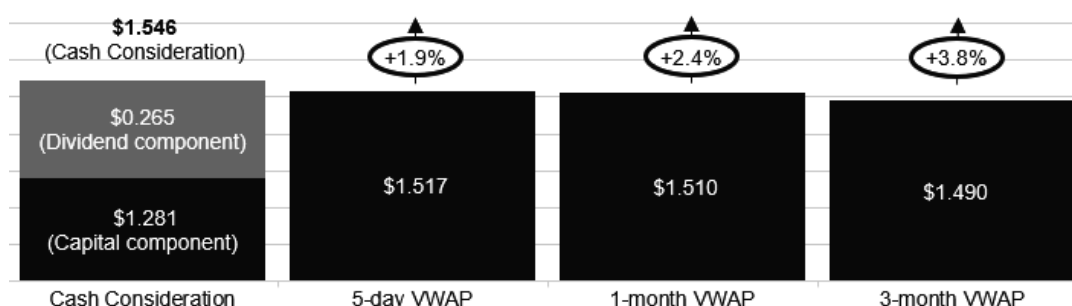
The following table sets out the indicative Cash Consideration per TGG Share based on scenarios where TGG's NTA increases or decreases up to \$0.050 per TGG Share between 30 June 2021 and the Calculation Date.

Potential TGG NTA (after all taxes)	Cash Consideration	Capital component	Dividend component
<b>\$1.446</b>	\$1.446	\$1.281	\$0.165
<b>\$1.496</b>	\$1.496	\$1.281	\$0.215
<b>\$1.546</b>	\$1.546	\$1.281	\$0.265
<b>\$1.596</b>	\$1.596	\$1.281	\$0.315
<b>\$1.646</b>	\$1.646	\$1.281	\$0.365

In these circumstances, the Cash Consideration would have included a capital component of \$1.281 per TGG Share and the remaining Cash Consideration will be treated as a dividend for taxation purposes. Any deemed dividends are expected to be partially franked and attributable to LIC capital gains. When considering participating in the Buy-Back, TGG Shareholders should take into account the after-tax proceeds from the Buy-Back after taking into account the franking credits, LIC capital gains deductions and CGT consequences, based on their individual circumstances. For further information in relation to the tax considerations relevant to your decision whether to elect to participate in the Buy-Back, refer to section 8.2.1.

The following chart outlines the indicative Cash Consideration for a TGG Shareholder and compares to the prevailing 28 June 2021 VWAP (the date prior to the Buy-Back Announcement Date). TGG Shareholders should note that this does not include any potential additional value available from franking credits and LIC capital gains. The value of such components will differ depending on the type of TGG Shareholder (i.e. complying superannuation fund, corporate entity, individual etc.). In addition to a review of section 8.2.1, TGG Shareholders should consult with their tax adviser.

**Illustrative Cash Consideration value to TGG VWAP comparison (per share)**



Please refer to section 8 for further information in relation to the general Australian tax consequences for the Transaction and the Buy-Back in particular.

### **3.5.4 What TGG Shares will be bought back under the Buy-Back?**

Under the Buy-Back, the Buy-Back TGG Shares of Scheme Participants who elect to participate in the Buy-Back will be bought back by TGG.

The Buy-Back offer is made to TGG Shareholders for the number of TGG Shares they hold at 7.00pm on the Buy-Back Election Date. In order to participate in the Buy-Back, you must continue to hold Buy-Back TGG Shares at 7.00pm on the Record Date.

### **3.5.5 Can I participate in the Buy-Back?**

In order to participate in the Buy-Back you must elect to participate in the Buy-Back by submitting a valid Buy-Back Election Form which must be received by Computershare by 7.00pm on the Buy-Back Election Date (and not submit a Buy-Back Withdrawal Form which is received by Computershare by 7.00pm on the Buy-Back Election Date) and your Buy-Back TGG Shares must continue to be registered in your name on the Record Date.

Ineligible Overseas Shareholders are not entitled to participate in the Buy-Back. An Ineligible Overseas Shareholder for the purpose of the Buy-Back is any person who as at the Buy-Back Election Date and the Record Date:

- (a) holds TGG Shares and to whom TGG would be prohibited from paying money pursuant to any act, rule or regulation of Australia which prohibits TGG from making payments to foreign persons;
- (b) holds TGG Shares and does not have a registered address in Australia, the United Kingdom or the United States and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back); or
- (c) is acting on behalf of or for the account of a person who holds TGG Shares beneficially and resides in a jurisdiction outside of Australia, the United Kingdom or the United States where it would be illegal under the law of that jurisdiction to permit such persons residing in that jurisdiction to receive an offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back, for a TGG Shareholder).

If you have submitted a valid Buy-Back Election Form and no longer wish to participate in the Buy-Back, you may withdraw your election to participate in the Buy-Back by submitting a Buy-Back Withdrawal Form which must be received by Computershare by 7.00pm on the Buy-Back Election Date.

### **3.5.6 Independent Expert's Report**

ASIC Regulatory Guide 110 provides that a company proposing to buy back a significant percentage of shares should consider providing an independent expert's report with a valuation of the shares the subject of a buy back. The TGG directors considered it appropriate to do so to enable TGG Shareholders to make a fully informed decision as to whether to approve the Buy-Back Resolution and whether to elect to participate in the Buy-Back.

TGG commissioned the Independent Expert, Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987), to prepare the Independent Expert Report on the Buy-Back. A copy of the Independent Expert's Report is included at Annexure A.

The conclusions in the Independent Expert's Report are that the Transaction is fair and reasonable and therefore in the best interests of TGG Shareholders in the absence of a Superior Proposal.

### **3.5.7 Do I have to participate in the Buy-Back?**

No. Participation in the Buy-Back is optional. If you choose not to participate in the Buy-Back, you do not need to take any action. If you choose not to participate in the Buy-Back, the number of TGG Shares you hold will not change as a result of the Buy-Back. However, if the Scheme and the Buy-Back are approved by the Requisite Majorities and the Scheme is approved by the Court, any TGG Shares

you hold on the Record Date will be acquired by WAM Global pursuant to the Scheme. In this case you will receive the Scrip Consideration described in section 3.4.

### 3.5.8 How do I elect to participate in the Buy-Back?

The following is a summary of the steps you need to follow if you want to elect to participate in the Buy-Back.

#### (a) Issuer Sponsored Holders

If your TGG Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by your SRN commencing with an 'I'), you may elect to participate in the Buy-Back online or by using a physical Buy-Back Election Form.

- **Online:** To submit a Buy-Back Election Form online, you must log in at [www.tggfrtransaction.com.au](http://www.tggfrtransaction.com.au), follow the instructions and submit your Buy-Back Election Form by 7.00pm on the Buy-Back Election Date. You will need your SRN and postcode or country of residence (if your TGG Shares are registered with an address outside Australia) to log in. You will receive an onscreen confirmation of submission of your Buy-Back Election Form, and a further confirmation via email to the email address you provided after you logged in. Where your TGG Shares are held in more than one name, you must have the authority of all other joint holders to act on their behalf in order to submit an online Buy-Back Election Form in respect of all of the jointly held TGG Shares as at 7.00pm on the Buy-Back Election Date. If you do not receive a confirmation message after attempting to submit your Buy-Back Election Form online, please contact the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia), Monday to Friday between 8.30am to 5.30pm (Sydney time). Where an original certified copy of a power of attorney or Letters of Administration need to accompany the Buy-Back Election Form, you cannot submit a Buy-Back Election Form online and you must use a physical Buy-Back Election Form to elect to participate in the Buy-Back.
- **Physical Buy-Back Election Form:** To submit a Buy-Back Election Form using a physical personalised Buy-Back Election Form, you must complete and sign the Buy-Back Election Form (enclosed with this Explanatory Memorandum) in accordance with the terms in the Explanatory Memorandum and the instructions on the Buy-Back Election Form, and return it to the address indicated on the Buy-Back Election Form so that it is received by Computershare by 7.00pm on the Buy-Back Election Date. You should allow sufficient time for this to occur if you are sending your Buy-Back Election Form by mail.

#### (b) CHESS Holders

If your TGG Shares are registered in a CHESS Holding (such holdings will be evidenced by your HIN commencing with an 'X'), you may elect to participate in the Buy-Back online, by using a physical Buy-Back Election Form, or by contacting your controlling participant.

- **Online:** To submit a Buy-Back Election Form online, you must log in at [www.tggfrtransaction.com.au](http://www.tggfrtransaction.com.au), follow the instructions and submit your Buy-Back Election Form by 7.00pm on the Buy-Back Election Date. You will need your HIN and postcode or country of residence (if your TGG Shares are registered with an address outside Australia) to log in. You will receive an onscreen confirmation of submission of your Buy-Back Election Form, and a further confirmation via email to the email address you provided after you logged in. If you are a CHESS Holder, Computershare will need to confirm with your controlling participant any online submission of your Buy-Back Election Form before it can be taken as validly submitted. Your Buy-Back Election Form will not be valid or complete until it is acknowledged or completed by your controlling participant in CHESS. Where your TGG Shares are held in more than one name, you must have the authority of all other joint holders to act on their behalf in order to submit an online Buy-Back Election Form in respect of all of the jointly held TGG Shares as at 7.00pm on the Buy-Back Election Date. If you do not receive a confirmation message after attempting to submit your Buy-Back Election Form online, please contact the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia), Monday to Friday between 8.30am to 5.30pm (Sydney time). Where an original certified copy of a power of attorney or Letters of Administration need to accompany the Buy-Back

Election Form, you cannot submit a Buy-Back Election Form online and you must use a physical Buy-Back Election Form to elect to participate in the Buy-Back.

- **Physical Buy-Back Election Form:** To submit a Buy-Back Election Form using a physical personalised Buy-Back Election Form, you must complete and sign the Buy-Back Election Form (enclosed with this Explanatory Memorandum) in accordance with the terms in the Explanatory Memorandum and the instructions on the Buy-Back Election Form, and return it to your controlling participant (your Sponsoring Broker) who will initiate acceptance directly, or to the address indicated on the Buy-Back Election Form so that it is received by Computershare by 7.00pm on the Buy-Back Election Date. This will authorise TGG and Computershare to request your controlling participant to initiate acceptance of the Buy-Back Election Form on your behalf, subject to the confirmation of acceptance by your Sponsoring Participant. Your Buy-Back Election Form will not be valid or complete until it is acknowledged or completed by your controlling participant in CHESS. You should allow sufficient time for this to occur if you are sending your Buy-Back Election Form by mail.
- **Contact your controlling participant:** Alternatively, you can elect to participate in the Buy-Back by instructing your controlling participant (for TGG Shareholders who are not institutions, this is normally the stockbroker through whom you bought TGG Shares or ordinarily acquire shares on the ASX) to initiate the Buy-Back Election Form on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Buy-Back Election Form to be received by Computershare by 7.00pm on the Buy-Back Election Date. Neither TGG nor Computershare will be responsible if your controlling participant does not acknowledge and confirm your Buy-Back Election Form by 7.00pm on the Buy-Back Election Date.

If you have purchased TGG Shares which will settle on the Buy-Back Election Date, you must instruct your controlling participant to initiate the Buy-Back Election Form directly on your behalf in accordance with the above. You will not be able to submit a Buy-Back Election Form online for TGG Shares which are registered on the Buy-Back Election Date.

(c) **CHESS Direct Participants**

If your TGG Shares are held in your name in a CHESS Holding and you are a CHESS participant, you should initiate the Buy-Back Election Form in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Buy-Back Election Form to be received by Computershare by 7.00pm on the Buy-Back Election Date.

If you have any questions in relation to the processing of your Buy-Back Election Form, please contact the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia), Monday to Friday between 8.30am to 5.30pm (Sydney time).

If you become a TGG Shareholder after the date of this Explanatory Memorandum please contact the Shareholder Information Line (1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia)) to request a physical Buy-Back Election Form.

**3.5.9 What happens if I do not elect to participate in the Buy-Back?**

If you do not elect to participate in the Buy-Back, the number of TGG Shares you hold will not change as a result of the Buy-Back. However, if the Scheme and the Buy-Back are approved by the Requisite Majorities and the Scheme is approved by the Court, any TGG Shares you hold on the Record Date will be acquired by WAM Global pursuant to the Scheme. In this case you will receive the Scrip Consideration described in section 3.4.

**3.5.10 When will the Buy-Back be open for elections?**

The Buy-Back will be open for elections starting on the date of this Explanatory Memorandum and ending at 7.00pm on the Buy-Back Election Date. TGG Shareholders may only submit a Buy-Back Election Form during this period. TGG, in its absolute discretion may change the Buy-Back Election Date, but does not expect to do so. If the Buy-Back Election Date is changed, the amended Buy-Back Election Date will be announced to the ASX and disclosed on TGG's website.



### 3.5.11 What is the effect of submitting a Buy-Back Election Form?

When you submit a Buy-Back Election Form, you agree to participate in the Buy-Back on the terms and conditions set out in the Buy-Back Documents.

The submission of a Buy-Back Election Form constitutes a binding contract as at 7.00pm on the Buy-Back Election Date, subject to a number of conditions. These conditions are:

- (a) your election not being withdrawn by you submitting a Buy-Back Withdrawal Form which is received by Computershare by 7.00pm on the Buy-Back Election Date; and
- (b) the Buy-Back being approved at the General Meeting, the Scheme being approved at the Scheme Meeting and the Scheme becoming Effective.

By submitting a Buy-Back Election Form you:

- (a) agree to the terms and conditions set out in the Buy-Back Documents;
- (b) accept TGG's offer to buy back your Buy-Back TGG Shares on the terms and conditions set out in the Buy-Back Documents;
- (c) acknowledge that TGG will pay or procure the payment of the Cash Consideration to you on the Implementation Date, immediately after which your Buy-Back TGG Shares will be transferred to TGG. You also acknowledge that immediately after registration of the transfer of your Buy-Back TGG Shares to TGG, your Buy-Back TGG Shares will be cancelled;
- (d) agree that TGG's announcement of the Cash Consideration on ASX (see section 3.3.4) in relation to the Cash Consideration, and any other details of the Buy-Back, is effective notice of such information;
- (e) agree that a Buy-Back Agreement is formed for the buy back of your Buy-Back TGG Shares at 7.00pm on the Buy-Back Election Date (and any additional TGG Shares you purchase and which settle on the Register by 7.00pm on the Buy-Back Election Date);
- (f) undertake not to sell or offer to sell your TGG Shares to any other person at any time after you submit your Buy-Back Election Form (unless you submit a Buy-Back Withdrawal Form which is received by Computershare by 7.00pm on the Buy-Back Election Date);
- (g) agree to having a holding lock applied to your TGG Shares as at the time you submit your Buy-Back Election Form;
- (h) agree to having a holding lock applied to any additional TGG Shares you purchase and which settle on the Register on a holding where a Buy-Back Election Form was previously received by Computershare, and a Buy-Back Withdrawal Form was not received by Computershare, by 7.00pm on the Buy-Back Election Date;
- (i) warrant to TGG that:
  - (i) at all times after you submit your Buy-Back Election Form, and at 7.00pm on the Buy-Back Election Date and at 7.00pm on the Record Date, you are the registered holder of your Buy-Back TGG Shares the subject of the election and that your Buy-Back TGG Shares the subject of the election are fully paid up, free from any mortgage, charge, lien or other encumbrance or security interest (whether legal or equitable) and from any third party rights and otherwise able to be sold freely by you;
  - (ii) at all times after you submit your Buy-Back Election Form, you are a person that can lawfully accept the Buy-Back offer, can receive the Cash Consideration and whose participation in the Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
  - (iii) at all times after you submit your Buy-Back Election Form, you are not an Ineligible Overseas Shareholder and you are not acting on behalf of, or for the account of, an Ineligible Overseas Shareholder; and

- (iv) you have not distributed or sent any Buy-Back Documents or other document referring to the Buy-Back to any person who is an Ineligible Overseas Shareholder;
- (j) warrant to TGG, where your TGG Shares are held in more than one name, you have the authority of all other joint holders to act on their behalf in order to submit a Buy-Back Election Form in respect of their jointly held TGG Shares;
- (k) authorise TGG (and its officers, agents, contractors or advisers) to correct any error in or omission from your Buy-Back Election Form and/or Buy-Back Withdrawal Form, and to insert any missing details, but you acknowledge that TGG has no obligation to do so and that incorrect or incomplete forms may be rejected and in this case you will receive the Scrip Consideration unless you are an Ineligible Overseas Shareholder as described in section 3.5.5;
- (l) acknowledge that neither TGG nor any other party involved in the Transaction has provided you with financial product advice, tax or investment advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back or the manner of any such participation;
- (m) authorise TGG to make payment in Australian dollars by direct credit to the bank account recorded on your shareholding as recorded at 7.00pm on the Record Date and acknowledge that payments made to that bank account will satisfy TGG's obligation to pay you for any buy-Back TGG Shares bought back. Alternatively, if you wish to receive payment for your TGG Shares to an Australian bank account that is different to your current direct credit instructions for payment of dividends on your TGG Shares, you may change your current direct credit instructions online at [www.computershare.com.au/easyupdate/tgg](http://www.computershare.com.au/easyupdate/tgg) by 7.00pm on the Record Date. TGG Shareholders who reside outside of Australia may elect to receive the Cash Consideration electronically in their local currency using Computershare's Global Wire Payment service. For a list of currencies offered and how to subscribe to the service, TGG Shareholders should contact Computershare. TGG Shareholders may update their Global Wire Payment instructions, by visiting [www.computershare.com.au/easyupdate/tgg](http://www.computershare.com.au/easyupdate/tgg) and following the prompts. If you do not have a direct credit authority to an Australian bank account or Global Wire Payment instructions recorded on the Register at 7.00pm on the Record Date, your Cash Consideration will be sent to you by cheque in Australian dollars. Cheques, direct credit and Global Wire Payment advices will be mailed, at your risk, to your address as shown on the Register at 7.00pm on the Record Date. Payments to bank accounts and dispatch of cheques to the addresses specified above are expected to occur on the Implementation Date and will satisfy TGG's obligation to pay you for any TGG Shares that TGG buys back;
- (n) undertake that if you breach any of these covenants, undertakings, agreements, representations or warranties you will indemnify TGG for all its costs or losses arising from the breach;
- (o) agree that damages are not an adequate remedy for breach of these covenants, undertakings, agreements, representations and warranties; and
- (p) agree that any obligation of TGG to buy back TGG Shares that you elect to participate in the Buy-Back is conditional on your compliance with the covenants, undertakings, agreements and warranties listed above.

You will be taken to have submitted an election when Computershare receives your validly completed Buy-Back Election Form or, if you have a CHESS Holding, your Buy-Back Election Form from your controlling participant through CHESS.

### **3.5.12 Can I trade my TGG Shares after submitting a Buy-Back Election Form?**

Once you have lodged your Buy-Back Election Form, your TGG Shares will be subject to a holding lock. You should not attempt to:

- (a) sell or offer to sell any of your Buy-Back TGG Shares;
- (b) convert your TGG Shares from an Issuer Sponsored Holding to a CHESS Holding or vice versa; or
- (c) move your TGG Shares between Issuer Sponsored Holdings or CHESS Holdings (for instance, if you change your controlling participant).

Once you have submitted a valid Buy-Back Election Form, your TGG Shares (and any additional TGG Shares you purchase and which settle on the Register by 7.00pm on the Buy-Back Election Date) will be locked and placed in a 'reserved sub-position' in the Register. You will not be able to deal with those TGG Shares until they are released from the reserved sub-position. For your TGG Shares to be released from that reserved sub-position before the Buy-Back Election Date, you must withdraw your Buy-Back Election Form in accordance with the procedures set out in section 3.5.14.

Withdrawals made in accordance with the procedures set out in section 3.5.14 may not take immediate effect. You should take this into consideration if you wish to sell or offer to sell any of your Buy-Back TGG Shares following the submission of a Buy-Back Election Form.

### **3.5.13 What if I purchase more TGG Shares?**

Any TGG Shares you hold as at 7.00pm on the Buy-Back Election Date are subject to the Buy-Back offer. Any TGG Shares that you acquire and which settle on the Register after 7.00pm on the Buy-Back Election Date are not subject of the Buy-Back offer.

These TGG Shares will be subject to the 45-day rule when determining the franking tax offset entitlement of the TGG Shareholder. Broadly, the 45-day rule requires a TGG Shareholder to hold their TGG Shares 'at risk' for a continuous period of at least 45 days. As the 45-day rule operates on a last-in-first-out basis, TGG Shareholders who acquire TGG Shares within 47 days of the Record Date may not be entitled to franking credits in respect of the franked dividend component of the Cash Consideration. Please refer to section 8 for further information on 45-day rule.

If you elect to participate in the Buy-Back, any TGG Shares that you purchase after the date of this Explanatory Memorandum will not be entitled to the CGT discount (as those TGG Shares would have been held for less than 12 months at the time of implementation of the Buy-Back).

If you purchase any TGG Shares after the date of this Explanatory Memorandum, you should seek and rely on your own independent tax advice in relation to your particular circumstances.

### **3.5.14 Can I withdraw or amend my Buy-Back Election Form?**

Yes, you can withdraw your Buy-Back Election Form by following the instructions set out below, provided your withdrawal is received by Computershare in accordance with the below instructions by no later than 7.00pm on the Buy-Back Election Date.

To withdraw a Buy-Back Election Form that has been received by Computershare, you will need to submit a Buy-Back Withdrawal Form, a copy of which is available with this Explanatory Memorandum or by contacting the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia), between 8.30am and 5.30pm (Sydney time) Monday to Friday or alternatively can be obtained at [www.tggfransaction.com.au](http://www.tggfransaction.com.au). Complete and send the Buy-Back Withdrawal Form as per the instructions set out immediately below.

You can withdraw a Buy-Back Election Form by ticking the box on the Buy-Back Withdrawal Form, completing your shareholder details, signing the Buy-Back Withdrawal Form and returning it to Computershare at the postal address and email address provided in the Buy-Back Withdrawal Form so that it is received by Computershare by 7.00pm on the Buy-Back Election Date. If Computershare does not receive your Buy-Back Withdrawal Form by 7.00pm on the Buy-Back Election Date, your withdrawal will be of no effect.

If you have a CHESS Holding and you wish to withdraw your Buy-Back Election Form, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal by 7.00pm on the Buy-Back Election Date. If you have a CHESS Holding, you should not send a Buy-Back Withdrawal Form to Computershare and you cannot submit a withdrawal online. If you are a CHESS Holder, you will receive written confirmation from CHESS of the withdrawal made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by TGG of your withdrawal of your Buy-Back Election Form.

As the Buy-Back is an offer to buy back all of your TGG Shares as at 7.00pm on the Buy-Back Election Date, you cannot amend your election once you have elected to participate, other than to withdraw your Buy-Back Election Form.

### **3.5.15 How have TGG Shares performed over recent times?**

Refer to section 4.10.

### **3.5.16 How does the Buy-Back compare to selling my TGG Shares on the ASX?**

If you sell your TGG Shares on the ASX at the then prevailing market price, this may vary from the value of the Cash Consideration. As the Cash Consideration is a cash amount calculated in accordance with the formula set out in section 3.5.3, it is not possible to definitively compare participation in Buy-Back with the sale of your TGG Shares on the ASX. Refer to section 3.5.3 for a description of the Cash Consideration and section 4.10 for a description of the recent performance of TGG Shares.

Depending on your individual circumstances, if you sell your TGG Shares on the ASX, the Australian income taxation implications of doing so may be different from selling your TGG Shares in the Buy-Back (see section 8 for more details in relation to Australian tax implications under the Buy-Back).

In addition, to execute a share sale on the ASX, you may need to pay brokerage whereas you should not need to pay brokerage to participate in the Buy-Back.

### **3.5.17 How will I know what the Cash Consideration is?**

The amount of the Cash Consideration will be announced on ASX once TGG has calculated the TGG NTA and the Cash Consideration, and WAM Global has confirmed TGG's calculations. See sections 3.3 and 3.5.3 for further details.

### **3.5.18 How will I know my Buy-Back TGG Shares have been bought back?**

TGG will make an announcement on the Implementation Date, and you should receive an updated holding statement shortly after the Implementation Date.

### **3.5.19 How will I receive the Cash Consideration for my Buy-Back TGG Shares?**

Refer to section 3.5.11(m). TGG agrees to pay or procure the payment of the Cash Consideration to you on the Implementation Date, immediately after which your Buy-Back TGG Shares will be transferred to TGG and cancelled.

### **3.5.20 Can I vote at the General Meeting and the Scheme Meeting if I elect to participate in the Buy-Back?**

Yes. Whether you elect to participate in the Buy-Back or not, you can still vote at the General Meeting and the Scheme Meeting. This is because a Buy-Back Agreement will not be formed for the buy-back of your Buy-Back TGG Shares until 7.00pm on the Buy-Back Election Date.

You will also be able to vote in accordance with the voting rights attached to your TGG Shares at any general meeting of TGG. There is currently no intention to hold a general meeting of TGG prior to the Implementation Date, other than the Scheme Meeting to approve the Scheme and the General Meeting to approve the Buy-Back.

As discussed further in section 3.7, the Transaction is conditional upon (among other things) the Scheme being approved at the Scheme Meeting and the Buy-Back being approved at the General Meeting by the relevant Requisite Majorities.

### **3.5.21 Tax considerations**

The taxation consequences of the Buy-Back will vary according to your individual circumstances. See section 8 for more details in relation to Australian tax implications for TGG Shareholders that elect to participate in the Buy-Back.

Stamp, transaction or other duty will not be payable on the cancellation of your Buy-Back TGG Shares following implementation of the Buy-Back.

### **3.5.22 TGG Shares held by trustees and nominees**

Trustees and nominees who are registered as the holder of one or more parcels of TGG Shares should inform the beneficial owners of the TGG Shares about the Buy-Back, subject to any legal restrictions in the countries where such beneficial owners are resident and provided such persons are not Ineligible Overseas Shareholders, and then aggregate all elections received from beneficial owners who are not Ineligible Overseas Shareholders.

Trustees or nominees who hold TGG Shares on behalf, or for the account of, any person who is an Ineligible Overseas Shareholder, must not inform any such person of the Buy-Back. It is the responsibility of the trustee or nominee to ensure that when completing an aggregated Buy-Back Election Form, it does not include any election on behalf of such persons.

It is the responsibility of the trustee or nominee to aggregate all instructions received from any underlying beneficial owners, and submit one combined Buy-Back Election Form (if any) so that it is received by the Registry no later than 7.00pm on the Buy-Back Election Date. A valid Buy-Back Election Form received from trustees or nominees will apply to the number of TGG Shares elected and which are held by the trustee or nominee on the same registered holding (for which a Buy-Back Election Form was received) at the Buy-Back Election Date and the Record Date.

### **3.5.23 Margin lending arrangements**

If you hold TGG Shares under margin lending arrangements or if they are held as security for a loan or as ASX Clear Pty Limited collateral, you should ensure that your participation in the Buy-Back is permitted by those margin lending arrangements, the terms and conditions of the particular loan or by ASX Clear Pty Limited.

### **3.5.24 Joint shareholders**

If you hold your TGG Shares jointly with another person (for example, your partner) and you have an Issuer Sponsored Holding, you must complete and return the Buy-Back Election Form in accordance with the instructions for joint holdings on the Buy-Back Election Form.

### **3.5.25 What if I have more than one holding of TGG Shares?**

You will receive a personalised Buy-Back Election Form for each separate holding of TGG Shares (for example, if you hold some TGG Shares in your name and some TGG Shares jointly with your partner, you will receive two Buy-Back Election Forms). You may elect that any or all of your separate holdings participate in the Buy-Back, provided that you complete the Buy-Back Election Form and follow the instructions for each holding you wish to elect to participate in the Buy-Back.

### **3.5.26 Participation by directors and senior management**

TGG directors and senior management are eligible to participate in the Buy-Back.

### **3.5.27 Resolutions required**

To give effect to the Buy-Back, section 257C(1) of the Corporations Act requires that the terms of the Buy-Back Agreement must be approved as an ordinary resolution. This resolution is voted on at the General Meeting.

### **3.5.28 ASIC lodgement requirements**

In accordance with Sections 257E and 257F of the Corporations Act, a copy of this Explanatory Memorandum was lodged with ASIC at least 14 days before Buy-Back Agreements will be entered into. ASIC does not approve documents lodged with it. ASIC may, but is not required to, notify TGG if it believes a document lodged with it does not comply with applicable laws. TGG has received no notification from ASIC concerning this Explanatory Memorandum.

### **3.5.29 Cancellation of Buy-Back TGG Shares**

As required by section 257H(3) of the Corporations Act, immediately after registration of the transfer of Buy-Back TGG Shares to TGG, the Buy-Back TGG Shares will be cancelled.

### 3.5.30 ASIC relief

ASIC has granted TGG an exemption under subsection 257D(4) of the Corporations Act. This exemption permits TGG to conduct the Buy-Back in substantially the same manner as an equal access scheme, in accordance with Division 2 of Part 2J.1 of the Corporations Act, provided certain conditions are met including:

- the Buy-Back is made available to all TGG Shareholders (other than Ineligible Overseas Shareholders), commencing on or around 26 August 2021, substantially on the terms contemplated by the Explanatory Memorandum and in compliance with section 257B(2) of the Corporations Act; and
- TGG complies with the lodgement requirements set out in sections 257E and 257F of the Corporations Act.

### 3.5.31 ASX relief

ASX has provided the following confirmations to TGG in connection with the Buy-Back:

- confirmed that by virtue of the language included in the Explanatory Memorandum and Buy-Back Election Form a TGG Shareholder who elects to participate in the Buy-Back will be taken to agree to the application of a holding lock to any TGG Shares held by a Buy-Back Accepting TGG Shareholder on submission of a Buy-Back Election Form or acquired prior to 7.00pm on the Buy-Back Election Date; and
- confirmed that the proposed timetable for the Buy-Back is appropriate for the purpose of Listing Rule 3.8A.

### 3.5.32 Applicable law

The Buy-Back is governed by the laws of New South Wales, Australia. However, certain laws cannot be overridden and to that extent, the Buy-Back Documents do not intend to override those laws and should be read as subject to them.

### 3.5.33 Restrictions on entry into Buy-Back Agreements

TGG will not enter into a Buy-Back Agreement with any person if it would give rise to an illegal or unenforceable Buy-Back Agreement or a Buy-Back Agreement which TGG cannot otherwise perform.

### 3.5.34 Restrictions on payment of the Cash Consideration

TGG will pay Scheme Participants who elect to participate in the Buy-Back the Cash Consideration for each of their Buy-Back TGG Shares unless it is prohibited from doing so by law or the terms of the Buy-Back as set out in the Buy-Back Documents.

### 3.5.35 Effect of the Buy-Back on TGG

#### (a) 2021 results

Refer to section 4.8.

#### (b) Material developments

TGG is not aware of any material developments since the release of its 2021 results announced on 11 August 2021 (and set out in section 4.8).

#### (c) How will the TGG Buy-Back Proceeds be funded?

The Buy-Back and associated Transaction Costs and tax will be funded from existing cash reserves and the disposal of a relevant proportion of TGG's equity investment portfolio. The combined impact of Transaction Costs, payment of applicable taxes and distribution of the Cash Consideration in respect of all Buy-Back TGG Shares is expected to result in TGG's cash balance as a proportion of total assets remaining broadly in line with pre-Transaction levels.

(d) **Impact of the Buy-Back on TGG's franking account?**

The amount of franking credits that will be utilised under the Buy-Back will not be known until the Cash Consideration is known and the size of the Buy-Back is determined.

TGG aims to utilise available franking credits under the Buy-Back to the extent practicable while ensuring there will be no franking deficit in TGG's franking account on Implementation Date.

Based on the TGG after-tax NTA as at 30 June 2021, the estimated franking percentage of the deemed dividend component of the Cash Consideration may indicatively be more than 75%. The impact of the franked dividend component from the Buy-Back will depend on the size of Buy-Back.

(e) **Impact of the Buy-Back on TGG's balance sheet?**

The table below sets out TGG's balance sheet as at 30 June 2021 and a pro forma balance sheet post Buy-Back assuming 40% of TGG Shares are bought back through the Buy-Back. The percentage of TGG Shareholders who may elect to participate in the Buy-Back is unknowable at this time and may be influenced significantly by the relative share price and portfolio performance of TGG and WAM Global up to the Buy-Back Election Date.

	June 2021 \$'000	Txn. Costs etc. \$'000	Liquidation \$'000	Buy-Back \$'000	Tax impact \$'000	Pro forma BS \$'000
<b>Current assets</b>						
Cash and cash equivalents	19,727	(2,317)	124,095	(122,502)	(9,214)	9,789
Receivables	938	-	-	-	-	937
<b>Total current assets</b>	<b>20,665</b>	<b>(2,317)</b>	<b>124,095</b>	<b>(122,502)</b>	<b>(9,214)</b>	<b>10,726</b>
<b>Non-Current assets</b>						
Investments <sup>12</sup>	310,237	-	(124,095)	-	-	186,143
Deferred tax asset	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>310,237</b>	<b>-</b>	<b>(124,095)</b>	<b>-</b>	<b>-</b>	<b>186,143</b>
<b>Total assets</b>	<b>330,902</b>	<b>(2,317)</b>	<b>-</b>	<b>(122,502)</b>	<b>(9,214)</b>	<b>196,868</b>
<b>Current liabilities</b>						
Payables	399	-	-	-	-	399
Current tax liabilities	553	(156)	8,816	-	(9,214)	-
<b>Total current liabilities</b>	<b>952</b>	<b>(156)</b>	<b>8,816</b>	<b>-</b>	<b>(9,214)</b>	<b>399</b>
<b>Non-Current liabilities</b>						
Deferred tax liability	22,086	(552)	(8,816)	-	-	12,717
<b>Total non-current liabilities</b>	<b>22,086</b>	<b>(552)</b>	<b>(8,816)</b>	<b>-</b>	<b>-</b>	<b>12,717</b>
<b>Total liabilities</b>	<b>23,038</b>	<b>(708)</b>	<b>-</b>	<b>-</b>	<b>(9,214)</b>	<b>13,116</b>
<b>Net assets</b>	<b>307,864</b>	<b>(1,610)</b>	<b>-</b>	<b>(122,502)</b>	<b>-</b>	<b>183,753</b>
<b>Equity</b>						
Contributed equity	253,735	-	-	(101,494)	-	152,241
Reserves	48,364	-	-	(19,346)	-	29,018
Retained profits	5,765	(1,610)	-	(1,662)	-	2,493
<b>Total equity</b>	<b>307,864</b>	<b>(1,610)</b>	<b>-</b>	<b>(122,502)</b>	<b>-</b>	<b>183,753</b>
<b>Pro forma after-tax NTA</b>						<b>\$1.546</b>

<sup>12</sup> As disclosed in its financial statements, TGG reports portfolio valuations on the basis of closing "Bid" price. At the Calculation Date this will be determined on "Close" price in line with that accounting policy utilised by WAM Global.

	June 2021 \$'000	Txn. Costs etc. \$'000	Liquidation \$'000	Buy-Back \$'000	Tax impact \$'000	Pro forma BS \$'000
Pro forma NTA (before deferred taxes)						\$1.654

(f) **Impact of the Buy-Back on TGG's capital structure?**

TGG currently has on issue 198,097,061 TGG Shares. The Buy-Back will cause the number of TGG Shares on issue to decrease by a number equal to the number of Buy-Back TGG Shares as all Buy-Back TGG Shares will be cancelled.

(g) **What effect will the Buy-Back have on the control of TGG?**

The Buy-Back, together with the acquisition by WAM Global of all of the issued TGG Shares that it does not own (other than TGG Shares held by each Buy-Back Accepting TGG Shareholder) under the Scheme, will result in a change of control of TGG, such that WAM Global becomes the owner of 100% of the ordinary shares in TGG on the Implementation Date.

(h) **No material prejudice to creditors**

Section 257A of the Corporations Act requires that the Buy-Back must not materially prejudice TGG's ability to pay its creditors.

The TGG directors are of the opinion that TGG is currently able to pay its debts as and when they become due and payable and will continue to be able to do so immediately after the implementation of the Buy-Back.

Accordingly, the directors are of the opinion that the Buy-Back does not materially prejudice TGG's ability to pay its creditors.

### 3.6 Key steps to implement the Transaction

The key steps to implement the Transaction are as follows:

- (a) On 25 August 2021, the Court made orders that the Scheme Meeting be convened and that this Explanatory Memorandum be despatched to TGG Shareholders.
- (b) From the date of this Explanatory Memorandum until the Buy-Back Election Date, TGG Shareholders may elect to participate in the Buy-Back by submitting a valid Buy-Back Election Form. See section 3.5.8 for more details.
- (c) TGG Shareholders will vote on whether to approve the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. As set out further in section 9.10.2, the Transaction is conditional on (among other things) TGG Shareholders' approval of the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting by the relevant Requisite Majorities. WAM Global has advised TGG that Wilson Asset Management Group members who hold TGG Shares will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting. WAM Global has made a confirmatory statement to this effect in section 5.
- (d) The TGG NTA and WAM Global NTA will be calculated as at the Calculation Date for the purposes of determining the Scrip Consideration (being the exchange ratio of each TGG Share for each New WAM Global Share and New WAM Global Option) and the Cash Consideration. Following the review and confirmation process outlined in section 3.3, TGG will announce the Scrip Consideration and the Cash Consideration to the ASX.
- (e) Elections to participate in the Buy-Back are due by 7.00pm on the Buy-Back Election Date. If you have elected to participate in the Buy-Back, and subsequently wish to withdraw this election, Buy-Back Withdrawal Forms are also due by this time. See section 3.5 for more details.
- (f) If the Scheme is approved by the Requisite Majority at the Scheme Meeting and the Buy-Back Resolution is approved by the Requisite Majority at the General Meeting, and all other Conditions Precedent (other than Court approval) are satisfied or waived, TGG will apply to the



Court to approve the Scheme on the Second Court Date. Section 3.7.4 contains details on this procedure. The Corporations Act and the relevant Court rules provide a procedure for TGG Shareholders to oppose the approval by the Court of the Scheme.

- (g) If the Court approves the Scheme at the Second Court Hearing, TGG will lodge with ASIC an office copy of the Court order approving the Scheme. The Scheme becomes Effective once the Court order is lodged with ASIC.
- (h) With effect from close of trading on the Business Day on which the office copy of the Court order is lodged with ASIC, TGG Shares will be suspended from trading on the ASX.
- (i) All New WAM Global Shares and New WAM Global Options to be issued to Scrip Participants are expected to commence trading on the ASX on a deferred settlement basis from the first Business Day after the Effective Date.
- (j) Scheme Participants' entitlement to receive the Scrip Consideration or the Cash Consideration will be determined at 7.00pm on the Record Date as follows:
  - (i) Buy-Back Accepting TGG Shareholders will be entitled to receive the Cash Consideration under the Buy-Back if they are registered as the holders of Buy-Back TGG Shares at 7.00pm on the Record Date; and
  - (ii) Scrip Participants will be entitled to receive the Scrip Consideration under the Scheme if they are registered as the holders of TGG Shares at 7.00pm on the Record Date.
- (k) On the Implementation Date:
  - (i) TGG will buy back the Buy-Back TGG Shares and pay the Cash Consideration to each Buy-Back Accepting TGG Shareholder; and
  - (ii) immediately following completion of the Buy-Back under sub-paragraph (i), each Scrip Participant will transfer their TGG Shares to WAM Global and WAM Global will issue the Scrip Consideration to each Scrip Participant.
- (l) All New WAM Global Shares and New WAM Global Options issued to Scrip Participants are expected to commence trading on the ASX on a normal settlement basis by the first Business Day after the Implementation Date.
- (m) After the Transaction has been implemented, TGG will apply for termination of the official quotation of TGG Shares on the ASX and to have itself removed from the official list of the ASX.

### **3.7 Approval of the Transaction by TGG Shareholders and the Court**

#### **3.7.1 Scheme Meeting and General Meeting**

The Transaction is conditional on (among other things):

- (a) TGG Shareholders' approval of the Scheme at the Scheme Meeting by the Requisite Majority; and
- (b) TGG Shareholders' approval of the Buy-Back Resolution at the General Meeting which will immediately follow the Scheme Meeting by the Requisite Majority.

On 25 August 2021, the Court made orders that the Scheme Meeting be convened and that this Explanatory Memorandum be despatched to TGG Shareholders. Those orders do not constitute an endorsement of, or any other expression of opinion on, the Transaction or this Explanatory Memorandum. The results of the Scheme Meeting and the General Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting and the General Meeting. The results will be accessible from the ASX's website ([www.asx.com.au](http://www.asx.com.au)) and on TGG's website ([www.tgfg.com.au](http://www.tgfg.com.au)).

#### **3.7.2 How to vote**

TGG Shareholders can vote in either of two ways:

- (a) by personally joining the Scheme Meeting and the General Meeting virtually; or
- (b) by appointing a proxy, attorney or in the case of corporate shareholders, by corporate representative, to virtually attend and vote on their behalf.

### **3.7.3 Eligibility to vote**

The time for determining eligibility to vote at the Scheme Meeting and the General Meeting is 7.00pm (Sydney time) on Monday, 27 September 2021. Only those TGG Shareholders entered on the Register at that time will be entitled to virtually attend and vote at the Scheme Meeting and the General Meeting.

### **3.7.4 Court approval**

If the Scheme is approved at the Scheme Meeting and the Buy-Back Resolution is approved at the General Meeting by the relevant Requisite Majorities, and all other Conditions Precedent (other than Court approval) are satisfied or waived, TGG will apply to the Court for orders approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majority of TGG Shareholders.

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

The Corporations Act and the *Supreme Court (Corporations) Rules 1999* (NSW) provide a procedure for TGG Shareholders to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme at the Second Court Hearing you may do so by filing with the Court and serving on TGG a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on TGG at the address for service at least one day before the date fixed for the Second Court Hearing. With leave of the Court, you may also oppose the approval of the Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. TGG should be notified in advance of an intention to object.

The address for service is: c/o King & Wood Mallesons, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 (Attention: Alexander Morris). The notice of appearance and affidavit may also (or instead) be sent by email to the electronic service address, being [Alexander.Morris@au.kwm.com](mailto:Alexander.Morris@au.kwm.com).

Any change to the currently scheduled date for the Second Court Hearing will be announced through the ASX and notified on TGG's website ([www.tggf.com.au](http://www.tggf.com.au)).

## **3.8 Conditions Precedent**

The Transaction is subject to a number of Conditions Precedent set out in clause 3.1 of the Scheme Implementation Agreement as summarised in section 9.10.2.

The Transaction will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Agreement.

As at the Last Practicable Trading Date, TGG and WAM Global were not aware of any circumstances which would cause the Conditions Precedent not to be satisfied or waived (as applicable).

However, a number of Conditions Precedent are outside the control of TGG and WAM Global. To this extent, TGG intends to work with WAM Global and relevant third parties (including all relevant Regulatory Authorities) to enable the Conditions Precedent to be satisfied or waived (as applicable).

## **3.9 Termination of TGG's investment manager**

TGG intends to terminate the Manager Agreements with effect no later than the Implementation Date. The termination will not impact accrued management fees, performance fees (where applicable) and expenses incurred under the Manager Agreements up to the Implementation Date, however no termination fees will otherwise be payable by TGG.

### **3.10 Implementation of the Transaction**

#### **3.10.1 Effective Date**

The Scheme will become Effective on the Effective Date, being the date on which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such other date as the Court determines or specifies in the order. TGG intends to lodge the order of the Court with ASIC on the next Business Day after the Second Court Date.

If the Scheme becomes Effective, TGG will immediately give notice of the event to the ASX. Once the Scheme becomes Effective, TGG and WAM Global will become bound to implement the Scheme in accordance with its terms, and TGG will also proceed to complete the Buy-Back in accordance with its terms.

#### **3.10.2 Deed Poll**

WAM Global has executed the Deed Poll under which it covenants in favour of Scheme Participants, subject to the Scheme becoming Effective, to perform the actions attributable to WAM Global under the Scheme as if it was a party to the Scheme including the obligation of WAM Global to issue the Scrip Consideration to Scrip Participants (or to the Sale Agent in respect of Ineligible Overseas Shareholders) on the Implementation Date.

The Deed Poll may be relied upon by any Scheme Participant despite the fact that they are not a party to it and each Scheme Participant appoints TGG as its agent to enforce their rights under the Deed Poll against WAM Global. A copy of the Deed Poll is included in Annexure C.

#### **3.10.3 Suspension of trading**

TGG will apply to the ASX for suspension of trading in TGG Shares on the ASX after close of trading on the day the Scheme becomes Effective. Following implementation of the Scheme, TGG will request the ASX to remove it from the official list of the ASX.

#### **3.10.4 Record Date**

Scheme Participants' entitlement to receive the Scrip Consideration or the Cash Consideration will be determined on the Record Date, being 7.00pm on the 2<sup>nd</sup> Business Day following the Effective Date, as follows:

- (a) Buy-Back Accepting TGG Shareholders will be entitled to receive the Cash Consideration under the Buy-Back in respect of each Buy-Back TGG Share they held as at 7.00pm on the Buy-Back Election Date and continue to hold as at the Record Date; and
- (b) those Scrip Participants on the Register on the Record Date will be entitled to receive the Scrip Consideration in respect of each TGG Share they hold as at the Record Date.

#### **3.10.5 Register**

In respect of TGG Shares held by a Scrip Participant:

- (a) TGG must register any registrable transmission applications or transfers of TGG Shares received on or before the Record Date; and
- (b) for the purposes of determining entitlements under the Scheme, TGG will not accept for registration or recognise any transfer or transmission applications in respect of TGG Shares received after the Record Date.

See section 3.5.12 for details on how Buy-Back TGG Shares will be treated after a TGG Shareholder has lodged a Buy-Back Election Form.

#### **3.10.6 No disposals after Record Date**

If the Scheme becomes Effective, you may not dispose of any TGG Shares after the Record Date, and any dealings in TGG Shares after this time will not be recognised, except:

- (a) the transfer and cancellation of Buy-Back TGG Shares of Buy-Back Accepting TGG Shareholders on the Implementation Date under the Buy-Back; and
- (b) a transfer to WAM Global on the Implementation Date pursuant to the Scheme, and any subsequent transfer by WAM Global or its successors in title.

### 3.10.7 Maintenance of the Register

For the purpose of determining entitlements to the Scrip Consideration and the Cash Consideration, TGG will maintain the Register until:

- (a) TGG has bought back the Buy-Back TGG Shares from Buy-Back Accepting TGG Shareholders, paid the Cash Consideration to each Buy-Back Accepting TGG Shareholder and cancelled the Buy-Back TGG Shares; and
- (b) immediately following completion of the Buy-Back, the Scrip Consideration has been issued to the Scheme Participants and WAM Global has been entered in the Register as the sole holder of all TGG Shares.

The Register in this form will solely determine entitlements to the Scrip Consideration and the Cash Consideration.

### 3.10.8 Implementation Date

The Transaction will be implemented on the Implementation Date. On the Implementation Date:

- (a) TGG will buy back the Buy-Back TGG Shares held as at 7.00pm on the Buy-Back Election Date from Buy-Back Accepting TGG Shareholders and pay the Cash Consideration to each Buy-Back Accepting TGG Shareholder; and
- (b) immediately following completion of the Buy-Back under sub-paragraph (i), each Scrip Participant will transfer their TGG Shares to WAM Global and WAM Global will issue the Scrip Consideration to each Scrip Participant.

### 3.10.9 Delisting of TGG

After the Scheme has been implemented, TGG will request that the ASX removes it from the official list of the ASX. The delisting is expected to occur shortly following the Implementation Date.

### 3.11 Permitted dividends

TGG and WAM Global intend that all Scrip Participants will be eligible for the WAM Global Dividend (being the 5.0 cents per WAM Global Share fully franked dividend announced by WAM Global on 18 August 2021). For the avoidance of doubt, Buy-Back Accepting TGG Shareholders will not receive any WAM Global Dividend.

In the event that the Scrip Participants are not eligible for any reason to receive the WAM Global Dividend (or, if the Record Date for the Transaction falls after 22 November 2021) then, in accordance with the Scheme Implementation Agreement, the TGG Board may (in its absolute discretion) determine to pay or declare and pay to TGG Shareholders a “**TGG Permitted Dividend**” (being a dividend in the ordinary course in respect of the financial year ended 30 June 2021 which complies with the Corporations Act), provided that:

- (a) the record date for the TGG Permitted Dividend must be before the Record Date for the Transaction; and
- (b) the payment date for the TGG Permitted Dividend must be before the Implementation Date for the Transaction.

If TGG announces, determines to pay or declares and pays the TGG Permitted Dividend, the TGG Permitted Dividend:

- For personal use only
- (c) may be franked and attributed LIC capital gains to the maximum extent possible;<sup>13</sup> and
  - (d) is to be paid from retained earnings or distributable reserves (or a combination of all or some of them) of TGG existing immediately prior to the declaration of that dividend.

### **3.12 Taxation implications**

A general guide to the taxation implications of the Transaction for TGG Shareholders is set out in section 8. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any TGG Shareholder. Each TGG Shareholder should seek and rely on their own independent tax advice in relation to their particular circumstances.

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<sup>13</sup> TGG is liable for any franking deficit or any liability associated with an incorrect capital gain attribution for the TGG Permitted Dividend.

## 4. Information on TGG

## 4.1 Introduction

TGG is an ASX listed investment company admitted to the official list of the ASX in May 1987. TGG provides TGG Shareholders with exposure to an investment strategy focused primarily on equity securities listed on international stock exchanges.

TGG operates under an Australian Financial Services licence, using the MSCI All Countries World Index as its benchmark. TGG outsources its investment management and administration functions to FTIAL subject to the terms of the TGG Investment Agreement and the Administrative Services Agreement, and relies upon the integrity and professional competence of FTIAL for the prudent and successful management of TGG's global investment portfolio.

## 4.2 Investment objectives and strategy

TGG's investment objective is to increase TGG Shareholders' total returns through the achievement of superior investment performance.

TGG's investment strategy is to seek long term capital growth from its global investment portfolio. TGG's primary form of investment is in common equity stocks traded on international stock exchanges. TGG has no pre-determined weightings or ranges of exposure to particular companies, industries, countries or regions. TGG focuses on securities considered to be under-priced relative to their future earning potential.

## 4.3 Performance of TGG

The below table represents the historical performance of the TGG investment portfolio in the period to 30 June 2021 in comparison to the MSCI All Countries World Index (denominated in AUD). The percentages in the table show the percentage increase in the value of the portfolio and the MSCI All Countries World Index over the periods shown. The performance of the investment portfolio is shown both gross and net of fees and expenses incurred by TGG. TGG's historical performance to 30 June 2021 is as follows:

	1 year	3 years <sup>^</sup>	5 years <sup>^</sup>	10 years <sup>^</sup>	Since inception <sup>^^</sup>
TGG Gross	32.3%	10.1%	13.2%	13.1%	7.0%
TGG Net	30.7%	8.8%	11.8%	11.6%	7.5%
MSCI All Countries World Index (AUD)	27.5%	14.4%	14.6%	14.7%	7.4%*

\* Since inception disclosed for the Index blends the use of the MSCI World (net dividend) as the MSCI All Countries World Index was not in existence at TGG's inception.

<sup>^</sup> annualised.

The information concerning TGG's past performance in this section is given for illustrative purposes only and should not be relied upon as (and is not) an indication of TGG's future performance.

## 4.4 Directors and senior management

The current directors of TGG are:

### (a) Christopher R. Freeman – Independent Non-Executive Chair

Christopher was appointed as a director on 11 January 2017 and became Chair on 22 February 2017. Christopher is also the chair of the Review Committee and a member of the Audit and Risk Committee. Christopher is currently the Senior Strategic Advisor to the BT Financial Group, the Non-Executive Chairman of Generation Life Limited and the Non-Executive Chairman of Barron's Advisor Programmes Australia. Christopher's former roles

include General Manager Adviser Distribution for the BT Financial Group, Head of Equities for Bankers Trust Australia Limited, Head of Distribution for BT Financial Group and Head of BT Wealth and Wrap Solutions.

(b) **Joanne Dawson – Independent Non-Executive Director**

Joanne was appointed as a director on 9 May 2012 and is chair of the Audit and Risk Committee and a member of the Review Committee. Joanne is also currently a Non-Executive Director of Vision Super, Bank First Ltd, Villa Maria Catholic Homes Ltd and PSC Insurance Group Ltd. Joanne's former roles include senior roles with National Australia Bank, Deloitte, directorship of Catholic Church Insurance Ltd and chair of E.L. & C. Baillieu Limited.

(c) **Martin F. Warwick – Independent Non-Executive Director**

Martin was appointed as a director on 1 July 2014 and is a member of the Review and Audit and Risk Committees. Martin was also formerly the General Manager and Company Secretary of TGG. Martin is currently also director of a Melbourne accounting practice, a director of a Hong Kong based investment advisory company and a number of Cayman Islands based investment funds.

(d) **Steven J. Fahey – Independent Non-Executive Director**

Steven was appointed as a director on 29 October 2020. Steven is currently a Fellow of the Financial Services Institute of Australia. Steven's former roles include a principal, investment manager and director (Deputy Managing Director) at Balanced Equity Management and global equity strategist for National Mutual Life Association.

(e) **Greg McGowan – Non-Executive Director**

Greg was appointed as a director on April 1992, and is currently a consultant to Franklin Templeton Investments. Greg's former roles include Director, Executive Vice President, and General Counsel of Templeton International Inc., and Director of Franklin Templeton Investments Australia Limited.

TGG has no employees. However, under the terms of the Administrative Services Agreement, FTIAL agrees to provide a Company Secretary and General Manager with suitable knowledge and experience to undertake the requirements of the respective roles for TGG. The current General Manager is Mat Sund, and the current Company Secretary is Elizabeth McGregor.

If the Transaction does not proceed, the current directors of TGG will remain and the Administrative Services Agreement will continue (including provision of the Company Secretary and General Manager). If the Transaction is approved, the intentions of WAM Global in relation to employees generally is set out in section 6.5.

#### **4.5 TGG Shares**

As at the date of this Explanatory Memorandum, there are 198,097,061 TGG Shares on issue.

#### **4.6 Intentions of the TGG Board if the Transaction does not proceed**

If the Scheme and the Buy-Back Resolution are not approved by the Requisite Majorities or the Scheme is not approved by the Court, or if any of the other Conditions Precedent set out in section 9.10.2 are not satisfied or waived (if applicable), the Transaction will not proceed. In those circumstances, the TGG Board intends to proceed with an orderly winding up of TGG with a view to maximising value for all TGG Shareholders in the absence of a Superior Proposal.

The TGG Board has unanimously recommended that TGG Shareholders vote in favour of the Transaction for the reasons outlined in this Explanatory Memorandum. The Transaction offers the ability for TGG Shareholders to receive either the Scrip Consideration or the Cash Consideration, which, in the case of the Scrip Consideration, would not be possible under a winding up. However, if the Transaction does not proceed, a winding up has been identified as the best available alternative arising from TGG's strategic structural review announced to ASX on 6 October 2020.



The winding up of TGG would involve obtaining additional approvals from the TGG Board and TGG Shareholders, additional engagement with relevant regulators (including the ASX and the ATO), and the realisation of TGG's entire underlying portfolio. Accordingly, TGG Shareholders should expect the winding up process would incur additional costs and take several months to complete. During that time, TGG Shareholders will continue to be exposed to the risks of an investment in TGG outlined below in section 4.7.

A winding up also does not guarantee a specific amount of net proceeds that would be received by TGG Shareholders in respect of their TGG Shares. The net proceeds under a winding up may depend on market movements and currency fluctuation over the winding up process, among other factors.

#### **4.7 Risks relating to an investment in TGG**

In considering the Scheme and the Buy-Back, 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 TGG, the value of TGG Shares and future dividends. These risks will only continue to be relevant to TGG Shareholders if the Transaction does not proceed and TGG Shareholders retain their current investment in TGG (noting the comments above in section 4.6 regarding the TGG Board's intentions in that scenario). If the Transaction proceeds, Scheme Participants will receive the Scrip Consideration or the Cash Consideration (as applicable), will cease to be TGG Shareholders and will no longer be exposed to the risks set out in this section.

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether continuing to hold TGG Shares is 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 Explanatory Memorandum or are in any doubt as to how to vote in relation to the Scheme and the Buy-Back, it is recommended that you consult your legal, financial or other professional adviser before deciding how to vote.

This section describes the potential risks associated with TGG's business and risks associated with continuing to hold TGG Shares. It does not purport to list every risk that may be associated with an investment in TGG 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 TGG, the TGG Board and senior management team.

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 TGG Board as at the date of this Explanatory Memorandum, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

##### **4.7.1 Risks specific to TGG**

###### **(a) Market risk**

TGG holds financial instruments comprising the investment portfolio, cash and cash equivalents, receivables and payables and is subject to the general market risks that are inherent in holding those financial instruments. This means that the fair value of future cash flows of financial instruments may fluctuate due to changes in market variables such as foreign currency exchange rates, equity prices and interest rates. In particular, as an investor in global equities, TGG is exposed to a risk that the fair value of equities decreases as a result of fluctuations in market prices associated with investments in equities. These fluctuations may be caused by factors specific to individual stocks or factors affecting all instruments in the market such as any protracted slowdown in economic conditions or adverse changes in such factors as inflation, GDP, changes in law (including tax law) and government policy. There can also be no assurance of any appreciation in the value of the financial instruments held by TGG.

###### **(b) Concentration risk**

There may be more volatility in the global equities portfolio as compared to the broader market because TGG's global investment portfolio will be comprised of a smaller number of securities than the broader market. As at 30 June 2021, TGG's global investment portfolio comprised the securities of 48 issuers.

(c) **Foreign currency exchange risk**

The fair value of future cash flows of financial instruments held by TGG may fluctuate due to changes in foreign currency rates. TGG holds foreign financial instruments and is therefore exposed to foreign exchange risk arising from buying, selling and holding financial instruments denominated in foreign currency. A weaker Australian dollar will result in the value of investments held in foreign currencies increasing in value. Conversely, a stronger Australian dollar will result in the value of investments held in foreign currencies falling in value. TGG does not currently hedge the underlying currencies in which the investment portfolio is invested.

(d) **Liquidity risk**

Depending on the types of financial instruments TGG has invested in, there may be occasions where there is an increased risk that an instrument cannot be liquidated in a timely manner at a reasonable price. This means that TGG may encounter difficulty in meeting obligations associated with its financial liabilities in certain circumstances. TGG aims to mitigate this risk through its investment in financial instruments, which under normal market conditions are readily convertible to cash and by maintaining cash reserves.

(e) **Credit risk**

TGG is exposed to the risk that a counterparty to a certain type of financial instrument will fail to discharge an obligation (eg, to pay cash or sell shares to TGG) and cause TGG to incur a financial loss.

(f) **Capital management**

TGG's objective is to manage capital to provide TGG Shareholders with dividends/distributions and capital appreciation over the longer term. TGG's capital will fluctuate with prevailing market movements and there is a risk that TGG may be unable to provide TGG Shareholders with dividends/distributions in circumstances where it has insufficient capital to do so.

(g) **Performance of TGG investment manager**

TGG's investment portfolio is managed by FTIAL under the Investment Agreement with TGG. The profitability and success of TGG is highly dependent on the ability of TGG's investment manager to assess business risks and make appropriate investments. It cannot be expected nor is there any guarantee that an investment or investment decision of the investment manager will prove to be the correct decision or prove to be profitable. Accordingly, TGG may incur losses if the investment manager does not successfully carry out their investment objectives and investment strategy. As a result, no guarantee can be given in respect of the future financial performance of TGG.

(h) **Interest rate risk**

There is a risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The majority of TGG's financial assets and liabilities are non-interest bearing, therefore, there is minimal liability exposure to interest rate risk.

(i) **Listed investment companies**

A listed investment company's share price may trade at a premium or discount to net tangible asset backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including, but not limited to:

- domestic and international economic growth;
- performance of domestic and international financial markets;
- domestic and international political events; and
- relevant regulation in Australia and overseas.

(j) **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 TGG holds investments, and changes in accounting standards which affect the financial performance and position reported by TGG. Changes in laws, regulations or policies may affect TGG's business, increase TGG's compliance costs or non-compliance risks.

In respect of taxation, future changes in Australian taxation law or in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities, or TGG's method of calculation, may affect the taxation treatment of an investment in TGG's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, or TGG's methods of calculation may impact the tax liabilities of TGG.

(k) **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 TGG.

TGG has outsourced 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 TGG or provide services below standards that are expected by TGG, causing loss to TGG.

**4.7.2 General risks**

(a) **Litigation and disputes**

TGG may become involved in litigation and disputes. Exposure to litigation brought by third parties such as investors, regulators or business associates could negatively impact operations and financial performance through increased costs, payment of damages or damage to reputation.

(b) **Changes in accounting policy**

Changes in accounting policies, arising from recently issued or amended accounting standards by the Australian Accounting Standards Board may affect the reported earnings of TGG and its financial position from time to time.

(c) **Domestic and global conditions**

Adverse changes in economic conditions such as economic growth, interest rates, employment levels, business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions amongst others are outside TGG's control and have the potential to have an adverse impact on TGG and its operations.

(d) **Dividends/Distribution**

The payment of dividends/distributions on TGG Shares is dependent on a range of factors including its profitability, the availability of cash and capital requirements of TGG's business. Any future dividend/distribution levels, and the franking and/or attribution of LIC capital gains of those dividends/distributions, will be determined by the TGG Board having regard to its operating results and financial position at the relevant time. There is no guarantee that any dividend/distribution will be paid by TGG or, if paid, that the dividend/distribution will be paid at previous levels, or that the franking of any dividend/distribution (or attribution of LIC capital gains) will be equivalent to the franking applied to dividends/distributions in the past. In particular, TGG expects that, if the Transaction does not proceed, the level of available franking for any dividend/distribution paid for the period ending 30 June 2021 will be lower, and potentially substantially lower, than the level of franking applied to dividends/distributions paid for recent financial periods.

(e) **COVID-19 and its impacts on the global economy and financial markets**

The ongoing COVID-19 pandemic and associated uncertainty continues to impact the global economy and financial markets, including Australian and international equity markets. There is minimal consensus on the outlook for economic recovery and a return to the levels of economic activity preceding the pandemic, and the social, economic and financial impacts once government support is withdrawn are unknown. As a result, there is increased risk associated with making investment decisions in this environment.

The full nature and extent of the impact of the COVID-19 pandemic on the global economy and financial markets remains unknown, as does any future effect on TGG's business. TGG's share price may be adversely affected as a result of this uncertainty and may continue to be affected under the ongoing impact of the COVID-19 pandemic on the global economy and financial markets. In addition, measures taken by any government agency or regulatory body in response to the COVID-19 pandemic are likely to be outside of the control of TGG. If COVID-19 outbreaks and associated lockdowns and other restrictive interventions continue to occur in Australia (or elsewhere globally), there may be associated impacts for the Australian and global economy, TGG's business activity, and the market for TGG Shares.

## **4.8 Financial information**

### **4.8.1 Basis of preparation**

The historical financial information in this section 4.8 has been derived from TGG's financial statements for the financial years ended 30 June 2019 (which were audited by PricewaterhouseCoopers), 30 June 2020 and 30 June 2021 (each of which were audited by Ernst & Young).

The financial information in this section 4.8 is a summary only and is prepared for the purpose of this Explanatory Memorandum. The historical financial information of TGG is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act.

Further detail on TGG's financial performance can be found in:

- (a) the financial statements for the year ended 30 June 2021 (included in the Appendix 4E released to the ASX on 11 August 2021);
- (b) the financial statements for the year ended 30 June 2020 (included in the Annual Report released to the ASX on 15 September 2020); and
- (c) the financial statements for the year ended 30 June 2019 (included in the Annual Report released to the ASX on 30 August 2019),

each of which can be found in the Investors section of the TGG website ([www.tggf.com.au](http://www.tggf.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### **4.8.2 Historical income statement**

The historical income statement of TGG for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021:

<b>Income statement</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue			
Dividends and distributions	5,109	7,716	9,867
Interest income	2	74	46
Other income	1	588	25
Total revenue	5,112	8,378	9,938
Expenses			

**Income statement**

Investment expenses	(2,036)	(2,490)	(3,115)
Salaries and employee benefit expenses	(269)	(267)	(290)
Shareholder and regulatory costs	(150)	(167)	(174)
Other expenses	(1,272)	(238)	(340)
<b>Total expenses</b>	<b>(3,726)</b>	<b>(3,162)</b>	<b>(3,919)</b>
Profit before income tax	1,385	5,216	6,019
Income tax expense	(474)	(1,583)	(1,795)
<b>Profit after income tax for the year</b>	<b>911</b>	<b>3,633</b>	<b>4,224</b>

**4.8.3 Historical statement of financial position**

The historical statements of financial position of TGG for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021:

**Statement of financial position**

	<b>2021*</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	19,727	10,437	16,500
Receivables	938	3,566	7,110
<b>Total current assets</b>	<b>20,665</b>	<b>14,003</b>	<b>23,610</b>
<b>Non-Current assets</b>			
Investments	310,237	251,832	298,962
Deferred tax asset	(C) -	46	-
<b>Total non-current assets</b>	<b>310,237</b>	<b>251,878</b>	<b>298,962</b>
<b>Total assets</b>	<b>330,902</b>	<b>265,881</b>	<b>322,572</b>
<b>Current liabilities</b>			
Payables	399	1,260	3,424
Current tax liabilities	553	588	9,521
<b>Total current liabilities</b>	<b>952</b>	<b>1,848</b>	<b>12,945</b>
<b>Non-Current liabilities</b>			
Deferred tax liability	(B) 22,086	-	5,553
<b>Total non-current liabilities</b>	<b>22,086</b>	<b>-</b>	<b>5,553</b>
<b>Total liabilities</b>	<b>23,038</b>	<b>1,848</b>	<b>18,498</b>
<b>Net assets</b>	<b>(A) 307,864</b>	<b>264,033</b>	<b>304,074</b>
<b>Equity</b>			
Contributed equity	253,735	255,548	271,900
Reserves	48,364	(5,283)	17,948
Retained profits	5,765	13,768	14,226
<b>Total equity</b>	<b>307,864</b>	<b>264,033</b>	<b>304,074</b>
<b>Historical NTA</b>			
<b>NTA pre-deferred taxes</b>			
<b>[(A+B-C) / TGG Shares outstanding]</b>	<b>\$1.666</b>	<b>\$1.322</b>	<b>\$1.452</b>

**Statement of financial position**

<b>NTA after tax [(A) / TGG Shares outstanding]</b>	<b>\$1.554**</b>	<b>\$1.322</b>	<b>\$1.426</b>
<b>Shares outstanding (m)</b>	<b>198.1</b>	<b>199.7</b>	<b>213.2</b>

\* June 2021 is presented on a pre Buy-Back basis and reconciles to the TGG audited accounts.

\*\* Please note that the difference between TGG's ASX announced NTA (after tax) of \$1.556 on 9 July 2021 and the NTA (after tax) presented above is due to an adjustment to deferred tax liability.

#### 4.8.4 Historical statement of cash flows

The historical statements of cash flows of TGG for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021:

**Cash flow statement**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from Operating activities</b>			
Dividends and distributions received	4,555	7,392	8,487
Interest received	2	88	33
Other income	1	562	-
Custodian fees paid	(21)	(39)	(47)
Goods and services tax refunded	219	256	344
Investment manager's fees paid	(2,130)	(2,599)	(3,481)
Income taxes paid	(694)	(9,886)	(8,010)
Administration, regulatory, legal and other payments in the normal course of operations	(1,624)	(689)	(1,006)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>308</b>	<b>(4,915)</b>	<b>(3,680)</b>
<b>Cash flows from Investing Activities</b>			
Cash paid for purchase of listed shares	(191,061)	(267,987)	(121,739)
Proceeds received from realisation of listed shares	210,486	298,069	163,318
<b>Net cash inflow from investing activities</b>	<b>19,425</b>	<b>30,082</b>	<b>41,579</b>
<b>Cash flows from Financing Activities</b>			
Shares purchased (on-market buy-back)	(1,813)	(16,352)	(10,984)
Dividend paid	(8,914)	(14,663)	(21,959)
<b>Net cash (outflow) from financing activities</b>	<b>(10,727)</b>	<b>(31,015)</b>	<b>(32,943)</b>
Net (decrease)/increase in cash and cash equivalents	9,006	(5,848)	4,955
Cash and cash equivalents at the beginning of the year	10,437	16,500	11,521
Effects of exchange rate changes on cash and cash equivalents	284	(215)	24
<b>Cash and Cash Equivalents at Year End</b>	<b>19,727</b>	<b>10,437</b>	<b>16,500</b>

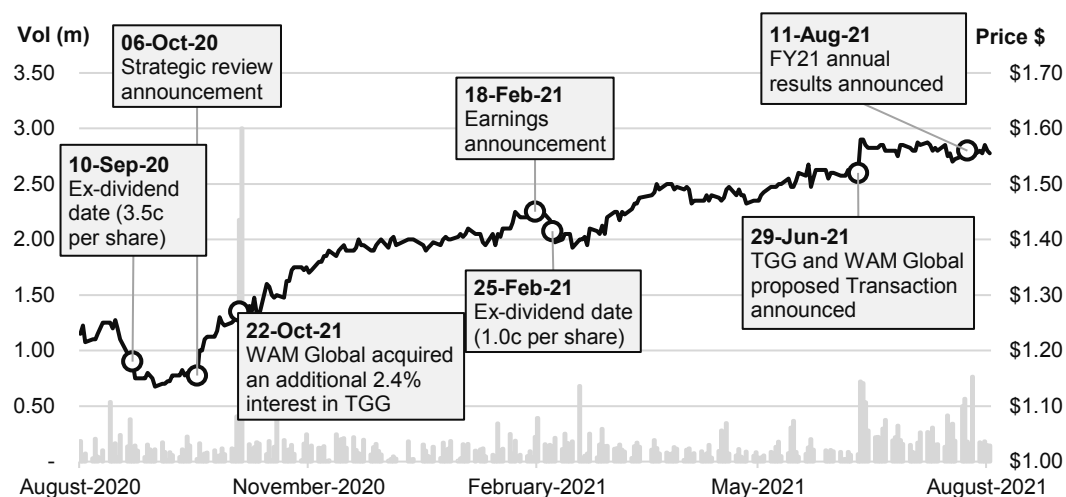
#### 4.9 Material changes in TGG's financial position

To the knowledge of the TGG directors, and except as disclosed elsewhere in this Explanatory Memorandum, the financial position of TGG has not materially changed since 30 June 2021. TGG will continue to provide weekly and monthly updates to the ASX with respect to NTA movements.

#### 4.10 Recent share price history

The latest recorded price of TGG Shares on the ASX on 28 June 2021 (ie before the public announcement of the Scheme Implementation Agreement on 29 June 2021) was \$1.52 per TGG Share. The closing price of TGG Shares on the ASX on the Last Practicable Trading Date was \$1.56 per TGG Share.

The chart below shows TGG's share price performance over the 12 months to the Last Practicable Trading Date.



The current price of TGG Shares on the ASX can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the TGG website ([www.tggf.com.au](http://www.tggf.com.au)).

#### 4.11 Publicly available information

As an ASX listed company and a "disclosing entity" for the purposes of section 111AC(1) of the Corporations Act, TGG is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to the ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. TGG's most recent announcements are available from its website ([www.tggf.com.au](http://www.tggf.com.au)). Further announcements concerning TGG will continue to be made available on this website after the date of this Explanatory Memorandum.

The ASX maintains files containing publicly available information about entities listed on their exchange. TGG's files are available for inspection at the ASX during normal business hours and are available on the ASX website ([www.asx.com.au](http://www.asx.com.au)). These include:

- the Constitution of TGG;
- TGG's financial statements for the financial year ended 30 June 2021; and
- TGG's public announcements.

The annual reports and public announcements are also available at the TGG website ([www.tggf.com.au](http://www.tggf.com.au)).

Additionally copies of documents lodged with ASIC in relation to TGG may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services.



## 5. Information on WAM Global

## 5.1 Introduction

The information contained in this section 5 has been prepared by WAM Global. The information concerning WAM Global and the intentions, views and opinions contained in this section 5 are the responsibility of WAM Global. TGG and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

## 5.2 Overview of WAM Global

### 5.2.1 Corporate overview and investment objectives

WAM Global Limited, one of Australia's leading LICs, is managed by Wilson Asset Management (**WAM Global Investment Manager**). Listed in June 2018, WAM Global provides investors with exposure to an actively managed diversified portfolio of undervalued international growth companies.

WAM Global's investment objectives are to:

- provide capital growth over the medium-to-long term;
- deliver investors a stream of fully franked dividends; and
- preserve capital.

WAM Global aims to maximise total shareholder returns with a combination of capital growth and income, allowing fully franked dividends to be paid to shareholders provided WAM Global has sufficient profit reserves and franking credits available and it is within prudent business practices to do so.

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

### 5.2.2 Investment principles

WAM Global invests in line with four broad principles:

- **Focus on listed global securities:** The universe of potential investments for WAM Global is focused on undervalued international growth companies. While WAM Global does focus on securities quoted on a global securities exchange, it may invest in any international or Australian securities (irrespective of whether the securities are listed on a securities exchange), use derivatives, hold cash and invest in the other permitted investments identified in section 5.2.4 below.
- **Preference for undervalued companies:** WAM Global's preference is to invest in entities where the securities are trading below Wilson Asset Management's valuation and are the subject of a catalyst that, in the WAM Global Investment Manager's view, has not yet been factored into the value of the entity and is likely to change the market's valuation of that entity over time.
- **Portfolio based and index unaware investing:** WAM Global's priority is to undertake investments on a portfolio basis. The WAM Global Investment Manager is not driven by an index and benchmark when selecting investments. While all investments are considered on a case-by-case basis, WAM Global will usually refrain from taking a majority position in investee entities. This assists WAM Global to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. WAM Global seeks to manage investment risk by spreading investments over a range of companies and industry sectors. In addition, WAM Global aims to construct the WAM Global portfolio to ensure that there is wide diversification across different global markets and currencies to mitigate country-specific risk.
- **Capital preservation:** Capital preservation is a key investment objective of WAM Global. WAM Global will hold cash unless it can identify appropriate investment opportunities. This could lead to WAM Global holding high levels of cash in the WAM Global portfolio from time-to-time. To ensure capital preservation, WAM Global may also hold bills of exchange or negotiable instruments from time-to-time.

### 5.2.3 Investment strategy

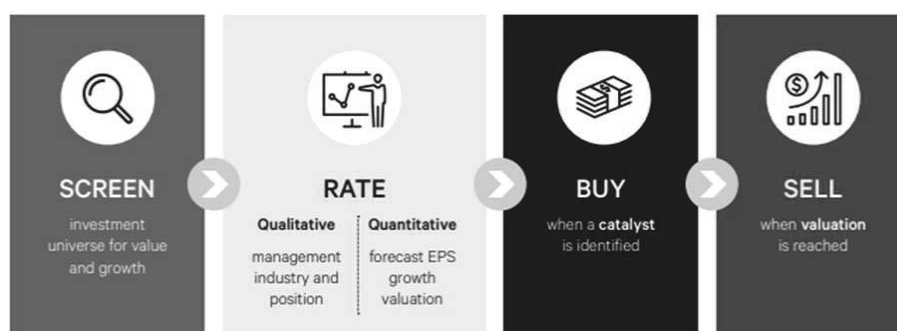
To implement its investment strategy (**Investment Strategy**) the WAM Global Investment Manager employs Wilson Asset Management's proven investment processes:

- Research-driven investing; and
- Market-driven investing.

#### (a) Research-driven investing

The research-driven investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. The investment universe is filtered to remove companies that do not demonstrate growth and value characteristics. Each remaining company is then carefully rated with respect to management, earnings growth potential, valuation and industry position. This process is summarised in the illustration below.

The research-driven investment process seeks to provide investors with exposure to undervalued growth companies. The research-driven investment process is also centred on extensive company research, including meeting with senior executives of the potential investee companies.



Wilson Asset Management will only invest in a security identified by its research-driven investment process if it can identify a catalyst that, in the WAM Global Investment Manager's view, has not yet been factored into the value of that security and is likely to change the market's valuation of that security (**Catalyst**). A Catalyst can be information or news about the equity investment that the WAM Global Investment Manager believes will have an impact on the valuation of the investment.

The WAM Global Investment Manager will assess the potential effect and likelihood of a Catalyst impacting an entity, including whether the Catalyst could drive that entity's share price up or down. Potential Catalysts include:

- events, for example, earnings surprises, management changes, acquisitions or strategy updates; and
- liquidity events, for example, as a result of a share issue or sell down by an existing holder.

An example of a research-driven investment opportunity is an investment in a company experiencing increased demand for its goods or services in circumstances where the WAM Global Investment Manager has identified shortages in supply across the market as a Catalyst that it considers has the potential to create a large growth opportunity for the company.

In this example, the research-driven investment process could generate returns if, after taking a stake in the company, the Catalyst identified by the WAM Global Investment Manager (i.e. the shortages in supply across the market) does in fact result in the company experiencing continued growth, multiple profit upgrades (which in turn increases its capacity to meet increased demand), leading to an increase in the company's share price.

This investment process could result in a loss if the Catalyst does not increase the share price as the WAM Global Investment Manager had expected. As a result, the example company's share price could decrease due to regulatory change that causes a material increase to its cost of production, resulting in a profit downgrade.

(b) **Market-driven investing**

The market-driven investment process takes advantage of short term mispricing opportunities in the global equity market, rather than investing in any individual companies or a portfolio of companies for a prolonged period of time.

Investment opportunities may be derived from:

- Taking part in placements, initial public offerings, block trades and rights issues.
- Trading securities based on market themes and trends. Themes or trends are used to screen and identify trading opportunities. Once an opportunity has been identified, the WAM Global Investment Manager will undertake detailed research into the security before taking a position. Research may include meeting with the company, sell-side analysts and industry contacts as well as modelling of the relevant company's earnings drivers, sensitivities and operating leverage.
- Participating in financial transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructuring). Once a financial transaction opportunity is identified, detailed research is undertaken to assess the terms and conditions of the announced transaction and the liquidity of the underlying securities, to determine if the financial transactions presents a favourable risk/reward opportunity. By way of example, company B (**Bidder**) announces an intention to make a takeover offer (**Offer**) of company T (**Target**). The WAM Global Investment Manager, following detailed research, forms the view that the proposed Offer is likely to cause the Target's share price to increase and the Bidder's share price to decrease. To take advantage of the transaction in this example, the WAM Global Investment Manager could buy the Target's securities and short sell the Bidder's securities.
- Taking advantage of other corporate transactions to identify arbitrage opportunities. This may include participation in share buy-backs. For example, if a company announces an off-market share buy-back and the company's share price is trading below the price announced in the buy-back this could generate an arbitrage opportunity. The WAM Global Investment Manager would make a return by buying shares below the buy-back price and then subsequently selling those shares into the buyback at a higher price than they were purchased for.
- Taking advantage of arbitrage opportunities involving hybrid securities including preference shares and convertible notes. For example, the WAM Global Investment Manager may purchase hybrid securities that are approaching their conversion or repayment date. This strategy is utilised if the WAM Global Investment Manager believes there is a high probability that the securities will be repaid or converted in accordance with their terms and at a premium to the market price at the time of purchase.
- Buying securities in LICs, where they trade at a significant discount to underlying net assets. This is known as LIC discount arbitrage. For example, the WAM Global Investment Manager may purchase shares in other listed investment companies when they are trading at a significant discount to their NTA and the WAM Global Investment Manager believes that in the future the share price or performance could improve or the discount to NTA could reduce over time.
- Participating in hybrid issues and convertible notes issues. For example, the WAM Global Investment Manager may participate in new issues of hybrids or convertible notes if the WAM Global Investment Manager believes the relevant securities are mispriced and could lead to a profit upon listing, or if the yield on the securities more than compensates for the risk involved in investing in the securities.

- Short selling. For example, the WAM Global Investment Manager may participate in short selling if the WAM Global Investment Manager believes a security is mispriced and there is likely to be decline in the company's share price. This strategy would normally be applied with analysis undertaken around a market theme or trend as detailed above.

Once an investment opportunity has been identified, the WAM Global Investment Manager undertakes a detailed assessment in order to identify any perceived mispricing in the relevant securities. The WAM Global Investment Manager will then analyse risk and return potential and liquidity. Similar to its research-driven investment process, Wilson Asset Management will, in most cases, seek to identify a Catalyst before investing in a security identified by its market-driven investment process.

An example of a market-driven investment opportunity is an investment in a company through a share placement to sophisticated and professional investors undertaken at a discount to the prevailing share price. In this example the placement is not available to retail investors and would allow WAM Global to purchase shares at a discount to where they are currently trading in the market.

The WAM Global Investment Manager may become aware of opportunities, like the placement example, through its relationship with stockbrokers. It will then undertake a detailed analysis of the relevant company and the proposed placement terms, including assessing the amount of capital being raised compared to the free float, the size of the discount to the current share price, the use of funds and the liquidity of the underlying security.

In this example, the market-driven investment process could generate returns if after the placement shares are allotted, the WAM Global Investment Manager sells them at a higher price than what they were purchased at under the placement. The example investment would result in a loss if, after the allotment of the placement shares, the company's share price falls, and stays below, the price at which the shares were purchased in the placement.

An example of themes or trends that could be used in the market-driven investment process are companies benefiting from increasing demand from overseas buyers for infant formula, vitamins and cosmetics, companies benefiting from a falling Australian dollar or companies that may benefit from media deregulation. In these examples if the theme or trend continued it would have the potential to lead to increases in company revenues or reduction in cost base leading to profit upgrades, increased sell-side coverage and interest in the stock or sector or increased demand from other investors leading to share price appreciation.

In this example, the market-driven investment process could generate returns if, after taking a stake in the company, the theme identified continued to play out leading to the share price increasing for the reasons specified above. The investment would result in a loss if the market theme or trend stopped occurring, i.e. demand from overseas buyers for infant formula, vitamins and cosmetics decreased, the Australian dollar stopped falling and started appreciating or media de-regulation was delayed or cancelled.

#### **5.2.4 Permitted investments**

Wilson Asset Management may invest in:

- international and Australian securities;
- derivatives including futures, forwards, warrants and contracts;
- bills of exchange, negotiable investments and debentures; and
- cash.

#### **5.2.5 Performance of WAM Global**

The below table represents the historical performance of the WAM Global investment portfolio in the period to 30 June 2021 in comparison to the MSCI World Index (AUD):

Performance at 30 June 2021	1 yr	2 yrs %pa	Since inception % pa (Jun-18)
WAM Global Investment Portfolio	30.7%	16.0%	12.6%
MSCI World Index (AUD)	27.5%	15.6%	13.6%

Investment portfolio performance and Index returns are before expenses, fees and to compare to the relevant index which is also before expenses, fees and taxes.

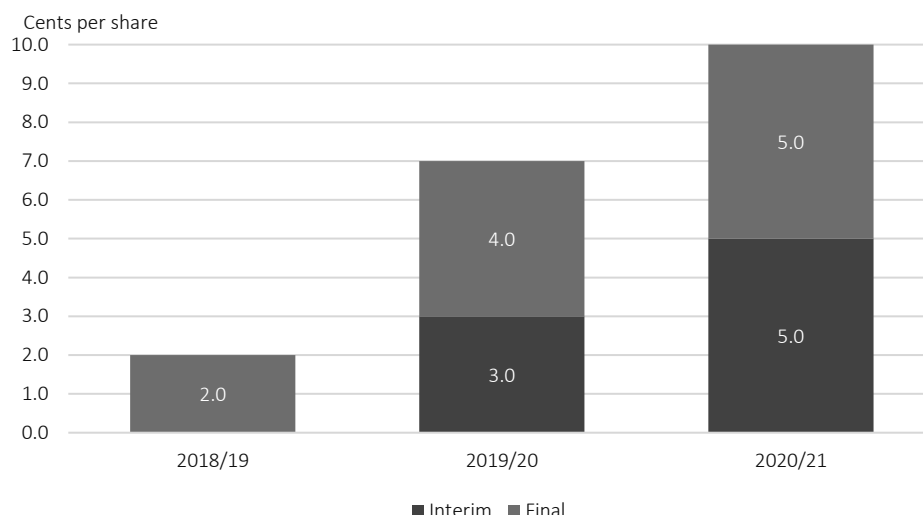
The information concerning WAM Global's past performance in this section is given for illustrative purposes only and should not be relied upon as (and is not) an indication of WAM Global's future performance.

### 5.2.6 Dividend policy

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

On 18 August 2021, the WAM Global Board declared a fully franked final dividend of 5.0 cents per share, representing a 25.0% increase on the FY2020 fully franked final dividend. As set out in the Scheme Implementation Agreement, TGG and WAM Global intend that Scrip Participants will be eligible for this WAM Global final dividend, which has a record date of 22 November 2021 – refer also to section 3.11. The final dividend brings the fully franked full year dividend to 10.0 cents per share. The fully franked dividend has been achieved through the strong performance of the investment portfolio since inception and the profits reserve available, and is consistent with WAM Global's investment objective of delivering investors a stream of fully franked dividends.

WAM Global's profits reserve as at 30 June 2021 is 53.6 cents per share, representing 5.4 years dividend coverage, and forms part of the NTA of WAM Global. Since inception in June 2018, WAM Global has paid 14.0 cents per share in fully franked dividends to shareholders.



WAM Global's ability to generate franking credits is dependent primarily upon the payment of tax on profits, as well as the receipt of franked dividends. This is not intended to be a forecast, it is merely an objective of WAM Global. WAM Global may not be successful in meeting this objective in the future.

### 5.3 Directors

The following persons are directors of WAM Global as at the date of this Explanatory Memorandum. All directors are non-executive directors:

<b>Geoff Wilson AO</b>	<b>Chairman – non independent (since February 2018)</b>
<b>Experience and expertise</b>	Geoff Wilson has over 41 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 Investment Company Limited and Future Generation Global Investment Company 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> ).
<b>Other directorships</b>	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 Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Ltd and MAM Pty Limited.

<b>Gabrielle Trainor AO</b>	<b>Director – independent (since February 2018)</b>
<b>Experience and expertise</b>	Gabrielle Trainor is an experienced non-executive director and advisor with over 27 years on public and private boards. Gabrielle's executive career has spanned law, journalism, government and consultancy. Gabrielle has a Bachelor of Laws, Master of Arts and is a Fellow of the Australian Institute of Company Directors ( <b>FAICD</b> ) and was named an Officer of the Order of Australia in 2017.
<b>Other directorships</b>	Gabrielle Trainor is a director of Zurich Australia Limited, Infrastructure Australia, the Western Parkland City Authority, the Major Transport Infrastructure Authority (Vic), the ACT City

<b>Gabrielle Trainor AO</b>	<b>Director – independent (since February 2018)</b>
	Renewal Authority and the Western Sydney University Foundation. She is a trustee of the Charlie Perkins Trust and a Commissioner of the Australian Football League. She is a member of the advisory board of Wattle Hill RHC Fund #1.

<b>Caesar Bryan</b>	<b>Director – independent (since March 2018)</b>
<b>Experience and expertise</b>	<p>Caesar Bryan is an international fund manager with 41 years' investment experience gained primarily with Gabelli Funds, which manages more than US\$40 billion. Caesar manages the GAMCO International Growth Fund and Gabelli Gold Fund. He is also a member of the global investment team, which is responsible for the GAMCO Global Growth Fund and the Gabelli International Small Cap Fund. In addition, he is on the management team of the GAMCO Global Gold and Natural Resources &amp; Income Trust and GAMCO Natural Resources, Gold &amp; Income. He has been with GAMCO Investors, Inc. since 1994. Prior to joining GAMCO, Caesar was a portfolio manager at Lexington Management for seven years managing international and precious metals equity portfolios. Caesar began his investment career in 1979 at Samuel Montagu Company Ltd., the London based merchant bank. While at Samuel Montagu he spent two years at Aetna Life and Casualty in Hartford, Connecticut assisting in the management of their global equity fund.</p> <p>Caesar is a graduate of the University of Southampton, England and is a member of the English Bar.</p>
<b>Other directorships</b>	None.

<b>Kate Thorley</b>	<b>Director – non independent (since February 2018)</b>
<b>Experience and expertise</b>	<p>Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Ltd, Director of WAM Capital Limited, WAM Leaders Limited, WAM Active Limited, WAM Research Limited, WAM Microcap Limited and WAM Strategic Value Limited. Kate is a Director and the Acting CEO of Future Generation Investment Company Limited and Future Generation Global Investment Company 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 AICD (GAICD).</p>



<b>Kate Thorley</b>	<b>Director – non independent (since February 2018)</b>
<b>Other directorships</b>	Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Capital Limited (appointed August 2016), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

#### 5.4 Interests of WAM Global Board in WAM Global

As at the Last Practicable Trading Date, WAM Global's directors and their associates hold the following Relevant Interests in WAM Global:

<b>Directors</b>	<b>Ordinary Shares</b>	<b>Options</b>
Geoff Wilson AO <sup>14</sup>	4,897,542	5,338,643
Gabrielle Trainor AO <sup>15</sup>	53,268	52,238
Caesar Bryan	-	-
Kate Thorley <sup>16</sup>	84,841	84,799

#### 5.5 WAM Global Investment Manager

The WAM Global Investment Manager is Wilson Asset Management, a boutique fund manager established in 1997. The WAM Global Investment Manager holds an Australian Financial Services Licence (AFSL no. 247333). Geoff Wilson is the sole director and indirect owner of 100% of the ordinary (voting) shares on issue in the WAM Global Investment Manager. Kate Thorley is the Chief Executive Officer, company secretary and indirect owner of non-voting preference shares in the WAM Global Investment Manager.

Wilson Asset Management employs 44 staff and is led by WAM Global's Chairman Geoff Wilson and Chief Executive Officer Kate Thorley. Wilson Asset Management is responsible for investing over \$4.7 billion in shareholder capital (as at 30 June 2021) on behalf of more than 110,000 investors across seven LICs and one wholesale unit trust. The investment team is comprised of 14 experienced investment professionals to manage their respective portfolios. The investment team is supported by 30 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 support the investment strategy and the market-driven investment process of WAM Global.

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

- (a) implements the investment strategy, including actively managing the WAM Global portfolio;
- (b) manages the WAM Global portfolio's exposure to markets and currencies;

<sup>14</sup> Held through G W Holdings Pty Limited as trustee for Edwina Trust and Dynasty Peak Pty Limited.

<sup>15</sup> Held through Gabrielle Trainor and Associates Pty Limited as trustee for The Way Pty Limited Super Fund A/C.

<sup>16</sup> 2,132 held directly and 82,709 held through Marche Super Pty Limited as trustee for Marche Super Fund A/C and Kat & Icp Investments Pty Limited.

- (c) calculates the value of the WAM Global portfolio daily;
- (d) regularly updates WAM Global regarding its portfolio and provide all information necessary for the maintenance of WAM Global's financial accounts to be completed; and
- (e) provides administrative support to assist and ensure the maintenance of WAM Global's corporate and statutory records, compliance with the Listing Rules and the Corporations Act.

## 5.6 WAM Global Management Agreement

Set out below is a summary of the terms of the investment management agreement between WAM Global and the WAM Global Investment Manager.

### (a) Powers of the WAM Global Investment Manager

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

Subject to an obligation to liquidate the WAM Global portfolio to meet WAM Global's operating costs, dividend payments, capital returns, buybacks or other distributions, the WAM Global Investment Manager has absolute and unfettered discretion to manage the WAM Global portfolio and to do all things considered necessary or desirable in relation to the WAM Global portfolio, including:

- (i) investigation, negotiation, acquisition, or disposal of every investment;
- (ii) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- (iii) 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:
  - (A) to convert that investment into some other investment;
  - (B) to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment;
  - (C) to re-invest any of those monies;
- (iv) retain or sell any shares, debentures or other property received by WAM Global by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any entity; and
- (v) 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.

### (b) Valuations

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

### (c) Management Fee

In return for the performance of its duties the WAM Global Investment Manager would be entitled to be paid a monthly management fee equal to approximately 0.10416667% per month or 1.25% per annum (plus GST) of the value of the WAM Global portfolio (calculated on the last business day of each month and paid at the end of each month in arrears) (**Management Fee**).

(d) **Performance Fee**

The WAM Global Investment Manager is entitled to be paid by WAM Global a fee (**Performance Fee**) equal to 20% (plus GST) of the base amount (**BA**). Except as set out below, 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 WAM Global 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 WAM Global 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 MSCI World Index Net (AUD) published by Bloomberg on the last Business Day of that Performance Calculation Period; and

**II** is the level of the MSCI World Index Net (AUD) published by Bloomberg 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.

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 for BA 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 WAM Global portfolio as a result of the issue of securities, capital reductions or share buybacks undertaken, payment of tax and dividend distributions made by WAM Global will be disregarded or adjusted for in a manner determined by WAM Global's auditor at the conclusion of that Performance Calculation Period.

For the purpose of this calculation, the Value of the WAM Global portfolio is defined in the WAM Global 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 Global portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage, stamp duty, borrowings or other liabilities).

For the year ended 30 June 2021, no performance fee was payable to the WAM Global Investment Manager (2020: nil). During the year, the value of the portfolio exceeded the MSCI World Index (AUD) which recouped \$1,371,335 inclusive of GST of underperformance and has been partially offset against prior period underperformance (2020: \$3,364,299 of underperformance). The total underperformance to be recouped against future performance fees payable is \$7,001,793 inclusive of GST.

(e) **Expenses**

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

- (i) fees payable to any securities exchange, ASIC or other regulatory body; and
- (ii) all costs, custody fees, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, research costs, travel costs, commissions and brokerage incurred by WAM Global or the WAM Global Investment Manager in connection with:
  - (A) the research, acquisition and negotiation of any investment or proposed investment;
  - (B) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
  - (C) any costs incurred in managing foreign currencies;
  - (D) any costs incurred in utilising research and information management systems;
  - (E) the receipt of income or other entitlements from the investments within the WAM Global portfolio;
  - (F) the engagement of a custodian to hold an investment on behalf of WAM Global;
  - (G) outgoings in relation to the WAM Global portfolio such as rates, levies, duties, taxes and insurance premiums;
  - (H) marketing expenses including website and research reports; and
  - (I) all accounting and audit costs of WAM Global whether or not in relation to the WAM Global portfolio.

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

(f) **Term of WAM Global Management Agreement**

The term of the WAM Global Management Agreement commenced on 20 April 2018 and has an initial term of 10 years, with automatic five year extensions, unless terminated earlier in accordance with the WAM Global Management Agreement.

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

WAM Global may also terminate the WAM Global Management Agreement following the initial term:

- (i) by giving the WAM Global Investment Manager six months' prior written notice; or
- (ii) on three months' notice if WAM Global shareholders pass an ordinary resolution directing WAM Global to terminate the WAM Global Investment Manager's appointment.

If WAM Global terminates the WAM Global Management Agreement in accordance with any of these rights, it must pay to the WAM Global Investment Manager a fee equal to the aggregate Management and Performance Fees paid to the WAM Global Investment Manager in the 12-month period up to the date of termination.

The WAM Global Investment Manager may terminate the WAM Global Management Agreement at any time after the initial term by giving WAM Global at least six months' written notice.

## 5.7 Investment portfolio as at 30 June 2021

As at 30 June 2021, the top 20 holdings in the investment portfolio of WAM Global were:

Code	Company	Country of domicile	%
ICLR US	Icon PLC	United States	3.9%
AVTR US	Avantor Inc	United States	3.7%
V US	Visa Inc	United States	3.5%
FISV US	Fiserv Inc	United States	3.4%
CARR US	Carrier Global Corporation	United States	3.1%
ICE US	Intercontinental Exchange Inc	United States	3.1%
SAX GR	Ströer SE & Co. KGaA	Germany	2.9%
FERG LN	Ferguson PLC	United Kingdom	2.7%
DB1 GY	Deutsche Börse AG	Germany	2.7%
TRU US	TransUnion	United States	2.6%
APG US	APi Group Corporation	United States	2.5%
ZBRA US	Zebra Technologies Corporation	United States	2.4%
TMO US	Thermo Fisher Scientific Inc	United States	2.3%
SMPL US	The Simply Good Foods Company	United States	2.2%
PWR US	Quanta Services Inc	United States	2.1%
EA US	Electronic Arts Inc	United States	2.1%
700 HK	Tencent Holdings Limited	China	2.1%
LOW US	Lowe's Cos Inc	United States	2.1%
FIS US	Fidelity National Information Services Inc	United States	2.0%
NOMD US	Nomad Foods Limited	United States	2.0%

## 5.8 WAM Global capital structure and ownership

The capital structure of WAM Global as at the Last Practicable Trading Date is set out below:

Shares on issue	238,484,997
Options on issue	187,259,343
<b>Fully diluted capital</b>	<b>425,744,340</b>

(a) **WAM Global substantial holders**

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

(b) **Top 20 WAM Global shareholders as at 30 June 2021**

Holder of security	Number of fully paid ordinary shares held	% of issued ordinary capital
Entities associated with Mr Geoff Wilson	4,838,643	2.0%
Navigator Australia Limited	3,436,085	1.5%
Sterda Pty Limited	2,400,000	1.0%
888 Corporation Pty Limited	2,000,000	0.8%
Netwealth Investments Limited	1,605,075	0.7%
HSBC Custody Nominees (Australia) Limited	1,578,058	0.7%
BNP Paribas Nominees Pty Limited	1,316,632	0.6%
Marbear Holdings Pty Limited	1,300,000	0.6%
Mrs F Martin-Weber	1,000,000	0.4%
Invia Custodian Pty Limited	1,000,000	0.4%
Romeomike Enterprises Pty Limited	785,912	0.3%
Takita Exploration Pty Limited	730,585	0.3%
Geat Incorporated	700,740	0.3%
Barefood Super Pty Limited	568,425	0.2%
Lital Pty Limited	525,000	0.2%
Kalart Pty Limited	500,000	0.2%
Elphinestone Holdings Pty Limited	500,000	0.2%
Gold Tiger Equities Pty Limited	500,000	0.2%
Howmains Pty Limited	458,000	0.2%
Angueline Capital Pty Limited	450,000	0.2%
<b>Total securities of top 20 holdings</b>	<b>26,193,155</b>	<b>11.0%</b>

(c) **Top 20 WAM Global option holders as at 30 June 2021**

Holder of options	Number of options held	% of issued options
Entities associated with Mr Geoff Wilson	5,338,643	2.8%
Navigator Australia Limited	3,276,207	1.7%
Takita Exploration Pty Limited	3,184,447	1.7%
888 Corporation Pty Limited	2,000,000	1.1%
HSBC Custody Nominees (Australia) Limited	1,698,459	0.9%
Sterda Pty Limited	1,300,000	0.7%
ABN AMRO Clearing Sydney Nominees Pty Limited	1,250,000	0.7%
Mrs F Martin-Weber	1,000,000	0.5%
Invia Custodian Pty Limited	1,000,000	0.5%
Smart Alpha Investments Pty Limited	1,000,000	0.5%
BNP Paribas Nominees Pty Limited	1,000,000	0.5%
Alpine Lake Holdings Pty Limited	814,753	0.4%
Mrs A Hallagan	800,000	0.4%
Blu Thumb Pty Limited	790,154	0.4%
Netwealth Investments Limited	780,930	0.4%
Mr D E & Mrs S J Igglesden	776,270	0.4%
Cource Pty Limited	638,000	0.3%
Certane CT Pty Limited	600,000	0.3%
Marbear Holdings Pty Limited	555,981	0.3%
Kalart Pty Limited	518,063	0.3%
<b>Total options of top 20 holdings</b>	<b>28,321,907</b>	<b>14.8%</b>

## 5.9 Financial overview of WAM Global

This section 5.9 sets out summary historical information in relation to WAM Global. This information has been extracted from WAM Global's audited financial statements for the relevant financial periods and does not take into account the effects of the Scheme.

## A. Basis of preparation

The historical financial information in this section 5.9 has been derived from WAM Global's audited financial statements for years ended 30 June 2021, 30 June 2020 and 30 June 2019, which were audited by Pitcher Partners.

The financial information in this section 5.9 is a summary only and is prepared for the purpose of this Explanatory Memorandum. The historical financial information of WAM Global 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 Global considers that for the purpose of this Explanatory Memorandum the historical financial information presented in an abbreviated form is more meaningful to TGG Shareholders.

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

- the Appendix 4E and financial statements for the year ended 30 June 2021 (included in the Annual Financial Report released to the ASX on 18 August 2021);
- the Appendix 4E and financial statements for the year ended 30 June 2020 (included in the Annual Financial Report released to the ASX on 27 August 2020); and
- the Appendix 4E and the financial statements for the year ended 30 June 2019 (included in the Annual Financial Report released to the ASX on 22 August 2019),

each of which can be found on the WAM Global website at <https://wilsonassetmanagement.com.au/lic/global-2/> or the ASX website ([www.asx.com.au](http://www.asx.com.au)). Shareholders without internet access can obtain these reports by contacting WAM Global.

## B. WAM Global's historical income statements

Set out below are WAM Global's statement of financial performance, statement of financial position and statement of cash flows for the periods ended 30 June 2021, 30 June 2020 and 30 June 2019. This financial information has been extracted from WAM Global's audited financial statements for financial years ended 30 June 2021, 30 June 2020 and 30 June 2019.

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

On 18 August 2021, WAM Global released its Annual Financial Report for the period ended 30 June 2021. WAM Global achieved a record operating profit before tax of \$137.0 million for the year (FY2020: \$7.1 million) and a record operating profit after tax of \$95.9 million (FY2020: \$5.0 million).

The operating profit for 2021 is reflective of the performance of the investment portfolio over the year. The investment portfolio increased 30.7% during the 12-month period to 30 June 2021, outperforming the MSCI World Index (AUD) by 3.2%. The solid investment portfolio performance was achieved with an average cash weighting of 5.0%.

The Board declared a fully franked full year dividend of 10.0 cents per share, with the fully franked final dividend being 5.0 cents per share. As at 30 June 2021, the Company had 53.6 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 5.0 cents per share. The fully franked dividend has been achieved through the performance of the investment portfolio since inception and the profits reserves available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

Since inception in June 2018, WAM Global has paid 14.0 cents per share in fully franked dividends to shareholders.

### (a) Statement of comprehensive income

Statement of comprehensive income	30-Jun-21	30-Jun-20	For the period 21
			Feb 2018 to 30 Jun 2019
	\$	\$	\$



Statement of comprehensive income	For the period 21 Feb 2018 to 30 Jun 2019		
	30-Jun-21	30-Jun-20	Jun 2019
Net realised and unrealised gains on financial assets and foreign currency	140,818,624	9,636,630	26,006,560
Other revenue from operating activities	4,745,187	5,389,022	6,543,638
Management fees	(7,088,362)	(6,470,878)	(6,052,929)
Directors fees	(80,000)	(80,000)	(81,973)
Brokerage expense on share purchases	(562,630)	(558,241)	(961,540)
Expenses on borrowed stock	(5,572)	(64,380)	-
Custody fees	(42,849)	(45,877)	(39,693)
ASX listing and chess fees	(155,088)	(113,181)	(138,197)
Share registry fees	(147,924)	(130,327)	(156,567)
Disbursements, mailing and printing	(72,575)	(105,378)	(24,508)
ASIC industry funding levy	(15,927)	(20,499)	(20,883)
Audit fees	(57,664)	(56,707)	(49,623)
Accounting fees	(89,453)	(46,200)	(47,339)
Company secretary fees	(16,500)	(16,500)	(16,907)
Other expenses from ordinary activities	(248,885)	(190,533)	(179,138)
<b>Profit before income tax</b>	<b>136,980,382</b>	<b>7,126,951</b>	<b>24,780,901</b>
Income tax expense	(41,050,568)	(2,077,307)	(7,269,845)
<b>Profit after income tax attributable to members of the Company</b>	<b>95,929,814</b>	<b>5,049,644</b>	<b>17,511,056</b>
<b>Other comprehensive income</b>			
Other comprehensive income for year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	<b>95,929,814</b>	<b>5,049,644</b>	<b>17,511,056</b>
<b>Basic earnings per share</b>	<b>44.49 cents</b>	<b>2.38 cents</b>	<b>10.78 cents</b>
<b>Diluted earnings per share</b>	<b>43.99 cents</b>	<b>2.38 cents</b>	<b>10.78 cents</b>

(b) **Statement of financial position**

	30-Jun-21	30-Jun-20	30-Jun-19
<b>Statement of financial position</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	29,964,374	36,864,655	52,858,624
Trade and other receivables	2,221,791	40,177,357	51,643,970
Financial assets	620,618,650	425,179,149	415,051,239
<b>Total current assets</b>	<b>652,804,815</b>	<b>502,221,161</b>	<b>519,553,833</b>
<b>Non-current assets</b>			
Deferred tax assets	761,461	2,154,432	1,630,033
Trade and other receivables	-	-	1,566,132
<b>Total non-current assets</b>	<b>761,461</b>	<b>2,154,432</b>	<b>3,196,165</b>
<b>Total assets</b>	<b>653,566,276</b>	<b>504,375,593</b>	<b>522,749,998</b>
<b>Current liabilities</b>			
Trade and other payables	7,251,985	18,380,738	30,802,295
Current tax liabilities	14,241,073	7,241,095	3,842,040
<b>Total current liabilities</b>	<b>21,493,058</b>	<b>25,621,833</b>	<b>34,644,335</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16,899,058	-	5,057,838
<b>Total non-current liabilities</b>	<b>16,899,058</b>	<b>-</b>	<b>5,057,838</b>
<b>Total liabilities</b>	<b>38,392,116</b>	<b>25,621,833</b>	<b>39,702,173</b>
<b>Net assets</b>	<b>615,174,160</b>	<b>478,753,760</b>	<b>483,047,825</b>
<b>Equity</b>			
Issued capital	527,540,545	466,780,658	465,536,769
Profits reserve	126,615,715	50,955,202	17,511,056
Accumulated losses	(38,982,100)	(38,982,100)	-
<b>Total equity</b>	<b>615,174,160</b>	<b>478,753,760</b>	<b>483,047,825</b>

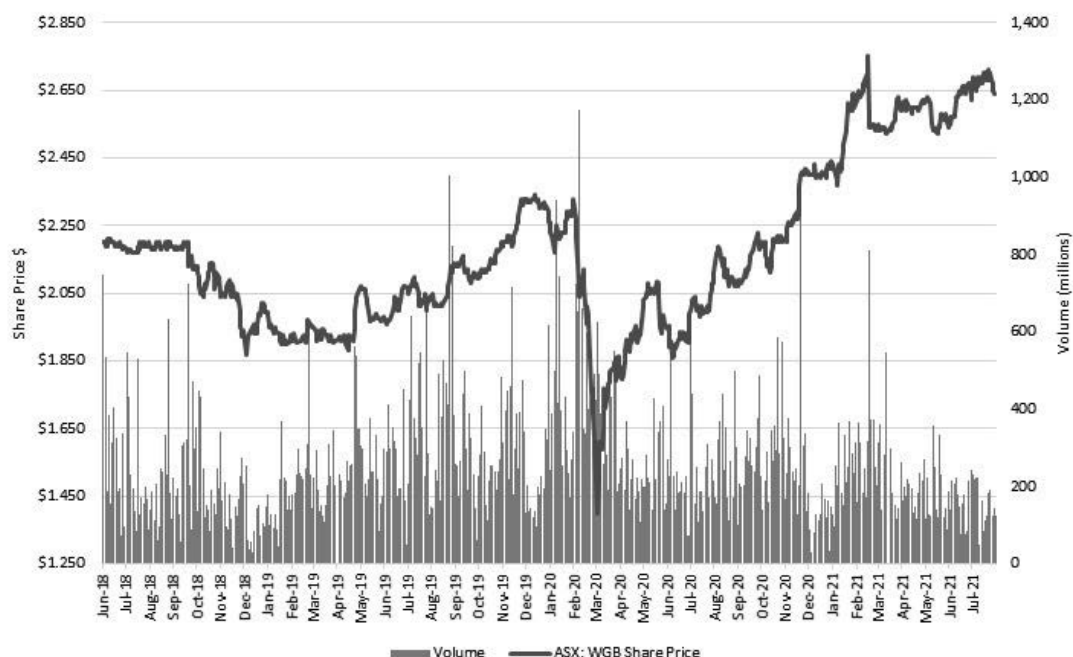
(c) **Statement of cash flows**

	30-Jun-21	30-Jun-20	For the period 21 Feb 2018 to 30 Jun 2019
<b>Statement of cash flows</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments	635,600,907	1,131,153,468	598,014,089
Payments for purchase of investments	(634,118,234)	(1,172,865,675)	(1,021,089,050)
Realised foreign exchange gains/losses	(29,177,441)	41,004,561	13,263,627
Dividends received	4,533,037	5,227,752	4,600,367
Interest received	30,482	209,826	1,881,122
Management fee (GST inclusive)	(7,419,785)	(6,948,240)	(5,938,668)
Brokerage expense on share purchases (GST inclusive)	(564,659)	(561,364)	(967,234)
Payments for administration expenses (GST inclusive)	(1,017,826)	(895,110)	(1,105,157)
Income tax paid	(15,652,236)	(4,260,489)	-
GST on brokerage expense on share sales	(3,397)	(3,232)	(4,549)
Net GST received from ATO	520,700	496,621	878,014
<b>Net cash used in operating activities</b>	<b>(47,268,452)</b>	<b>(7,441,882)</b>	<b>(410,467,439)</b>
<b>Cash flows from financing activities</b>			
Shares issued via exercise of options	58,627,491	-	-
Dividends paid – net of investment	(17,888,814)	(9,343,709)	-
Proceeds received from the repayment of offer costs	1,566,132	3,132,263	3,132,264
Shares issued via initial public offering and on incorporation	-	-	465,536,769
Share issue costs	(354,416)	-	(7,830,659)
<b>Net cash provided by/(used in) financing activities</b>	<b>41,950,393</b>	<b>(6,211,446)</b>	<b>460,838,374</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(5,318,059)</b>	<b>(13,653,328)</b>	<b>50,370,935</b>
Cash and cash equivalents at beginning of financial year	36,864,655	52,858,624	-
Effects of foreign currency exchange rate changes on cash and cash equivalents	(1,582,222)	(2,340,641)	2,487,689
<b>Cash and cash equivalents at the end of the year</b>	<b>29,964,374</b>	<b>36,864,655</b>	<b>52,858,624</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan	2,380,487	1,243,889	-

### 5.10 WAM Global's recent share price performance

The latest recorded price of WAM Global Shares on the ASX on 28 June 2021 (i.e. before the public announcement of the Scheme Implementation Agreement on 29 June 2021) was \$2.57 per WAM Global Share.

The chart below shows WAM Global's share price performance over the 12 months to the Last Practicable Trading Date. The closing price of WAM Global Shares on the ASX on the Last Practicable Trading Date was \$2.64 per WAM Global Share.



The current price of WAM Global Shares on the ASX can be obtained from the WAM Global website at <https://wilsonassetmanagement.com.au/lic/global-2/> or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### 5.11 Profit reserve and franking credits

As at 30 June 2021, WAM Global had a profits reserve balance of \$126.6 million (or 53.6 cents per share) and a franking credit balance of \$21.3 million (or 21.0 cents per share in a fully franked dividend), including current tax payable by WAM Global and franking credits receivable. The franking credit balance does not include the franking credits that would be generated from the deferred tax liability of WAM Global when realised.

The above balances are before the payment of the final fully franked final dividend of 5.0 cents per share to be paid on or around 26 November 2021.

### 5.12 Dividend policy

The WAM Global Board has a clear dividend policy which has been in place since its inception in June 2018. The WAM Global Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided WAM Global has sufficient profit reserves and franking credits and it is within prudent business practices. WAM Global's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

The table below sets out WAM Global's dividends declared and paid since its initial listing to 30 June 2021.

Cents per share	Type	% Franked	Date paid/payable
5.0	Final FY2021	100%	26 November 2021

Cents per share	Type	% Franked	Date paid/payable
5.0	Interim FY2021	100%	7 June 2021
4.0	Final FY2020	100%	30 October 2020
3.0	Interim FY2020	100%	28 April 2020
2.0	Inaugural FY2019	100%	25 October 2020

### 5.13 Further information

As a company listed on the ASX and a “disclosing entity” under the Corporations Act, WAM Global 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 Global’s most recent announcements are available from its website at <https://wilsonassetmanagement.com.au/lic/global-2/> and on the ASX website [www.asx.com.au](http://www.asx.com.au). Further announcements concerning WAM Global will continue to be made available on these websites after the date of this Explanatory Memorandum.

The ASX maintains publicly available information about entities listed on their exchange. Information about WAM Global 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 Global is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by WAM Global may be obtained from, or inspected at ASIC offices.

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

- (a) WAM Global’s Annual Financial Report for the period ended 30 June 2021; and
- (b) any continuous disclosure notices given by the body after lodgement of WAM Global’s Annual Financial Report for the period ended 30 June 2021.

On 18 August 2021, WAM Global released its Annual Financial Report for the period ended 30 June 2021. A copy of the Annual Financial Report can be found at <https://wilsonassetmanagement.com.au/lic/global-2/> and on the ASX website [www.asx.com.au](http://www.asx.com.au).

### 5.14 Funding of the Scrip Consideration

WAM Global 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 Scrip Consideration to the Scrip Participant in accordance with the Scheme, including to issue all New WAM Global Shares and New WAM Global Options required to be issued to Scrip Participants.

The Deed Poll is set out in Annexure C.

### 5.15 WAM Global’s interest and dealings in TGG Shares

#### 5.15.1 Interest in TGG Shares

As at the date of this Explanatory Memorandum, WAM Global has a Relevant Interest in 14.95% of TGG Shares.

The table below sets out WAM Global and its associates’ respective holdings in TGG Shares as at the date of this Explanatory Memorandum:

Holder of TGG Share	Number of TGG Shares held	% of issued ordinary capital of TGG
---------------------	---------------------------	-------------------------------------

Wilson Asset Management Group	29,606,312	14.95%
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WAM Global has advised TGG that Wilson Asset Management Group members who hold TGG Shares are in favour of the Scheme and Buy-Back but will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back at the General Meeting.

As at the date of this Explanatory Memorandum, Wilson Asset Management Group members who hold TGG Shares have not yet determined whether they will receive Scrip Consideration or Cash Consideration for their TGG Shares.

#### 5.15.2 Acquisition of TGG Shares in the previous four months

WAM Strategic Value Limited (**WAM Strategic Value**), a member of the Wilson Asset Management Group, was incorporated on 30 March 2021 and listed on the ASX on Monday, 28 June 2021. WAM Strategic Value purchased a portfolio of LIC and Listed Investment Trusts (**LIT**) securities held by certain members of the Wilson Asset Management Group, being WAM Global, WAM Active Limited (ACN 126 420 719), WAM Capital Limited (ACN 086 587 395), and Botanical Nominees Pty Ltd (ACN 081 032 000) as trustee of the Wilson Asset Management Equity Fund (together, **WAM Entities**), under a deed dated 7 May 2021 (**WAM Deed**). The WAM Deed and the terms of the purchases were disclosed in section 10.3 of the prospectus for WAM Strategic Value dated 17 May 2021. To summarise the key terms of the purchase of TGG Shares under the WAM Deed, WAM Strategic Value purchased TGG Shares from the WAM Entities at a price equal to the volume weighted average price over the 10 day period ending two days prior to 22 June 2021 (the date that WAM Strategic Value shares were issued under its initial public offer) being \$1.518 per TGG Share. WAM Strategic Value completed that purchase prior to its being admitted to the Official List of ASX. Each of the WAM Entities and WAM Strategic Value consider the WAM Deed would be reasonable in the circumstances if the parties were dealing at arm's length.

During the period of 6 August 2021 to 16 August 2021, WAM Strategic Value made on-market purchases for an aggregate of 727,713 TGG Shares, with a maximum price paid of \$1.55, and average price paid of \$1.549, per TGG Share, as set out in the table below:

Trade Date	Description	Quantity	Purchase price per TGG Share (\$)
6 August 2021	On market purchase	75,000	1.545
9 August 2021	On market purchase	267,778	1.5494
13 August 2021	On market purchase	324,935	1.55
16 August 2021	On market purchase	60,000	1.55

Other than as contemplated by the Scheme and as set out above, none of WAM Global or any of its associates has provided or agreed to provide consideration for any TGG Shares under any purchase, agreement or other transaction during the four months before the date of this Explanatory Memorandum.

#### 5.15.3 Benefits to holders of TGG Shares

During the four months before the date of this Explanatory Memorandum, none of WAM Global 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:

- (a) vote in favour of the Scheme and the Buy-Back; or
- (b) dispose of TGG Shares,

where the benefit was not offered to all TGG Shareholders.

#### 5.15.4 Benefits to TGG officers

None of WAM Global nor any of its associates will be making any payment or giving any benefit to any current director, secretary or executive officer of TGG 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.

For completeness, WAM Global notes that if the Scheme is implemented, TGG Chairman Mr Chris Freeman will be invited to join the WAM Global Board to ensure continuity for TGG Shareholders as part of the Enlarged Group – see section 6.3.

#### 5.16 Disclosure of interests

Except as otherwise disclosed in this Explanatory Memorandum, no:

- (a) WAM Global director or proposed WAM Global director;
- (b) person named in this Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Memorandum for or on behalf of WAM Global;
- (c) promoter of WAM Global or the Enlarged Group;
- (d) underwriter to the issue of Scrip Consideration or promoter or financial services licensee named in the Explanatory Memorandum as a financial services licensee involved in the issue of Scrip Consideration,

(together, the **Interested Persons**)

holds, or held at any time during the two years before the date of this Explanatory Memorandum any interests in:

- (e) the formation or promotion of WAM Global or the Enlarged Group;
- (f) property acquired or proposed to be acquired by WAM Global in connection with the formation or promotion of WAM Global or the Enlarged Group or the offer of Scrip Consideration under the Scheme; or
- (g) the offer of Scrip Consideration under the Scheme.

#### 5.17 Disclosure of fees and other benefits

Except as otherwise disclosed in this Explanatory Memorandum, WAM Global has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (a) to a WAM Global director or proposed WAM Global director to induce them to become or qualify as a WAM Global director; or
- (b) for services provided by any Interested Person in connection with:
  - (i) the formation or promotion of WAM Global or the Enlarged Group;
  - (ii) the offer of Scrip Consideration under the Scheme.

#### 5.18 Risks relating to an investment in WAM Global and the Enlarged 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 Global, the value of WAM Global Shares and WAM Global Options and future dividends, and in respect of the Enlarged Group. These risks will only be relevant to you if the Scheme is approved and implemented, you remain a TGG Shareholder on the Record Date, and you receive the Scrip Consideration rather than electing to participate in the Buy-Back (under which you would only receive the Cash Consideration).

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether WAM Global Shares and WAM Global Options 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 Explanatory Memorandum or are in any doubt as to how to vote in relation to the Scheme and the Buy-Back, it is recommended that you consult your legal, financial or other professional adviser before deciding how to vote.

This section describes the potential risks associated with WAM Global's and the Enlarged Group's business and risks associated with WAM Global Shares and WAM Global Options. It does not purport to list every risk that may be associated with an investment in WAM Global Shares and WAM Global Options 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 Global and the WAM Global 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 Global Board as at the date of this Explanatory Memorandum, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

#### **5.18.1 Key risks: investment strategy and WAM Global Investment Manager performance**

The success and profitability of the Enlarged Group will largely depend on the WAM Global Investment Manager's continued ability to manage the Enlarged Group's investment portfolio in a manner that complies with the Enlarged Group's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Enlarged Group and its securities. There are risks inherent in the investment strategy that the WAM Global Investment Manager will employ for the Enlarged Group, including the risks identified in this section.

The past performance of portfolios managed by the WAM Global Investment Manager, and persons associated with the WAM Global Investment Manager, are not necessarily a guide to future performance of the Enlarged Group, and the success and profitability of the Enlarged Group depends almost entirely on the WAM Global Investment Manager's performance. The WAM Global Management Agreement has an initial term of 10 years. Even if the Enlarged Group does not perform well, it may be difficult to remove the WAM Global Investment Manager.

#### **5.18.2 Other risks specific to investing in WAM Global, which also apply to the Enlarged Group**

The following risks should be carefully evaluated before making an investment in WAM Global and the Enlarged Group. Consideration must also be given to the speculative nature of WAM Global's or the Enlarged Group's investments. The following is not an exhaustive list of the risks of investing in WAM Global or the Enlarged Group.

##### **(a) Listed investment companies**

A listed investment company's share price may trade at a premium or discount to NTA backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including but not limited to domestic and international economic and market conditions, political events, and relevant regulations.

##### **(b) 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 Global Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Enlarged Group shares may fall in value over short or extended periods of time. Historically, shares have outperformed other traditional assets 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 Enlarged Group are exposed to this risk both through their holding in the Enlarged Group's shares and options as well as through the Enlarged Group's investment portfolio.



(c) **Business risk**

The success of the Enlarged Group is highly dependent on the ability of its directors and the WAM Global Investment Manager to assess business risks and make appropriate investment decisions. No guarantee can be given in respect of the future earnings of the Enlarged Group or the performance of its investment portfolio.

(d) **Compensation fee structure risk**

Performance Fee arrangements may create an incentive for the WAM Global Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

(e) **Foreign issuer and market risk**

WAM Global's (and the Enlarged Group's) investment objective and strategies are focused on 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. Whilst there are no geographic or industry limitations that apply to the investment strategy, the WAM Global Investment Manager will generally invest in first world, developed markets (for example, but not limited to, G20 countries, New Zealand, Singapore, Switzerland, the Nordic region and Hong Kong). The investment strategy provides the ability for the WAM Global Investment Manager to invest in global listed securities within emerging markets. The risks associated with investments in emerging markets may be greater than in developed markets.

(f) **Currency risk**

Foreign exchange contracts, derivatives, natural hedging or other methods may be used to hedge against the movements of foreign currencies relative to the Australian dollar. However, the Enlarged Group may not be fully hedged to Australian dollars and it is likely that the Enlarged Group will have a currency exposure as a result of the Enlarged Group's investment in global securities denominated in a foreign currency. This creates an exposure to foreign currency fluctuations, which can change the value of the Enlarged Group portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars, and the Enlarged Group portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The investment strategy seeks to assess the potential returns and risks created by currency exposures and to position the Enlarged Group portfolio with the aim of capturing those returns while minimising those risks.

The WAM Global Investment Manager may seek to manage the Enlarged Group portfolio's currency exposure using derivatives and cash foreign exchange trades. As part of its investment process, the WAM Global Investment Manager will also assess the indirect impact of currency on the companies it invests in and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding.

(g) **Derivative risk**

The Enlarged Group may invest in exchange traded and over-the-counter derivatives including options, futures and swaps, currency commodities and credit default exposures, currency forwards/contracts and related instruments. The Enlarged Group may use derivative instruments (both exchange traded and over-the-counter) for risk management purposes and to take opportunities to increase returns. Investments in derivatives may cause losses associated with the value of the derivative failing to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Enlarged Group to lose more than the amount of assets initially contributed to the investment.

It is the WAM Global Investment Manager's intention to only employ relatively simple derivatives and that the notional exposures of any open derivative positions would be included in overall exposure limits.

The WAM Global Investment Manager expects that the use of derivatives would be primarily limited to exchange traded derivatives and currency forwards/contracts.

(h) **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 Global Investment Manager's choosing.

(i) **Leverage risk**

While the Enlarged Group and the WAM Global Investment Manager do not currently intend to use debt to increase the scale of the Enlarged Group's investment portfolio, the use of derivatives and short selling does create leverage. Derivatives and short selling can enlarge the fluctuations in the portfolio value of the Enlarged 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 Global Investment Manager's choosing.

(j) **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 Enlarged Group.

The Enlarged 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 Enlarged Group or provide services below standards that are expected by the Enlarged Group, causing loss to the Enlarged Group.

**5.18.3 General risks, which also apply to the Enlarged 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 Enlarged Group holds investments.

(b) **Interest Rate risk**

Interest rate movements may adversely affect the value of the Enlarged Group through their effect on the price of a security and the cost of borrowing.

(c) **Changes in accounting policies**

Changes in accounting policies arising from amended accounting standards by the Australian Accounting Standards Board may affect the reported earnings of the Enlarged Group and its financial position from time to time.

(d) **COVID-19 and its impacts on the global economy and financial markets**

The ongoing COVID-19 pandemic and associated uncertainty continues to impact the global economy and financial markets, including Australian and international equity markets. There is minimal consensus on the outlook for economic recovery and a return to the levels of economic activity preceding the pandemic, and the social, economic and financial impacts once government support is withdrawn are unknown. As a result, there is increased risk associated with making investment decisions in this environment.

The full nature and extent of the impact of the COVID-19 pandemic on the global economy and financial markets remains unknown, as does any future effect on the Enlarged Group. The

Enlarged Group's portfolio and share price may be adversely affected as a result of this uncertainty and may continue to be affected under the ongoing impact of the COVID-19 pandemic on the global economy and financial markets. In addition, measures taken by any government agency or regulatory body in response to the COVID-19 pandemic are likely to be outside of the control of the Enlarged Group. If COVID-19 outbreaks and associated lockdowns and other restrictive interventions continue to occur in Australia (or elsewhere globally), there may be associated impacts for the Australian and global economy, the Enlarged Group's portfolio, and the market for the Enlarged Group's securities.

(e) **Share price movements**

An investment in the Enlarged 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 Enlarged Group will seek to mitigate, while others are outside the control of the Enlarged Group.

(f) **Litigation risk**

The Enlarged 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 Global Board is not currently aware of any impending litigation.

(g) **General economic conditions**

Material adverse changes in general economic conditions may have an adverse impact on the operations and performance of the Enlarged Group. The various general domestic and international economic factors that shareholders in WAM Global and the Enlarged Group are exposed to include, but are not limited to:

- (i) economic growth;
- (ii) interest rates;
- (iii) inflation;
- (iv) currency exchange rates;
- (v) employment levels;
- (vi) consumer and business sentiment; and
- (vii) financial market volatility.

(h) **Other risks**

Before deciding to accept Scrip Consideration, TGG Shareholders should consider whether shares and options are a suitable investment.

There may be tax implications arising from the application for New WAM Global Shares or New WAM Global Options, the receipt of dividends (both franked and unfranked) from WAM Global, participation in any dividend reinvestment plan of WAM Global and on the disposal of shares and options. 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 Global 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 subscribe for New WAM Global Shares or New WAM Global Options, you should seek advice on the matters contained in this Explanatory

Memorandum from a stockbroker, solicitor, accountant or other professional adviser immediately.

#### 5.18.4 Risks specific to the Enlarged Group

The risks that are set out above will also be applicable to the Enlarged Group. Risks specific to an investment in the Enlarged Group include, but are not limited to that:

- (a) success of the Enlarged Group is dependent on the performance of its investment portfolio. No guarantee can be given in respect of the future earnings of the Enlarged Group or the Enlarged Group's investment portfolio performance; and
- (b) no guarantee can be provided that the Enlarged Group will be able to meet its investment objectives as this will depend on the extent of the investment portfolio performance.

#### 5.18.5 Risks specific to the Scheme

##### (a) Conditions not met

The Scheme is subject to a number of Conditions Precedent which are summarised in section 9.10.2 of this Explanatory Memorandum and set out in full in clause 3.1 of the Scheme Implementation Agreement. At the date of this Explanatory Memorandum, WAM Global is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied or (if applicable) waived. However, there is a possibility that one or more of the Conditions Precedent will not be met or waived and the Scheme will not proceed as a result.

##### (b) 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 TGG and WAM Global will be more difficult or take more time 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 Enlarged Group should, following transition, realise the benefits of scale. Failure to achieve targeted synergies may have an adverse effect on the operations and financial performance and position of the Enlarged Group and the value of WAM Global Shares. Further information about the potential synergies is detailed in section 6.

##### (c) Fluctuation of value of Scrip Consideration

The value of the Scrip Consideration is dependent on the market value of WAM Global Shares traded on ASX up until the Calculation Date. The market price of WAM Global Shares are subject to fluctuations due to a number of different factors, including but not limited to general economic conditions, movements in the value of underlying assets and the level of their dividends and yields, fluctuations in domestic and international financial markets, movements in domestic interest rates and market expectations. Any fluctuation in price will directly impact the value of the Scrip Consideration to which Scrip Participants will be entitled.

##### (d) Fluctuation of NTA affecting the Scrip Consideration

The TGG NTA and WAM Global NTA may fluctuate which may affect the number of New WAM Global Shares and New WAM Global Options to which Scrip Participants will be entitled:

- (i) A decrease in TGG NTA relative to WAM Global NTA will result in Scrip Participants being entitled to a smaller number of New WAM Global Shares and New WAM Global Options as Scrip Consideration.
- (ii) An increase in TGG NTA relative to WAM Global NTA will result in Scrip Participants being entitled to a larger number of New WAM Global Shares and New WAM Global Options as Scrip Consideration.

The table in Section 3.4.3 sets out, for illustrative purposes only, the number of New WAM Global Shares to which each Scrip Participant will be entitled if the Scheme becomes Effective, based on a range of possible NTA values for each of TGG and WAM Global.

- (e) **The exact value of the Scrip Consideration and Cash Consideration will not be known until after the Scheme Meeting and General Meeting**

The exact Scrip Consideration and Cash Consideration will not be known at the time of the Scheme Meeting and General Meeting on Wednesday, 29 September 2021. The value of the Scrip Consideration and Cash Consideration will be calculated as at the Calculation Date (30 September 2021) and will be announced to the ASX by Monday, 18 October 2021.

The Scrip Consideration and Cash Consideration will be calculated using the formulas disclosed in this Explanatory Memorandum, and a number of illustrative worked examples have been provided to assist TGG Shareholders to understand how these formulas will be applied. Those formulas are based in part of respective NTAs as well as other inputs disclosed in this Explanatory Memorandum and there is a risk that the value of the consideration when calculated will be lower than the NTAs for each of TGG and WAM Global at the time you elect to participate in the Buy-Back or vote on the Transaction.

- (f) **Market price of WAM Global Shares and WAM Global Options may fluctuate due to issue of New WAM Global Shares and New WAM Global Options**

Some Scrip Participants who receive New WAM Global Shares and New WAM Global Options may not wish to retain their shareholding and may sell their New WAM Global Shares and New WAM Global Options soon after receiving them. This may have an adverse impact on the market price of WAM Global Shares and New WAM Global Options traded on the ASX in the short term.

#### **5.19 Other material information**

Except as set out in this section 5, section 6 and section 7, so far as the directors of WAM Global are aware, there is no other information regarding WAM Global, or its intentions regarding TGG, that is material to the making of a decision by a TGG Shareholder on whether or not to vote in favour of the Scheme and the Buy-Back, being information that is within the knowledge of any director of WAM Global as at the date of this Explanatory Memorandum, which has not been previously disclosed to TGG Shareholders.

As at the date of this Explanatory Memorandum, WAM Global is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied.

## 6. Information on the Enlarged Group

## 6.1 Introduction

The information contained in this section 6 has been prepared by WAM Global. The information concerning the Enlarged Group and the intentions, views and opinions contained in this section 6 are the responsibility of WAM Global (except to the extent that the Enlarged Group information is based on information provided by TGG, for which TGG takes responsibility). TGG and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information (except to the extent that the Enlarged Group information is based on information provided by TGG).

## 6.2 The Enlarged Group

If the Scheme is implemented, TGG will become a wholly owned Subsidiary of WAM Global. The Scheme will create a single listed investment company structure with a larger capital and shareholder base under one investment manager. It is expected that the Enlarged Group which will deliver the following benefits:

- (a) continued access to Wilson Asset Management's commitment to shareholder engagement;
- (b) increased net assets of approximately \$962 million and more than 17,700 shareholders,<sup>17</sup> expected to deliver shareholders access to greater on-market liquidity;
- (c) a proven investment strategy under Wilson Asset Management, providing investors with diversified exposure to a portfolio of undervalued international growth companies;
- (d) a share price trading at or near the company's pre-tax NTA determined by trading on the ASX. The greater liquidity of a larger shareholder and net asset base helps mitigate the risk of discounts that can occur with securities that are less frequently traded on market;
- (e) a history of paying fully franked dividends to shareholders;
- (f) the option to receive the Scrip Consideration (i.e. New WAM Global Shares and New WAM Global Options), or alternatively the Cash Consideration via the Buy-Back;
- (g) the potential for TGG Shareholders to exit their investment in TGG at or above the NTA after tax; and
- (h) scrip-for-scrip rollover relief, subject to their own individual circumstances, for TGG Shareholders who receive the Scrip Consideration.

In addition, any costs currently incurred by TGG and duplicated by WAM Global are expected to be eliminated or reduced. Duplicated costs which the boards of TGG and WAM Global expect to be reduced once the Scheme is implemented include, but are not limited to:

- (a) fees and expenses otherwise payable under the Manager Agreements;
- (b) directors' and company secretarial fees;
- (c) audit and tax fees;
- (d) share registry fees;
- (e) securities exchange listing fees; and
- (f) general and operating expenses.

The cost savings relate principally to the cessation of TGG operating as a separately listed entity and, therefore, a reduction in the costs of compliance and ongoing operating costs. The cost savings may only be realisable once TGG ceases operation as a separately listed entity. TGG intends to apply to ASX for delisting on the first Business Day after the Implementation Date.

<sup>17</sup> Based on the net asset value and number of shareholders of WAM Global and TGG as at 30 June 2021, and assuming that TGG Shareholders holding 100% of TGG Shares participate in the Scheme.

As per the TGG Statement of Comprehensive Income for the year ended 30 June 2021, TGG paid \$2.036 million in relation to investment expenses, \$0.27 million in relation to salaries and employment benefits expenses, and a further \$1.42 million in relation to shareholder and regulatory costs and other expenses (including transaction costs in relation to the Scheme). These quantum of costs are historical and merely present an indication of the potential cost savings in ceasing TGG as a separately listed entity. There is no guarantee provided as to the certainty of achieving cost savings in the quantum of the preceding historical costs.

These cost savings coupled with the increased size of the portfolio are expected to lead to a reduction in the management expense ratio of the Enlarged Group. The actual reduction in the management expense ratio will be affected by the number of TGG Shareholders electing to receive Scrip Consideration under the Scheme.

There is a risk that the estimated cost synergies may not be realised or that they may only be realised over a longer time period. There is also a risk that there will be unanticipated costs associated with this integration. Further detail regarding these risks is described in section 5.18.5(b).

### **6.3 Board and management of the Enlarged Group**

If the Scheme is implemented, TGG Chairman Mr Chris Freeman will be invited to join the WAM Global Board to ensure continuity for TGG Shareholders as part of the Enlarged Group. The WAM Global Board would then comprise:

- Geoff Wilson AO
- Gabrielle Trainor AO
- Caesar Bryan
- Kate Thorley
- Chris Freeman (subject to acceptance of his invitation)

The WAM Global Investment Manager will continue as the investment manager of the Enlarged Group and there will be no substantive changes to the existing management arrangements already in place.

### **6.4 WAM Global's intentions for the Enlarged Group**

The statements set out in this section 6.4 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 Enlarged Group.

Geoff Wilson, the Chairman of WAM Global, will act as Chairman of the Enlarged Group.

TGG intends to terminate the Manager Agreements with effect no later than the Implementation Date. The termination will not impact accrued management fees, performance fees (where applicable) and expenses incurred under the Manager Agreements up to the Implementation Date, however no termination fees will otherwise be payable by TGG.

If the Scheme is approved, the board of the Enlarged Group will consider as soon as practicable issues such as whether WAM Global will form a tax consolidated group with TGG and the management of the assets held within TGG. Although the WAM Global Board expects that all the assets of the Enlarged Group will be managed in a similar way to those of WAM Global, the board of the Enlarged 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.

### **6.5 Employees**

Neither TGG nor WAM Global have any employees.



## 6.6 Dividend policy

The WAM Global Board has a clear dividend policy which has been in place unchanged and as disclosed in its prospectus dated 1 May 2018. The WAM Global Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Enlarged Group has sufficient profit reserves and franking credits and it is within prudent business practices. The Enlarged Group's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

## 6.7 Removal from the ASX

If the Scheme is approved and implemented, WAM Global will cause TGG to apply to the ASX for removal of TGG from the official list of the ASX after the Implementation Date.

## 6.8 Prospects for the Enlarged Group

The operation and financial performance of TGG and WAM Global (as stand-alone entities) within the Enlarged Group are subject to various risks, some of which are summarised in this Explanatory Memorandum and which may be beyond the control of the Enlarged Group. As a result, the actual results of the Enlarged 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 Global has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Enlarged Group. The WAM Global 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 Enlarged Group will continue to pursue investment activities – primarily investing in international listed equities – to achieve its stated objectives.

The future performance of the Enlarged 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 Global Board does not believe it is possible or appropriate to predict the future performance of the Enlarged Group's investments and, therefore, its performance.

## 6.9 Unaudited pro forma financial information

### 6.9.1 Unaudited pro forma Enlarged Group statement of financial position

Set out below is the unaudited pro forma statement of financial position of WAM Global, on the basis that the implementation of the Scheme had occurred as at 30 June 2021. The pro forma 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. All amounts disclosed are presented in Australian dollars and are rounded to the nearest thousand dollars. The pro forma financial information has been prepared under three 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 Enlarged Group have been prepared on the basis that all TGG Shareholders receive the Scrip Consideration under the Scheme and as if the Scheme had taken place on 30 June 2021:

Unaudited Pro Forma Statement of Financial Position as at 30 June 2021	Note	WAM Global \$	Pro Forma Adjustments \$	Enlarged Group \$
<b>Current assets</b>				
Cash and cash equivalents		29,964,374	-	29,964,374
Trade and other receivables		2,221,791	-	2,221,791

Unaudited Pro Forma Statement of Financial Position as at 30 June 2021	Note	WAM Global \$	Pro Forma Adjustments \$	Enlarged Group \$
Financial assets		620,618,650	-	620,618,650
Financial assets - investment in controlled entity at fair value through profit or loss (FVTPL) (TGG)	1	-	327,018,577	327,018,577
<b>Total current assets</b>		<b>652,804,815</b>	<b>327,018,577</b>	<b>979,823,392</b>
<b>Non-current assets</b>				
Deferred tax assets		761,461	1,228,477	1,989,938
		-	-	-
<b>Total non-current assets</b>		<b>761,461</b>	<b>1,228,477</b>	<b>1,989,938</b>
<b>Total assets</b>		<b>653,566,276</b>	<b>328,247,053</b>	<b>981,813,329</b>
<b>Current liabilities</b>				
Trade and other payables		7,251,985	-	7,251,985
Current tax liabilities		14,241,073	-	14,241,073
<b>Total current liabilities</b>		<b>21,493,058</b>	<b>-</b>	<b>21,493,058</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2	16,899,058	-	16,899,058
<b>Total non-current liabilities</b>		<b>16,899,058</b>	<b>-</b>	<b>16,899,058</b>
<b>Total liabilities</b>		<b>38,392,116</b>	<b>-</b>	<b>38,392,116</b>
<b>Net assets</b>		<b>615,174,160</b>	<b>328,247,053</b>	<b>943,421,213</b>
<b>Equity</b>				
Issued capital	3 / 4	527,540,545	331,113,499	858,654,044
Profits reserve	5	126,615,715	-	126,615,715
Accumulated losses		(38,982,100)	(2,866,445)	(41,848,545)
<b>Total equity</b>		<b>615,174,160</b>	<b>328,247,053</b>	<b>943,421,213</b>

**Notes:**

1. WAM Global's recognition of the investment in TGG, assuming 100% of TGG Shareholders receive the Scrip Consideration as part of the Scheme. The value of TGG has been recognised utilising the TGG NTA after current tax and transaction costs, but before deferred tax as at 30 June 2021 (as set out in section 3.4.3).
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 Enlarged Group as part of the recognition of the investment in TGG, assuming that 100% of TGG Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 30 June 2021 statement of financial position for WAM Global is the issue of WAM Global Shares to TGG Shareholders in accordance with the terms of the Scheme. It is expected that WAM Global would issue a maximum of 122,498,520 new WAM Global Shares as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Shares has been determined based on the WAM Global Share price as at 30 June 2021, being \$2.62 per WAM Global Share.
4. Under the Scrip Consideration, for every New WAM Global Share that Scrip Participants receive under the Scheme, Scrip Participants will also receive one New WAM Global Option. Each New WAM Global Option provides the holder with the opportunity, but not the requirement, to purchase one additional New WAM Global Share for \$2.54, without paying brokerage. The New WAM Global Options to be issued as part of the Scrip Consideration under the Scheme will be on the same terms as existing options issued by WAM Global, listed on ASX under ticker "WGBO". It is expected that WAM Global would issue a maximum of 122,498,520 new WAM Global Options as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Options has been determined based on the WAM Global Option price as at 30 June 2021, being \$0.083 per WAM Global Option.
5. In recognising the acquisition of TGG in the Enlarged Group, the identifiable fair value of TGG, being the TGG NTA after current tax, but before deferred tax as at 30 June 2021 is recognised in consideration for the issue of WAM Global Shares as part of the Scheme. The difference between the value of the WAM Global Shares issued when compared to the identifiable fair value of TGG is recognised through the statement of financial performance and resulting equity reserves.

(b) **Example 2 – 80% Scrip Consideration**

The below pro forma financial information and adjustments of the Enlarged Group have been prepared on the basis that all TGG Shareholders receive the Scrip Consideration under the Scheme and as if the Scheme had taken place on 30 June 2021:

<b>Unaudited Pro Forma Statement of Financial Position as at 30 June 2021</b>	<b>Note</b>	<b>WAM Global \$</b>	<b>Pro Forma Adjustments \$</b>	<b>Enlarged Group \$</b>
<b>Current assets</b>				
Cash and cash equivalents		29,964,374	-	29,964,374
Trade and other receivables		2,221,791	-	2,221,791
Financial assets		620,618,650	-	620,618,650
Financial assets - investment in controlled entity at fair value through profit or loss (FVTPL) (TGG)	1	-	261,614,862	261,614,862
<b>Total current assets</b>		<b>652,804,815</b>	<b>261,614,862</b>	<b>914,419,677</b>
<b>Non-current assets</b>				
Deferred tax assets		761,461	982,781	1,744,242
		-	-	-
<b>Total non-current assets</b>		<b>761,461</b>	<b>982,781</b>	<b>1,744,242</b>
<b>Total assets</b>		<b>653,566,276</b>	<b>262,597,643</b>	<b>916,163,919</b>
<b>Current liabilities</b>				
Trade and other payables		7,251,985	-	7,251,985
Current tax liabilities		14,241,073	-	14,241,073
<b>Total current liabilities</b>		<b>21,493,058</b>	<b>-</b>	<b>21,493,058</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2	16,899,058	-	16,899,058
<b>Total non-current liabilities</b>		<b>16,899,058</b>	<b>-</b>	<b>16,899,058</b>
<b>Total liabilities</b>		<b>38,392,116</b>	<b>-</b>	<b>38,392,116</b>
<b>Net assets</b>		<b>615,174,160</b>	<b>262,597,643</b>	<b>877,771,803</b>
<b>Equity</b>				
Issued capital	3 / 4	527,540,545	264,890,799	792,431,344
Profits reserve	5	126,615,715	-	126,615,715
Accumulated losses		(38,982,100)	(2,293,156)	(41,275,256)
<b>Total equity</b>		<b>615,174,160</b>	<b>262,597,643</b>	<b>877,771,803</b>

**Notes:**

1. WAM Global's recognition of the investment in TGG, assuming 80% of TGG Shareholders receive the Scrip Consideration of as part of the Scheme. The value of TGG has been recognised utilising the TGG NTA after current tax and transaction costs, but before deferred tax as at 30 June 2021 (as set out in Section 3.4.3).
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 Enlarged Group as part of the recognition of the investment in TGG, assuming that 80% of TGG Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 30 June 2021 statement of financial position for WAM Global is the issue of WAM Global Shares to TGG Shareholders in accordance with the terms of the Scheme. It is expected that WAM Global would issue a maximum of 97,998,816 new WAM Global Shares as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Shares has been determined based on the WAM Global Share price as at 30 June 2021, being \$2.62 per WAM Global Share.
4. Under the Scrip Consideration, for every New WAM Global Share that Scrip Participants receive under the Scheme, Scrip Participants will also receive one New WAM Global Option. Each New WAM Global Option provides the holder with the opportunity, but not the requirement, to purchase one additional New WAM Global Share for \$2.54, without paying brokerage. The New WAM Global Options to be issued as part of the Scrip Consideration under the Scheme will be on the same terms as existing options issued by WAM Global, listed on ASX under ticker "WGBO". It is expected that WAM Global would issue a maximum of 97,998,816 new WAM Global Options as part of the Scrip Consideration in this example.

The value of the Scrip Consideration for WAM Global Options has been determined based on the WAM Global Option price as at 30 June 2021, being \$0.083 per WAM Global Option.

5. In recognising the acquisition of TGG in the Enlarged Group, the identifiable fair value of TGG, being the TGG NTA after current tax, but before deferred tax as at 30 June 2021 is recognised in consideration for the issue of WAM Global Shares as part of the Scheme. The difference between the value of the WAM Global Shares issued when compared to the identifiable fair value of TGG is recognised through the statement of financial performance and resulting equity reserves.

(c) **Example 3 – 60% Scrip Consideration**

The below pro forma financial information and adjustments of the Enlarged Group have been prepared on the basis that all TGG Shareholders receive the Scrip Consideration under the Scheme and as if the Scheme had taken place on 30 June 2021:

Unaudited Pro Forma Statement of Financial Position as at 30 June 2021	Note	WAM Global \$	Pro Forma Adjustments \$	Enlarged Group \$
<b>Current assets</b>				
Cash and cash equivalents		29,964,374	-	29,964,374
Trade and other receivables		2,221,791	-	2,221,791
Financial assets		620,618,650	-	620,618,650
Financial assets - investment in controlled entity at fair value through profit or loss (FVTPL) (TGG)	1	-	196,211,146	196,211,146
<b>Total current assets</b>		<b>652,804,815</b>	<b>196,211,146</b>	<b>849,015,961</b>
<b>Non-current assets</b>				
Deferred tax assets		761,461	737,086	1,498,547
		-	-	-
<b>Total non-current assets</b>		<b>761,461</b>	<b>737,086</b>	<b>1,498,547</b>
<b>Total assets</b>		<b>653,566,276</b>	<b>196,948,232</b>	<b>850,514,508</b>
<b>Current liabilities</b>				
Trade and other payables		7,251,985	-	7,251,985
Current tax liabilities		14,241,073	-	14,241,073
<b>Total current liabilities</b>		<b>21,493,058</b>	<b>-</b>	<b>21,493,058</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2	16,899,058	-	16,899,058
<b>Total non-current liabilities</b>		<b>16,899,058</b>	<b>-</b>	<b>16,899,058</b>
<b>Total liabilities</b>		<b>38,392,116</b>	<b>-</b>	<b>38,392,116</b>
<b>Net assets</b>		<b>615,174,160</b>	<b>196,948,232</b>	<b>812,122,392</b>
<b>Equity</b>				
Issued capital	3 / 4	527,540,545	198,668,099	726,208,644
Profits reserve	5	126,615,715	-	126,615,715
Accumulated losses		(38,982,100)	(1,719,867)	(40,701,967)
<b>Total equity</b>		<b>615,174,160</b>	<b>196,948,232</b>	<b>812,122,392</b>

**Notes:**

1. WAM Global's recognition of the investment in TGG, assuming 60% of TGG Shareholders receive the Scrip Consideration of as part of the Scheme. The value of TGG has been recognised utilising the TGG NTA after current tax and transaction costs, but before deferred tax as at 30 June 2021 (as set out in Section 3.4.3).
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 Enlarged Group as part of the recognition of the investment in TGG, assuming that 60% of TGG Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 30 June 2021 statement of financial position for WAM Global is the issue of WAM Global Shares to TGG Shareholders in accordance with the terms of the Scheme. It is expected that WAM Global would issue a maximum of 73,499,112 new WAM Global Shares as part of the Scrip Consideration in this example. The

value of the Scrip Consideration for WAM Global Shares has been determined based on the WAM Global Share price as at 30 June 2021, being \$2.62 per WAM Global Share.

4. Under the Scrip Consideration, for every New WAM Global Share that Scrip Participants receive under the Scheme, Scrip Participants will also receive one New WAM Global Option. Each New WAM Global Option provides the holder with the opportunity, but not the requirement, to purchase one additional New WAM Global Share for \$2.54, without paying brokerage. The New WAM Global Options to be issued as part of the Scrip Consideration under the Scheme will be on the same terms as existing options issued by WAM Global, listed on ASX under ticker "WGBO". It is expected that WAM Global would issue a maximum of 73,499,112 new WAM Global Options as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Options has been determined based on the WAM Global Option price as at 30 June 2021, being \$0.083 per WAM Global Option.
5. In recognising the acquisition of TGG in the Enlarged Group, the identifiable fair value of TGG, being the TGG NTA after current tax, but before deferred tax as at 30 June 2021 is recognised in consideration for the issue of WAM Global Shares as part of the Scheme. The difference between the value of the WAM Global Shares issued when compared to the identifiable fair value of TGG is recognised through the statement of financial performance and resulting equity reserves.

(d) **Example 4 – 40% Scrip Consideration**

The below pro forma financial information and adjustments of the Enlarged Group have been prepared on the basis that all TGG Shareholders receive the Scrip Consideration under the Scheme and as if the Scheme had taken place on 30 June 2021:

Unaudited Pro Forma Statement of Financial Position as at 30 June 2021	Note	WAM Global \$	Pro Forma Adjustments \$	Enlarged Group \$
<b>Current assets</b>				
Cash and cash equivalents		29,964,374	-	29,964,374
Trade and other receivables		2,221,791	-	2,221,791
Financial assets		620,618,650	-	620,618,650
Financial assets - investment in controlled entity at fair value through profit or loss (FVTPL) (TGG)	1	-	130,807,431	130,807,431
<b>Total current assets</b>		<b>652,804,815</b>	<b>130,807,431</b>	<b>783,612,246</b>
<b>Non-current assets</b>				
Deferred tax assets		761,461	491,391	1,252,852
		-	-	-
<b>Total non-current assets</b>		<b>761,461</b>	<b>491,391</b>	<b>1,252,852</b>
<b>Total assets</b>		<b>653,566,276</b>	<b>131,298,821</b>	<b>784,865,097</b>
<b>Current liabilities</b>				
Trade and other payables		7,251,985	-	7,251,985
Current tax liabilities		14,241,073	-	14,241,073
<b>Total current liabilities</b>		<b>21,493,058</b>	<b>-</b>	<b>21,493,058</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2	16,899,058	-	16,899,058
<b>Total non-current liabilities</b>		<b>16,899,058</b>	<b>-</b>	<b>16,899,058</b>
<b>Total liabilities</b>		<b>38,392,116</b>	<b>-</b>	<b>38,392,116</b>
<b>Net assets</b>		<b>615,174,160</b>	<b>131,298,821</b>	<b>746,472,981</b>
<b>Equity</b>				
Issued capital	3 / 4	527,540,545	132,445,399	659,985,944
Profits reserve	5	126,615,715	-	126,615,715
Accumulated losses		(38,982,100)	(1,146,578)	(40,128,678)
<b>Total equity</b>		<b>615,174,160</b>	<b>131,298,821</b>	<b>746,472,981</b>

Notes:

1. WAM Global's recognition of the investment in TGG, assuming 40% of TGG Shareholders receive the Scrip Consideration of as part of the Scheme. The value of TGG has been recognised utilising the TGG NTA after current tax and transaction costs, but before deferred tax as at 30 June 2021 (as set out in Section 3.4.3).
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 Enlarged Group as part of the recognition of the investment in TGG, assuming that 40% of TGG Shareholders receive the Scrip Consideration as part of the Scheme.
3. Forming part of the pro forma adjustments to the 30 June 2021 statement of financial position for WAM Global is the issue of WAM Global Shares to TGG Shareholders in accordance with the terms of the Scheme. It is expected that WAM Global would issue a maximum of 48,999,408 new WAM Global Shares as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Shares has been determined based on the WAM Global Share price as at 30 June 2021, being \$2.62 per WAM Global Share.
4. Under the Scrip Consideration, for every New WAM Global Share that Scrip Participants receive under the Scheme, Scrip Participants will also receive one New WAM Global Option. Each New WAM Global Option provides the holder with the opportunity, but not the requirement, to purchase one additional New WAM Global Share for \$2.54, without paying brokerage. The New WAM Global Options to be issued as part of the Scrip Consideration under the Scheme will be on the same terms as existing options issued by WAM Global, listed on ASX under ticker "WGBO". It is expected that WAM Global would issue a maximum of 48,999,408 new WAM Global Options as part of the Scrip Consideration in this example. The value of the Scrip Consideration for WAM Global Options has been determined based on the WAM Global Option price as at 30 June 2021, being \$0.083 per WAM Global Option.
5. In recognising the acquisition of TGG in the Enlarged Group, the identifiable fair value of TGG, being the TGG NTA after current tax, but before deferred tax as at 30 June 2021 is recognised in consideration for the issue of WAM Global Shares as part of the Scheme. The difference between the value of the WAM Global Shares issued when compared to the identifiable fair value of TGG is recognised through the statement of financial performance and resulting equity reserves.

## 6.9.2 Summary of information

The information included in this section 6 is unaudited pro forma financial information for the Enlarged Group comprising of WAM Global and TGG as at 30 June 2021 on the basis that the implementation of the Scheme had occurred as at 30 June 2021 and adjusted for transaction costs relating to the Scheme.

The unaudited pro forma combined statement of financial position of the Enlarged Group as at 30 June 2021 (Pro Forma Statement of Financial Position) presented above has been produced with reference to the unaudited financial information for WAM Global and TGG as at 30 June 2021.

The WAM Global Board has assessed the requirements of AASB 10 Consolidated Financial Statements and have applied the criteria set out in that standard to the operations of WAM Global. WAM Global is therefore considered to be an investment entity and as a result, the investment in TGG (being a wholly owned entity of WAM Global) would not be consolidated into the financial statements of WAM Global, but rather is accounted for as a financial asset at fair value through profit and loss (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 financial performance.

The pro forma financial information does not represent what the Enlarged 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 Global. 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 Statement of Financial Position does reflect the issue of New WAM Global Shares and New WAM Global Options to TGG Shareholders, and other adjustments required as a result of the Scheme.

The Pro Forma Statement of Financial Position is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Enlarged Group after completion of the Scheme. In addition, the Pro Forma Statement of Financial Position is presented in a summary format and therefore does not contain all the disclosures required under the Corporations Act.

Financial information relating to TGG has been sourced from its publicly available information. WAM Global has relied on the information in the monthly investment update and NTA reports of TGG as well as audited financial reports issued by TGG to prepare the financial information contained in this document.

WAM Global does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. WAM Global has not been able to independently verify any of the financial information relating to TGG used in this document, for providing pro forma financial information.

The pro forma financial information presented in this section should also be read in conjunction with risks set out in section 5.18, other information contained in this Explanatory Memorandum, and the accounting policies of WAM Global and TGG as disclosed in their most recent audited financial reports.

The accounting policies of WAM Global and TGG are not considered materially different. The significant accounting policies adopted in the preparation of the historical financial information are disclosed in WAM Global's audited Annual Financial Report for the year ended 30 June 2021.

## **7. Information about the New WAM Global Shares and the New WAM Global Options**



## **7.1 Introduction**

The information contained in this section 7 has been prepared by WAM Global. The information concerning the New WAM Global Shares and the New WAM Global Options contained in this section 7 are the responsibility of WAM Global. TGG and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

## **7.2 ASX listing**

WAM Global will apply for official quotation on the ASX of all New WAM Global Shares (ASX:WGB) and New WAM Global Options (ASX:WGBO) that will be issued as Scrip Consideration.

New WAM Global Shares will rank equally with all existing WAM Global Shares, and New WAM Global Options will rank equally with all existing WAM Global Options.

Transaction confirmation statements will be dispatched within 5 Business Days of the Implementation Date.

## **7.3 New WAM Global Shares**

This section summarises the key provisions of the WAM Global Constitution in relation to rights attaching to WAM Global Shares, and which will apply to the New WAM Global Shares. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities attaching to WAM Global Shares.

Full details of the rights attaching to WAM Global Shares are set out in the WAM Global Constitution, which can be obtained through ASIC or from the WAM Global company secretary.

### **7.3.1 Voting**

At a general meeting of WAM Global, on a show of hands, every member present in person or by representative, proxy or attorney has one vote and on a poll, every member present in person or by representative, proxy or attorney has one vote for every WAM Global Share held (on which there is no money due and payable).

### **7.3.2 Dividends**

The New WAM Global Shares will rank equally with all other issued WAM Global Shares and will participate in WAM Global dividends declared by WAM Global. Subject to the rights of holders of WAM Global Shares of any special preferential or qualified rights attaching to them, dividends may be paid to the holders of WAM Global Shares in proportion to the amounts paid up on the WAM Global Shares as the date of declaration of the dividend. The directors may pay WAM Global shareholders any final or interim dividends as in their judgment the position of WAM Global justifies.

### **7.3.3 Winding up**

On a winding up, each WAM Global shareholder has the right to receive, in kind, the whole or any part of WAM Global's property in a winding up, subject to the rights of a liquidator to distribute surplus assets of WAM Global with the consent of members by special resolution.

### **7.3.4 Transfer of securities**

Generally, WAM Global Shares are freely transferrable, subject to satisfying the usual requirements of security transfers on the ASX. The directors of WAM Global may decline to register any transfer of WAM Global Shares, but only where permitted to do so under the WAM Global Constitution, the Corporations Act or the Listing Rules.

### **7.3.5 Sale of non-marketable holdings**

WAM Global may take steps in respect of non-marketable holdings of WAM Global Shares to effect an orderly sale of those WAM Global Shares in the event that holders do not take steps to retain their holdings.

WAM Global may only take steps to eliminate non-marketable holdings in accordance with the WAM Global Constitution and the Listing Rules.

#### **7.3.6 Future increases, alteration and reduction of capital**

The allotment and issue of securities is under the control of the WAM Global Board. Subject to restrictions on the allotment of securities to related parties, the Listing Rules, the WAM Global Constitution and the Corporations Act, the WAM Global Board may allot, issue or otherwise dispose of new securities on such terms and conditions as they decide.

WAM Global at a general meeting may convert securities into a larger or smaller number of securities, and subject to the Corporations Act and Listing Rules, WAM Global may reduce its share capital and buy-back WAM Global Shares.

#### **7.3.7 Variation of rights**

WAM Global may only modify or vary the rights attaching to any class of WAM Global Shares with the consent in writing of the holders of at least 75% of the issued WAM Global Shares of the class or sanction of a special resolution passed at a meeting of the holders of the issued WAM Global Shares of that class.

### **7.4 New WAM Global Options**

This section summarises the key provisions of the WAM Global Constitution and the WAM Global Options Prospectus in relation to rights attaching to WAM Global Options, and which will apply to the New WAM Global Options. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities attaching to WAM Global Options.

Full details of the rights attaching to WAM Global Options are set out in the WAM Global Constitution and WAM Global Options Prospectus, which can be obtained through ASIC, ASX or from the WAM Global company secretary.

#### **(a) Transfer/transmission**

A WAM Global Option may be transferred or transmitted in any manner approved by the ASX.

#### **(b) Exercise**

On exercise, WAM Global will issue a WAM Global Share for each WAM Global Option exercised. A WAM Global Option may be exercised by delivery to WAM Global of a duly completed notice of exercise of options, signed by the registered holder of the WAM Global Option, together with payment to WAM Global of \$2.54 per WAM Global Option being exercised.

A WAM Global Option may be exercised on any business day from issue to 5:00pm (Sydney time) on 12 September 2022 (inclusive), but not thereafter.

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

#### **(c) Dividend entitlement**

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

#### **(d) Participating rights**

For determining entitlements to a future issue, optionholders may only participate in new issues of securities to holders of WAM Global Shares if the WAM Global Option has been exercised and WAM Global Shares allotted in respect of the WAM Global Option before the record date. WAM Global must give at least 4 Business Days' notice to optionholders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

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

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

Where:

**NE** is the new exercise price of the WAM Global Option;

**OE** is the old exercise price of the WAM Global Option;

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

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

**S** is the subscription price for WAM Global Shares under the rights issue;

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

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

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

(e) **Reconstructions and alteration of capital**

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

(f) **ASX Listing**

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

## 7.5 Recent price of WAM Global Shares and WAM Global Options

### 7.5.1 Recent price of WAM Global Shares

The latest recorded sale price for WAM Global Shares on the Last Practicable Trading Date was \$2.64 per share.

The highest and lowest recorded sale price for WAM Global Shares during the three months immediately before the Last Practicable Trading Date was \$2.71 and \$2.52 per share, respectively.

The sale price for the WAM Global Shares immediately before announcement of the Scheme on 29 June 2021 was \$2.57 per share.

### 7.5.2 Recent price of WAM Global Options

The latest recorded sale price for WAM Global Option on the Last Practicable Trading Date was \$0.115 per option.

The highest and lowest recorded sale price for WAM Global Option during the three months immediately before the Last Practicable Trading Date was \$0.14 and \$0.067 per option, respectively.

The sale price for the WAM Global Option immediately before announcement of the Scheme on 29 June 2021 was \$0.075 per option.

## 8. Tax implications of the Transaction

## 8.1 Australian tax implications for TGG Shareholders

This section 8 is intended to provide general information on the Australian tax implications of:

- (a) the disposal of TGG Shares under the Buy-Back (section 8.2); and
- (b) the exchange of TGG Shares with New WAM Global Shares and New WAM Global Options under the Scheme (section 8.3).

The general information in this section 8 is relevant only to TGG Shareholders who hold their TGG Shares on capital account. The information does not address the Australian tax consequences for TGG Shareholders who:

- (a) hold their TGG Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- (b) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) in relation to gains and losses on their TGG Shares; or
- (c) are non-resident TGG Shareholders who hold their TGG Shares in carrying on a business at or through a permanent establishment in Australia.

The general information in this section 8 is not intended to be tax advice and should not be relied upon on that basis. TGG Shareholders are strongly encouraged to seek professional tax advice to take into account their individual circumstances.

The general information below is based upon Australian income tax legislation, rulings, or judicial or administrative interpretation of such tax laws in effect at the date of this Explanatory Memorandum, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of any particular or all TGG Shareholders.

TGG is in the process of obtaining a class ruling from the ATO for certain TGG Shareholders who participate in the Buy-Back and the Scheme (the **ATO Class Ruling**). This section 8 has been prepared based on discussions with the ATO. Whilst it is not expected to be the case, it is possible that the ATO Class Ruling that is issued by the ATO may differ from the summary set out below. If that occurs, the Australian income tax implications of your participation in the Buy-Back and/or the Scheme may differ from the summary set out in this section 8 of the Explanatory Memorandum. TGG Shareholders should refer to the ATO Class Ruling for the final tax implications of the Buy-Back and the Scheme.

A final class ruling in a form that is binding on the Commissioner of Taxation is expected to be issued by the ATO after the Implementation Date. Once issued, the final ATO Class Ruling will be made available on the ATO website.

Deloitte Tax, a registered tax agent, has provided the tax comments in this Section 8. Deloitte Tax is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this Section, are only some of the matters you need to consider when making a decision about a financial product. You should consider taking advice from someone who holds an AFSL before making such a decision.

## 8.2 Tax implications in relation to the Buy-Back

### 8.2.1 The anticipated components of the Cash Consideration

The Buy-Back will constitute an “off-market” share buy-back for the purposes of the tax legislation.

As per Deloitte Tax’s discussions with the ATO and in line with the ATO’s preferred methodology in Practice Statement Law Administration (**PSLA**) 2007/9, the Average Cost Per Share (**ACPS**) method will be used to calculate the capital component of the Cash Consideration. The ACPS is calculated by dividing a company’s ordinary issued capital by the number of shares on issue.

Under the ACPS method, the capital component of the Cash Consideration is expected to be \$1.28 per TGG Share<sup>18</sup>. The dividend component will be the amount by which the Cash Consideration exceeds the capital component of the Cash Consideration.

The dividend component of the Cash Consideration is expected to be a frankable distribution to the extent that the Cash Consideration is less than the tax market value of the TGG Shares had the Buy-Back not occurred and was never proposed to occur.

Due to the nature and circumstances of the Buy-Back, as the Cash Consideration equals TGG NTA after all current and deferred tax balances and Transactions Costs, the Cash Consideration may exceed the Tax Market Value (defined below) of the TGG Shares if TGG Shares are trading below the after tax TGG NTA on the Calculation Date. Where there is any excess of Cash Consideration over the Tax Market Value (as defined below), the amount of excess will be an unfrankable distribution. The level of franking depends on a number of variables, including the number of TGG Shares that participate in the Buy-Back, the quantum of TGG's equity investment portfolio that TGG disposes to fund the Buy-Back and the associate market conditions at the time these disposals occur, CGT calculations and TGG's franking account balance at the time of implementation of the Buy-Back. TGG Shareholders should not assume the dividend component of the Cash Consideration would be fully franked.

TGG aims to utilise available franking credits under the Buy-Back to the extent practicable while ensuring there will be no franking deficit in TGG's franking account on Implementation Date.

The dividend component of the Cash Consideration may also have LIC capital gains attributed to it, which may result in a LIC capital gain deduction for eligible TGG Shareholders, as discussed further in section 8.2.3(e) below.

Illustrative examples of how each of the capital component of the Cash Consideration and dividend component of the of the Cash Consideration, including various levels of franking, impact the potential income tax and CGT consequences for Australian resident individuals, Australian resident companies and Australian complying superannuation funds from participating in the Buy-Back are set out in section 8.2.8.

(a) **Deemed Capital Proceeds for CGT purposes**

To determine the CGT consequences of participating in the Buy-Back, you must first determine the "capital proceeds" you are taken to receive if you dispose of your TGG Shares in the Buy-Back. Your capital proceeds are the "**Deemed Capital Proceeds**" which are the sum of the capital component of the Cash Consideration (i.e. \$1.28 per TGG Share) and the amount (if any) by which the Tax Market Value exceeds the Cash Consideration.

(b) **Sale Consideration – capital gains tax**

The "Sale Consideration" will be taken into account for tax purposes in determining whether you make a capital gain or loss on the disposal of your TGG Shares.

The Sale Consideration is the greater of:

- (i) the capital component of the Cash Consideration; and
- (ii) the Tax Market Value (see section 8.2.1(c)), less the dividend component of the Cash Consideration.

Given the parameters of the Buy-Back, the Deemed Capital Proceeds is expected to be the Sale Consideration.

<sup>18</sup> The capital component of the Cash Consideration of \$1.28 per TGG Share is equal to the total TGG's share capital of \$253,734,588 divided by 198,097,061 TGG Shares on issue as at 30 June 2021. Please refer to calculation methodology in section 8.2.1 above. The final capital component of the Cash Consideration and dividend component of the Cash Consideration are subject to ATO approval.

(c) **Tax Market Value**

The Taxation Determination TD 2004/22 sets out the ATO view on how the Tax Market Value is determined. Consistent with that ATO view, the Tax Market Value will be determined in accordance with the following formula:

$$\$1.51707^{19} \times \frac{\text{Closing S\&P/ASX 200 Index}}{7,307^{20}}$$

The first announcement date for the Buy-Back was Tuesday, 29 June 2021 (**Buy-Back Announcement Date**) being the date the signing of the Scheme Implementation Agreement was announced on the ASX, indicating that the Buy-Back was in serious contemplation. All calculations of the Tax Market Value will be made from this date.

(d) **Adjustment of the VWAP**

PSLA 2007/9 requires for the adjustment of the VWAP of TGG Shares where an ordinary dividend is paid in the same period as an off-market share buy-back.

As indicated in section 3.11, TGG may (in its absolute discretion) determine to pay or declare and pay the TGG Permitted Dividend under certain circumstances before the Implementation Date. In the event that a TGG Permitted Dividend is paid by TGG to all TGG Shareholders, the VWAP of the TGG Shares over the five trading days up to and including Tuesday, 29 June 2021 will be adjusted to take this dividend into account.

The adjustment is calculated in the following manner:

$$\begin{array}{lcl} \text{Adjustment} & & \\ \text{of the} & = & \\ \text{VWAP} & & \end{array} \quad \begin{array}{lcl} \text{Grossed up} & & \\ \text{amount of} & & \\ \text{the dividend} & \times & \end{array} \quad \frac{\begin{array}{c} \text{Total days between TGG interim dividend ex-entitlement date and the Buy-Back} \\ \text{Announcement Date} \end{array}}{\begin{array}{c} \text{Total days between TGG interim dividend ex-entitlement date and the TGG Permitted} \\ \text{Dividend ex-entitlement Date} \end{array}}$$

The VWAP over the five trading days up to and including the Buy-Back Announcement Date is to be adjusted by the above adjustment of the VWAP amount.

(e) **Calculation of the Tax Market Value and Sale Consideration**

As the Tax Market Value and the Sale Consideration both depend in part on the movement of the S&P/ASX 200 Index up to the Buy-Back Election Date, they cannot be determined until the Buy-Back Election Date.

The Tax Market Value and the Sale Consideration will be determined by TGG and confirmed by the ATO in the ATO Class Ruling.

## 8.2.2 Australian resident TGG shareholders – CGT treatment of TGG Shares bought back

(a) **Deemed disposal of TGG Shares**

An Australian resident TGG Shareholder participating in the Buy-Back will be deemed to have disposed of each TGG Share for the Deemed Capital Proceeds, for CGT purposes.

TGG Shareholders participating in the Buy-Back will be taken to have disposed of their TGG Shares on the Implementation Date.

The cost base of the TGG Shares of a TGG Shareholder will generally include the amount paid, and the market value of any property given, to acquire the TGG Shares, plus certain incidental costs of acquisition and disposal that are not otherwise deductible to the TGG

<sup>19</sup> The VWAP of TGG Shares on the ASX over the last five trading days before the Buy-Back Announcement Date on Tuesday, 29 June 2021. This amount may be required to be adjusted by the adjustment of the VWAP.

<sup>20</sup> The opening S&P/ASX 200 Index on Tuesday, 29 June 2021.



Shareholder. The reduced cost base of the TGG Shares of a TGG Shareholder will be similarly determined.

(b) **Calculating a capital gain or loss – Australian resident TGG Shareholder other than a corporate Australian resident TGG Shareholder**

An Australian resident TGG Shareholder will make a capital gain if the Deemed Capital Proceeds exceeds the cost base of the TGG Shares. Where such a capital gain arises to an individual, a trust or a complying superannuation fund, they may be entitled to a CGT discount if they have held their TGG Shares for at least 12 months before the Implementation Date. Where the CGT discount applies, the capital gain will be reduced by 50% for an individual or a trust, or 33 $\frac{1}{3}$ % for a complying superannuation fund.

A capital loss for a TGG Share disposed of under the Buy-Back will be the excess of the reduced cost base of the TGG Share over the Deemed Capital Proceeds. No allowance for indexation is made in determining the reduced CGT cost base of the TGG Share for this purpose.

Capital loss can only be offset against capital gains derived in the same income year or later income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward capital losses are to be used in future years. TGG Shareholders should obtain their own tax advice in relation to the operation of these rules.

(c) **Calculating a capital gain or loss – corporate Australian resident TGG Shareholder**

A corporate Australian resident TGG Shareholder will make a capital gain if the Deemed Capital Proceeds exceeds the cost base of the TGG Shares.

A capital loss for a corporate Australian resident TGG Shareholder is determined by reducing the amount by which the reduced cost base of the TGG Share exceeds the Deemed Capital Proceeds (with no allowance for indexation) by the lesser of:

- (i) the fully franked dividend component of the Cash Consideration; and
- (ii) the amount of the excess.

**8.2.3 Australian resident shareholders – treatment of dividend component of the Cash Consideration**

(a) **General**

An Australian resident TGG Shareholder participating in the Buy-Back will be deemed to have received a partially franked dividend and an unfranked dividend equal to the difference between the capital component of the Cash Consideration (\$1.28 per TGG Share) and the Cash Consideration.

A TGG Shareholder will be required to include in their assessable income the amount of the unfranked dividend and the franked dividend together with the franking credit attached to the franked dividend.

The TGG Shareholder should be entitled to a franking tax offset equal to the assessable franking credit. This franking tax offset may reduce the total tax payable by the TGG Shareholder on their taxable income. A TGG Shareholder, other than a corporate TGG Shareholder, may be entitled to a refund of the excess of the franking tax offset over the total tax payable by the TGG Shareholder on their taxable income, unless certain limited circumstances apply.

Certain eligible TGG Shareholders are expected to be entitled to a LIC capital gain deduction equal to the relevant percentage of the attributable part of the deemed dividend. The effect of the LIC capital gain deduction is akin to that if the eligible TGG Shareholder has made the underlying discounted capital gains of TGG themselves.

(b) **Limits on availability of franking credits and tax offsets**

There are a number of rules, aiming to discourage the trading of franking credits, which may deny the benefit of the franking tax offsets and franking credits to TGG Shareholders generally, or due to their particular circumstances.

Where these rules apply, a TGG Shareholder participating in the Buy-Back may be denied the benefit of the franking tax offsets and franking credits on the franked dividend component of the Cash Consideration.

TGG is seeking confirmation from the ATO in the ATO Class Ruling that the ATO will not make a determination to deny TGG Shareholders generally the benefit of franking tax offsets on the franked dividend component of the Cash Consideration under the Buy-Back.

(c) **Holding Period – 45-day rule**

Broadly, the 45 day rule requires a resident TGG Shareholder in certain circumstances to have held their TGG Shares 'at risk' and free of related payment obligations for a specified period in order to 'qualify' for the franking credit on the franked distribution, including the franked dividend component of the Cash Consideration. A TGG Shareholder may not qualify for the franking tax offset or the franking credit where the TGG Shareholder is under an obligation to make related payments in respect of the franked distribution arising on the Cash Consideration. A dividend swap arrangement is an example of a related payment.

The 45-day rule operates within either a primary qualification period or a secondary qualification period. The secondary qualification period generally applies where a related payment occurs in respect of the dividend.

The primary qualification period is the period beginning on the day after the date of acquisition of the relevant share and ends 45 days after the day on which the share becomes ex-dividend. The secondary qualification period is a shorter period around the ex-entitlement date, beginning 45 days before, and ending 45 days after, the day on which the share becomes ex-dividend.

Whether the primary or secondary qualification period applies to the franked dividend arising on the Cash Consideration will be confirmed with the ATO during the ATO Class Ruling process. If the secondary qualification period applies, longer-term shareholders should be aware that the 45-day rule will need to be satisfied within the above 90 day period of the ex-entitlement date (even if the shareholder has previously satisfied the 45 day rule).

TGG Shareholders who are individuals and whose total franking credit entitlement for the income year does not exceed \$5,000 may not be subject to the 45-day rule.

The 45-day rule operates on a last-in-first-out basis. This means that for the purposes of the Buy-Back, a TGG Shareholder will be deemed to have disposed of their most recently acquired TGG Shares for the purpose of applying the 45-day rule. Generally, the ATO accepts that TGG Shares acquired on or after the ex-entitlement date (being the day after the Buy-Back Election Date) will be excluded from the last-in-first-out rule. This means that TGG Shares you acquire on the ASX on or after the Buy-Back Election Date should not be treated as being disposed of under the Buy-Back for the purposes of the 45-day rule as these TGG Shares do not confer an entitlement to participate in the Buy-Back.

(d) **Dividend component of the Cash Consideration - impact for corporate shareholders**

The above summary of the tax consequences for the dividend component of the Cash Consideration received by a TGG Shareholder applies equally to individuals, trusts and corporate TGG Shareholders. However, where a TGG Shareholder is a corporate entity:

- (i) that TGG Shareholder will not be entitled to a refund of tax in relation to the franking credits attached to the dividend component of the Cash Consideration where the franking tax offset arising in respect of those credits exceeds the tax payable by the TGG Shareholder. Instead, the excess may be converted to an equivalent tax loss and be carried forward to future years;

- (ii) a franking credit (equal to the franking credit on the franked distribution) will arise in the corporate entity's franking account; and
- (iii) any capital loss realised from participating in the Buy-Back will be reduced if the TGG Shareholder is taken to receive a franked dividend component of the Cash Consideration.

(e) **LIC capital gains**

The CGT provisions allow the shareholders of certain LICs, like TGG, to obtain benefits similar to those conferred by discount capital gains. The benefits accrue where all or some part of a dividend paid by TGG is reasonably attributable to capital gains that would be discount capital gains had they have been made by an individual, a trust, or a complying superannuation entity.

The benefits take the form of allowing shareholders, who receive a dividend that includes a LIC capital gain amount, a deduction that is designed to provide, broadly, similar tax outcomes to the CGT discount the shareholder could have claimed if they had made the capital gain directly (i.e. 50% discount for an individual and trust, 33<sup>1</sup>/<sub>3</sub>% for a complying superannuation fund).

The amount that a TGG Shareholder can deduct is:

- (i) 50% of your share of the Attributable Part if you are an individual, a trust or a partnership; or
- (ii) 33<sup>1</sup>/<sub>3</sub>% of your share of the Attributable Part if you are a complying superannuation entity or a life insurance company.

The Attributable Part is worked out using this formula:

$$\text{After tax LIC capital gain} + \left[ \frac{\text{After tax LIC capital gain} \times (0.3)}{1 - 0.3} \right]$$

Broadly the Attributable Part is the after tax LIC capital gain grossed up by the tax paid by the LIC.

TGG has maintained a LIC capital gain account, which broadly, seeks to track LIC capital gains realised by TGG that have been subject to tax, and distributions that have been made of LIC capital gains that have been attributed to dividends paid. As at 30 June 2021, TGG estimates its before tax LIC capital gain account balance to be approximately \$15,298,790 after taking into account the LIC capital gain derived by TGG during the year ended 30 June 2021. Additional eligible LIC capital gains may also arise upon the disposal of equity investment portfolio to fund the Buy-Back. TGG intends to attribute all available LIC capital gains to the dividend component of the Cash Consideration.

Subject to the ATO Class Ruling, it is expected that some or all of the dividend component of the Cash Consideration would be reasonably attributable to LIC capital gains made by TGG. Eligible TGG Shareholders should be entitled to a deduction for the Attributable Part of the LIC capital gain attached to the dividend component, to be calculated based on the above formula.

#### 8.2.4 Non-resident TGG Shareholders

(a) **CGT treatment of the Buy-Back**

Under Australian CGT rules, a taxable capital gain or capital loss generally will not arise for a non-resident TGG Shareholder participating in the Buy-Back, unless you:

- (i) hold TGG Shares through a permanent establishment that carries on business in Australia; or
- (ii) have previously been an Australian resident and held the TGG Shares at the time you left Australia.

TGG Shareholders should seek specific Australian tax advice if the above circumstances apply.

(b) **Treatment of the franked dividend component of the Cash Consideration**

A non-resident TGG Shareholder will not be liable to Australian withholding tax on any part of the franked dividend component of the Cash Consideration.

(c) **Treatment of unfranked dividend component of the Cash Consideration**

A non-resident TGG Shareholder will be subject to Australian withholding tax on the unfranked dividend component of the Cash Consideration. The withholding tax rate will depend on the TGG Shareholder's country of residence and whether the country has a tax treaty with Australia. Any withholding tax withheld from the unfranked dividend component will be a final tax.

**8.2.5 What if TGG Shareholders sell their TGG Shares on the ASX?**

If a TGG Shareholder sells their TGG Shares on the ASX, the price the TGG Shareholder receives would be treated as capital (assuming the TGG Shareholder holds the investment on capital and not revenue (i.e. share trading) account).

The TGG Shareholder may incur brokerage costs if the TGG Shareholder sells their TGG Shares on the ASX, whereas the TGG Shareholder will not incur any transaction costs if the TGG Shareholder sells their TGG Shares in the Buy-Back.

**8.2.6 Goods and Services Tax (GST)**

Under the GST legislation, GST will not be payable on the transfer of TGG Shares in the Buy-Back. The transfer of TGG Shares will constitute a "financial supply" which is an input-taxed supply for the purposes of the GST legislation.

**8.2.7 Stamp Duty**

No stamp duty should be payable by TGG Shareholders in relation to the disposal of their TGG Shares under the Buy-Back.

**8.2.8 Illustrative examples of tax consequences**

The tables below provide illustrative examples of the potential tax consequences from participating in the Buy-Back for:

- Australian resident individuals subject to the top marginal tax rate;
- Australian complying superannuation funds in accumulation phase (i.e. taxable);
- Australian complying superannuation funds in pension phase (i.e. tax exempt); and
- Australian resident companies.

As the franking percentage is not currently known, the tables below include 2 separate calculation examples assuming different franking percentages of 50% and 75% for illustrative purposes. TGG will seek to optimise the franking percentage under the Buy-Back, without creating a franking deficit in TGG's franking account on Implementation Date, taking into account the relevant circumstances after the Buy-Back participation is known, including funding requirements, and taxes payable in respect of the funding of the Buy-Back.

A comparison summary of the after-tax proceeds under two franking percentage examples is set out below:

	Top tax rate Australian resident individual	Company	Super Fund / SMSF (Taxable Phase)	SMSF (Exempt Phase)
<b>Total after tax Buy-Back proceeds</b>	\$	\$	\$	\$
- 75% franking	1.43	1.38	1.56	1.64
- 50% franking	1.42	1.36	1.53	1.61

It is important to note that the table is an example only and is based on a number of assumptions including:

- (a) A Cash Consideration which may not be the actual Cash Consideration. The actual Cash Consideration and the amount of the franked distribution will not be known until after the Buy-Back Election Date.
- (b) For simplicity, the entire dividend component (franked and unfranked) of the Cash Consideration will have LIC capital gains attributed to it which may be subject to change (see section 8.2.3(e)). The actual LIC capital gain attribution will not be known until after the Buy-Back Election Date.

In any event, the tax consequences for a TGG Shareholder participating in the Buy-Back or selling the TGG Shares on the ASX may be different from the example because of their particular circumstances.

The amounts calculated under the table will not necessarily reflect the actual tax consequences for you if you choose to participate in the Buy-Back or if you sell your shares on the ASX.

TGG Shareholders are strongly encouraged to seek professional tax advice to take into account their individual circumstances.

#### Illustrative example 1 - 75% franking

		Top tax rate Australian resident individual	Company	Super Fund / SMSF (Taxable Phase)	SMSF (Exempt Phase)
<b>Income tax consequences (deemed dividend)</b>		\$	\$	\$	4
Illustrative Cash Consideration <sup>21</sup>	A	1.55	1.55	1.55	1.55
Less: capital component	B	1.28	1.28	1.28	1.28
Assumed dividend component represented by: <sup>22</sup>	C = A - B	0.27	0.27	0.27	0.27
Unfranked Dividend	D	0.07	0.07	0.07	0.07
Franked Dividend	E = C - D	0.20	0.20	0.20	0.20
Add gross-up of franking credits <sup>23</sup>	F = E x 30/70	0.09	0.09	0.09	0.09
<b>Assessable dividend income</b>	G = D + E + F	<b>0.36</b>	<b>0.36</b>	<b>0.36</b>	<b>0.36</b>
Attributable part of LIC capital gains <sup>24</sup>	H = C + [(C x 0.3)/(1-0.3)]	0.39	0.39	0.39	0.39
Percentage of deduction	I	50%	0%	33.33%	0%
<b>Deduction for LIC capital gain</b>	J = H x I	<b>0.20</b>	<b>0.00</b>	<b>0.13</b>	<b>0.00</b>
<b>Net assessable dividend after LIC capital gain deduction</b>	K = G - J	<b>0.16</b>	<b>0.36</b>	<b>0.23</b>	<b>0.36</b>
Tax rate	L	47% <sup>25</sup>	30%	15%	0%

<sup>21</sup> The illustrative Cash Consideration is for illustrative purposes only. The final Cash Consideration can only be determined after the Buy-Back Election Date. Please refer to section 3.5.3 for details of Cash Consideration.

<sup>22</sup> Franked and unfranked dividend components of the Cash Consideration are for illustrative purposes only. The actual components can only be determined after the Buy-Back Election Date. Please refer to section 8.2.3 for further details.

<sup>23</sup> Assuming that the TGG Shareholder is entitled to the full franking tax offset arising from the franking credits.

<sup>24</sup> Assuming the full dividend component is debited against TGG's LIC capital gain account balance and is thereby taken to be reasonably attributable to LIC capital gains derived by TGG that have not previously been distributed and attributed to shareholders as LIC capital gains. Please refer to section 8.2.3(e) for further details.

<sup>25</sup> Includes Medicare Levy of 2%.

### Illustrative example 1 - 75% franking

Tax on assessable dividend income	$M = K \times L$
Franking tax offset <sup>26</sup>	$N = F$
<b>Tax payable/(refund)</b>	$O = M - N$
<b>After tax dividend proceeds</b>	$P = C - O$

#### CGT Consequences

Capital component/ Deemed capital proceeds	B
Less: Illustrative cost base	Q
Capital gain / (loss)	$R = B - Q$
Percentage of CGT discount	S
Less: applicable discount <sup>27</sup>	$T = R \times S$
<b>Net capital gain</b>	$U = R - T$
Tax rate	L
<b>Tax payable on net capital gain</b>	$V = U \times L$
<b>After tax capital proceeds</b>	$W = B - V$
<b>Total after tax proceeds</b>	$X = P + W$

Top tax rate Australian resident individual	Company	Super Fund / SMSF (Taxable Phase)	SMSF (Exempt Phase)
0.08	0.11	0.03	0.00
0.09	0.09	0.09	0.09
<b>-0.01</b>	<b>0.02</b>	<b>-0.06</b>	<b>-0.09</b>
<b>0.28</b>	<b>0.25</b>	<b>0.33</b>	<b>0.36</b>
1.28	1.28	1.28	1.28
0.78	0.78	0.78	0.78
0.50	0.50	0.50	0.50
50%	0%	33.33%	0%
0.25	0.00	0.17	0.00
<b>0.25</b>	<b>0.50</b>	<b>0.33</b>	<b>0.50</b>
47% <sup>28</sup>	30%	15%	0%
<b>0.12</b>	<b>0.15</b>	<b>0.05</b>	<b>0.00</b>
<b>1.16</b>	<b>1.13</b>	<b>1.23</b>	<b>1.28</b>
<b>1.43</b>	<b>1.38</b>	<b>1.56</b>	<b>1.64</b>

<sup>26</sup> Assuming that the TGG Shareholder is entitled to the full franking tax offset arising from the franking credits.

<sup>27</sup> Assuming the TGG Shareholder has held the TGG Shares for at least 12 months before the Buy-Back and therefore is entitled to the CGT discount.

<sup>28</sup> Includes Medicare Levy of 2%.

## Illustrative example 2 - 50% franking

		Top tax rate Australian resident individual	Company	Super Fund / SMSF (Taxable Phase)	SMSF (Exempt Phase)
		\$	\$	\$	\$
<b>Income tax consequences (deemed dividend)</b>					
Illustrative Cash Consideration <sup>29</sup>	A	1.55	1.55	1.55	1.55
Less: capital component	B	1.28	1.28	1.28	1.28
Assumed dividend component represented by: <sup>30</sup>	C = A - B	0.27	0.27	0.27	0.27
Unfranked Dividend	D	0.14	0.14	0.14	0.14
Franked Dividend	E = C - D	0.14	0.14	0.14	0.14
Add gross-up of franking credits <sup>31</sup>	F = E x 30/70	0.06	0.06	0.06	0.06
<b>Assessable dividend income</b>	G = D + E + F	<b>0.33</b>	<b>0.33</b>	<b>0.33</b>	<b>0.33</b>
Attributable part of LIC capital gains <sup>32</sup>	H = C + [(C x 0.3)/(1-0.3)]	0.39	0.39	0.39	0.39
Percentage of deduction	I	50%	0%	33.33%	0%
<b>Deduction for LIC capital gain</b>	J = H x I	<b>0.20</b>	<b>0.00</b>	<b>0.13</b>	<b>0.00</b>
<b>Net assessable dividend after LIC capital gain deduction</b>	K = G - J	<b>0.13</b>	<b>0.33</b>	<b>0.20</b>	<b>0.33</b>
Tax rate	L	47% <sup>33</sup>	30%	15%	0%
Tax on assessable dividend income	M = K x L	0.06	0.10	0.03	0.00
Franking tax offset <sup>34</sup>	N = F	0.06	0.06	0.06	0.06
<b>Tax payable/(refund)</b>	O = M - N	<b>0.00</b>	<b>0.04</b>	<b>-0.03</b>	<b>-0.06</b>
<b>After tax dividend proceeds</b>	P = C - O	<b>0.27</b>	<b>0.23</b>	<b>0.30</b>	<b>0.33</b>
<b>CGT Consequences</b>					
Capital component/ Deemed capital proceeds	B	1.28	1.28	1.28	1.28
Less: Illustrative cost base	Q	0.78	0.78	0.78	0.78
Capital gain / (loss)	R = B - Q	0.50	0.50	0.50	0.50
Percentage of CGT discount	S	50%	0%	33.33%	0%
Less: applicable discount <sup>35</sup>	T = R x S	0.25	0.00	0.17	0.00
<b>Net capital gain</b>	U = R - T	<b>0.25</b>	<b>0.50</b>	<b>0.33</b>	<b>0.50</b>
Tax rate	L	47% <sup>36</sup>	30%	15%	0%
<b>Tax payable on net capital gain</b>	V = U x L	<b>0.12</b>	<b>0.15</b>	<b>0.05</b>	<b>0.00</b>
<b>After tax capital proceeds</b>	W = B - V	<b>1.16</b>	<b>1.13</b>	<b>1.23</b>	<b>1.28</b>
<b>Total after tax proceeds</b>	X = P + W	<b>1.42</b>	<b>1.36</b>	<b>1.53</b>	<b>1.61</b>

<sup>29</sup> The illustrative Cash Consideration is for illustrative purposes only. The final Cash Consideration can only be determined after the Buy-Back Election Date. Please refer to section 3.5.3 for details of Cash Consideration.

<sup>30</sup> Franked and unfranked dividend components of the Cash Consideration are for illustrative purposes only. The actual components can only be determined after the Buy-Back Election Date. Please refer to section 8.2.3 for further details.

<sup>31</sup> Assuming that the TGG Shareholder is entitled to the full franking tax offset arising from the franking credits.

<sup>32</sup> Assuming the full dividend component is debited against TGG's LIC capital gain account balance and is thereby taken to be reasonably attributable to LIC capital gains derived by TGG that have not previously been distributed and attributed to shareholders as LIC capital gains. Please refer to section 8.2.3(e) for further details.

<sup>33</sup> Includes Medicare Levy of 2%.

<sup>34</sup> Assuming that the TGG Shareholder is entitled to the full franking tax offset arising from the franking credits.

<sup>35</sup> Assuming the TGG Shareholder has held the TGG Shares for at least 12 months before the Buy-Back and therefore is entitled to the CGT discount.

<sup>36</sup> Includes Medicare Levy of 2%.

### **8.3 Tax implications under the Scheme**

#### **8.3.1 General**

If the Scheme is implemented, WAM Global will acquire all of the TGG Shares from the Scrip Participants who hold TGG Shares on the Record Date and the Scrip Participants will receive the Scrip Consideration.

The disposal of the TGG Shares to WAM Global under the Scheme will give rise to a CGT event for TGG Shareholders. Subject to comments in section 8.3.2(d) below, an Australian resident TGG Shareholder who would otherwise make a capital gain on the disposal of their TGG Shares under the Scheme should be eligible to choose to apply CGT scrip for scrip roll-over relief (other than the portion of capital gain in relation to the New WAM Global Options).

The date of disposal of the TGG Shares for CGT purposes will be the Implementation Date.

#### **8.3.2 Australian resident TGG Shareholders**

##### **(a) Disposal of TGG Shares under the Scheme**

The disposal of TGG Shares by TGG Shareholders to WAM Global under the Scheme will constitute a CGT event A1 for Australian CGT purposes.

The time of the CGT event will be when TGG Shareholders transfer their TGG Shares to WAM Global under the Scheme, which will occur on the Implementation Date.

In the absence of CGT scrip for scrip roll-over relief, the following tax consequences are expected to arise for TGG Shareholders from the disposal of their TGG Shares:

- (i) A capital gain will be realised to the extent the capital proceeds received by TGG Shareholder from the disposal of their TGG Shares exceed the cost base of those shares; or
- (ii) A capital loss will be realised to the extent the capital proceeds received by TGG Shareholder from the disposal of their TGG Shares are less than the reduced cost base of those shares.

A capital gain that arises to an individual, a trust or a complying superannuation fund may be entitled to a CGT discount if they have held their TGG Shares for at least 12 months before the Implementation Date. Where the CGT discount applies, the capital gain will be reduced by 50% for an individual or a trust, or 33 $\frac{1}{3}$ % for a complying superannuation fund.

Capital losses can only be offset against capital gains derived in the same income year or later income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward capital losses are to be used in future years. TGG Shareholders should obtain their own tax advice in relation to the operation of these rules.

##### **(b) Cost base of TGG Shares**

The cost base of the TGG Shares of a TGG Shareholder will generally include the amount paid, and the market value of any property given, to acquire the TGG Shares, plus certain incidental costs of acquisition and disposal that are not otherwise deductible to the TGG Shareholder. The reduced cost base of the TGG Shares of a TGG Shareholder will be similarly determined.

##### **(c) Capital proceeds**

The capital proceeds for the disposal of the TGG Shares of a TGG Shareholder will be the Scrip Consideration. That is, the capital proceeds should equal the sum of the market value of the New WAM Global Shares and the New WAM Global Options received under the Scheme.

Hence, the market value of the New WAM Global Shares and New WAM Global Options will not be known until the Implementation Date.



(d) **CGT Scrip for scrip roll-over relief**

Australian resident TGG Shareholders that make a capital gain under the Scheme may choose to apply CGT scrip for scrip roll-over relief to the capital gain that is attributable to the receipt of the New WAM Global Shares.

The CGT scrip for scrip roll-over is not available:

- (i) to a TGG Shareholder if they make a capital loss on the disposal of their TGG Shares under the Scheme;
- (ii) to a TGG Shareholder who is not a resident of Australia;
- (iii) for the portion of capital gains made in respect of the New WAM Global Options.

If an eligible TGG Shareholder chooses to apply CGT scrip for scrip roll-over relief, the capital gain that is attributable to the receipt of the New WAM Global Shares will be disregarded. Any part of the capital gain that is attributable to the receipt of New WAM Global Options will not be eligible for roll-over relief and therefore should not be disregarded. Shareholders participating in the Scheme and choosing rollover for the WAM Global Shares may still realise an assessable capital gain in respect of the WAM Global Options received, having regard to the capital proceeds and cost base attributable to the New WAM Global Options (refer to the example in section 8.3.2(e)).

WAM Global will not make a choice under section 124-795(4) of the ITAA 1997 to deny CGT scrip for scrip roll-over relief.

Where a TGG Shareholder has chosen CGT scrip for scrip roll-over relief:

- (i) the first element of the cost base of the New WAM Global Shares received as part of the Scrip Consideration should be equal to the proportion of the cost base of their original TGG Shares that were exchanged for Scrip Consideration. The first element of the reduced cost base is determined similarly; and
- (ii) for the purposes of determining future eligibility for the CGT discount, the acquisition date of the New WAM Global Shares is taken to be the date when the TGG Shareholders originally acquired their TGG Shares.

The benefit of choosing CGT scrip for scrip roll-over relief will depend upon the individual circumstances of each TGG Shareholder.

TGG Shareholders who wish to choose to apply CGT scrip for scrip roll-over relief must make the choice by the time they lodge their income tax return for the year of income in which the Implementation Date occurs. The choice to apply CGT scrip for scrip roll-over is evidenced by the way in which the TGG Shareholder prepares their income tax return (i.e. excluding the disregarded capital gain and specific disclosure in the tax return about making the choice).

(e) **CGT scrip for scrip roll-over relief not chosen or available**

If the CGT scrip for scrip roll-over relief described under this section 8.3 is not chosen or is not available (for example, in relation to the New WAM Global Options component) in relation to a TGG Shareholder's disposal of TGG Shares under the Scheme:

- (i) the general CGT treatment in section 8.3.2(a) will apply;
- (ii) the first element of the cost base of the New WAM Global Shares received should be an amount equal to the proportion of the market value of the TGG Share given in respect of acquiring the New WAM Global Shares, determined on the Implementation Date;
- (iii) the first element of the cost base of the New WAM Global Options received should be an amount equal to the proportion of the market value of the TGG Shares given in respect of acquiring the New WAM Global Options, determined on the Implementation Date; and

- (iv) the date of acquisition for CGT purposes will be the Implementation Date. This date will be relevant for any future qualifications for the CGT discount with respect to CGT events happening to the New WAM Global Shares or New WAM Global Options.

It is expected that the specific allocation methodology will be provided in the ATO Class Ruling.

### **Example**

Assuming TGG Shareholder A held 100 TGG Shares and has made an election to participate in the Scheme. TGG Shareholder A acquired the TGG Shares at \$1.60 per TGG Share and therefore has a total cost base of \$160.

Assuming the Exchange Ratio for the Scrip Consideration was 0.62, accordingly, TGG Shareholder A was given 62 New WAM Global Shares and 62 New WAM Global Options in exchange for their TGG Shares. The total market value of the New WAM Global Shares is \$162.44 (market value of \$2.62 per TGG Share x 62 shares) and the total market value of the New WAM Global Options is \$4.96 (market value of \$0.08 per option x 62 options).

#### *Capital gain calculation for the receipt of New WAM Global Options*

- (i) Cost base of TGG Shares attributable to the acquisition of New WAM Global Options  

$$= \$160 \times \$162.44 / (\$162.44 + \$4.96) = \$4.74$$
- (ii) Capital proceeds of New WAM Global Options = \$4.96
- (iii) Assessable capital gain from the disposal of TGG Shares for the New WAM Global Options (before any eligible CGT discount) = \$4.96 - \$4.74 = \$0.22
- (iv) Capital gain attributable to the receipt of New WAM Global Options is not eligible to the CGT scrip for scrip roll-over. Accordingly, the capital gain should be taken into account in calculating TGG Shareholder A's net capital gain amount for the income year in which the Implementation Date is related to.

#### *Capital gain calculation for the receipt of New WAM Global Shares*

- (i) Cost base of TGG Shares attributable to the acquisition of New WAM Global Shares  

$$= \$160 \times \$162.44 / (\$162.44 + \$4.96) = \$155.26$$
- (ii) Capital proceeds of New WAM Global Shares = \$162.44
- (iii) Assessable capital gain from the disposal of TGG Shares for the New WAM Global Shares = \$162.44 - \$155.26 = \$7.18
- (iv) TGG Shareholder A has chosen to apply the CGT scrip for scrip roll-over relief to the capital gains attributable to the receipt of the New WAM Global Shares.
- (v) Accordingly, the capital gain attributable to the receipt of the New WAM Global Shares is disregarded.

### **8.3.3 Non-resident TGG Shareholders**

Non-resident TGG Shareholders who hold their TGG Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their TGG Shares, provided their TGG Shares are not taxable Australian property.

The TGG Shares will only be taxable Australian property for non-resident TGG Shareholders who:

- (a) hold their TGG Shares in carrying on a business at or through a permanent establishment in Australia; or
- (b) are individuals who made an election to disregard a CGT event, capital gain or capital loss in respect of their TGG Shares when they ceased to be an Australian tax resident.

For TGG Shareholders who are not Australian tax residents, no component of the TGG Shares should be taxable Australian property as their underlying value is not principally derived from Australian real property.

#### **8.3.4 Goods and Services Tax (GST)**

Under the GST legislation, GST will not be payable on the disposal of TGG Shares to WAM Global under the Scheme. The disposal of TGG Shares will constitute a "financial supply" which is an input-taxed supply for the purposes of the GST legislation.

#### **8.3.5 Stamp Duty**

No stamp duty should be payable by TGG Shareholders in relation to the disposal of their TGG Shares to WAM Global under the Scheme.

## 9. Additional information

This section 9 sets out additional statutory information, as well as some additional information that may be considered material to TGG Shareholders' decision as to how they should vote at the Scheme Meeting and the General Meeting.

## 9.1 Substantial TGG Shareholders

As at the Last Practicable Trading Date, the following persons had notified TGG that they had voting power in 5% or more of TGG Shares:

Name	Number of TGG Shares in which they have voting power	% of TGG Shares
Wilson Asset Management Group members**	29,606,312	14.95
City of London Investment Management Company Limited*	11,980,857	6.05
Franklin Resources, Inc and its affiliates*	10,278,210	5.18

\* Based on substantial holder notices lodged by the relevant shareholder with the ASX.

\*\* As at the date of this Explanatory Memorandum. Further, WAM Global has advised TGG that Wilson Asset Management Group members who hold TGG Shares will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back Resolution at the General Meeting.

## 9.2 Marketable securities held by or controlled by TGG directors

As at the Last Practicable Trading Date, no marketable securities of TGG are held or controlled by TGG directors and no such persons are otherwise entitled to such securities other than as listed below:

Director	Class of securities	Number of securities
Christopher Freeman <sup>37</sup>	Ordinary shares	120,000
Steven Fahey <sup>38</sup>	Ordinary shares	5,085,671
Martin Warwick <sup>39</sup>	Ordinary Shares	41,440
Joanne Dawson <sup>40</sup>	Ordinary shares	37,700
Gregory McGowan	Ordinary shares	Nil

Each TGG director listed above intends to vote any TGG Shares in which she or he has a Relevant Interest in favour of the Scheme and the Buy-Back in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

WAM Global has advised TGG that Wilson Asset Management Group members who hold TGG Shares will abstain from voting on the Scheme at the Scheme Meeting and the Buy-Back Resolution at the General Meeting. A confirmatory statement to that effect is made by WAM Global in section 5.

Except as stated in this section 9.2:

- (a) there are no marketable securities of TGG held by or on behalf of the members of the TGG Board as at the date of this Explanatory Memorandum;

<sup>37</sup> Held through Freeman Family Superannuation Fund One Pty Limited as trustee for The Freeman Family Super Fund.

<sup>38</sup> 1,733,808 held directly and 3,351,863 held through LSND Super Pty Ltd as trustee for SF Superannuation A/C.

<sup>39</sup> Held through Mernron Pty Ltd as trustee for the Warwick Superannuation Fund.

<sup>40</sup> Held through Monostar Pty Ltd as trustee for Jagmah Trust.

- (b) there are no marketable securities of WAM Global (or its Related Bodies Corporate) held by or on behalf of the members of the TGG Board as at the date of this Explanatory Memorandum; and
- (c) there has been no dealing by any member of the TGG Board in any marketable securities of TGG or WAM Global (or its Related Bodies Corporate) in the four months preceding the date of this Explanatory Memorandum.

### **9.3 Benefits and agreements**

#### **9.3.1 Benefits in connection with retirement from office**

It is not proposed that any payment or other benefit be made or given to any director, secretary or executive officer of TGG (or of its Related Bodies Corporate) as compensation for loss of, or as consideration for, or in connection with his or her retirement from, office in TGG or in any of its Related Bodies Corporate as a result of the Transaction other than as set out in their existing employment agreement or as a result of them participating in the Scheme as a Scheme Participant or in the Buy-Back.

TGG pays premiums in respect of a directors and officers (D&O) insurance policy for the benefit of its directors and executive officers.

#### **9.3.2 Agreements connected with or conditional on the Transaction**

Except as set out below or otherwise disclosed in this section:

- (a) no member of the TGG Board has any other interests in a contract entered into by WAM Global;
- (b) there are no contracts or arrangements between a member of the TGG Board and any person, including WAM Global in connection with or conditional on the outcome of the Scheme; and
- (c) no member of the TGG Board has a material interest in relation to the Transaction, other than in their capacity as a TGG Shareholder.

#### **9.3.3 Executive employment agreements**

Each TGG director and executive has an employment agreement with TGG.

#### **9.3.4 Proposed WAM Global invitation of Christopher Freeman to join the WAM Global Board**

If the Transaction is implemented, WAM Global intends to invite Christopher Freeman to join the WAM Global Board.<sup>41</sup> Despite this proposed invitation, the TGG Board considers Mr Freeman to be independent because:

- (a) he is a non-executive director of TGG, and has never been an executive of either TGG or WAM Global;
- (b) he is not a substantial shareholder, or otherwise associated with a substantial shareholder, of either TGG or WAM Global;
- (c) he has never been a material professional adviser or consultant to TGG or WAM Global;
- (d) he does not have any material contractual relationship with TGG or WAM Global other than as a non-executive independent director of TGG; and
- (e) apart from the customary director's fee payable by WAM Global (expected to be \$30,000 per year including superannuation), he will not be offered any other incentives to accept WAM Global's invitation.

The intended invitation for Mr Freeman to join the WAM Global Board after implementation of the Transaction was considered by the TGG Directors only in relation to the benefit that it would bring to

<sup>41</sup> See section 6.3 for further information from WAM Global on the proposed board of the Enlarged Group.

TGG Shareholders by providing continuity as part of the Enlarged Group. The TGG Directors do not consider that this intended invitation would materially interfere with Mr Freeman's independent exercise of judgement in relation to assessing the Transaction and determining whether it is in the best interests of TGG Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of TGG Shareholders.

#### **9.4 Capital structure of TGG**

As at the date of this Explanatory Memorandum, TGG has 198,097,061 ordinary shares on issue, of which the Wilson Asset Management Group holds 29,606,312 ordinary shares (representing 14.95% of the voting power).

#### **9.5 Independent Expert**

The Independent Expert has prepared the Independent Expert's Report set out in Annexure A advising as to whether, in its opinion, the Transaction is fair and reasonable and, therefore, in the best interests of TGG Shareholders.

The Independent Expert has concluded that the Transaction is in fair and reasonable and therefore the best interests of TGG Shareholders in the absence of a Superior Proposal.

#### **9.6 Consents**

The following parties have given and have not withdrawn, before the registration of this Explanatory Memorandum by ASIC, their written consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- King & Wood Mallesons as legal adviser to TGG;
- Deloitte Corporate Finance Pty Ltd as financial adviser to TGG;
- Deloitte Tax as tax adviser to TGG;
- Grant Thornton Corporate Finance Pty Ltd as Independent Expert;
- Computershare as TGG's share registry;
- Ernst & Young as the TGG Auditor;
- WAM Global; and
- Pitcher Partners Sydney as the WAM Global Auditor.

Grant Thornton Corporate Finance Pty Ltd has also given and has not withdrawn, before the time of registration of this Explanatory Memorandum with ASIC, its written consent to the inclusion of its Independent Expert's Report in this Explanatory Memorandum in the form and context in which it is included and to all references in this Explanatory Memorandum to the Independent Expert's Report in the form and context in which they appear.

WAM Global has also given and has not withdrawn, before the time of registration of this Explanatory Memorandum by ASIC, its written consent to the inclusion of the WAM Global Information in the form and context in which it is included and to all references in this Explanatory Memorandum to the WAM Global Information in the form and context in which they appear.

#### **9.7 Disclaimers**

None of the persons referred to in section 9.6 have authorised or caused the issue of this Explanatory Memorandum and do not make or purport to make any statement in this Explanatory Memorandum other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above.

To the maximum extent permitted by law, each person referred to in section 9.6 disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Explanatory Memorandum other than as described in this section with that person's consent.

The WAM Global Information has been prepared by and is the responsibility of WAM Global. TGG does not assume responsibility for the accuracy or completeness of the WAM Global Information.

## **9.8 Fees**

Each of the persons named in section 9.6 who is performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Explanatory Memorandum, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

## **9.9 Foreign jurisdictions**

### **9.9.1 Scheme**

The distribution of this Explanatory Memorandum outside of Australia may be restricted by law and persons who come into possession of it should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. TGG disclaims all liabilities to such persons. TGG Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Explanatory Memorandum or any aspect of the acquisition in any jurisdiction outside of Australia.

This Explanatory Memorandum may not be distributed outside Australia except to the extent permitted below or with the consent of TGG.

#### **(a) United Kingdom**

Neither the Explanatory Memorandum nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the New WAM Global Shares or New WAM Global Options.

This Explanatory Memorandum does not constitute an offer of transferable securities to the public within the meaning of the Prospectus Regulation (2017/1129/EU) as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended), or the FSMA. Accordingly, this document does not constitute a prospectus for the purposes of the Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New WAM Global Shares or the New WAM Global Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to TGG.

In the United Kingdom, this Explanatory Memorandum is being distributed only to, and is directed at, "professional investors" (within the meaning of the AIFMD UK Regulation) who are also persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "**Relevant Persons**"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document.

The New WAM Global Shares or the New WAM Global Options are being marketed in the United Kingdom in compliance with the national private placement regime pursuant to the AIFMD UK Regulation. WAM Global's most recent annual report and other information it has lodged with the ASX can be found on the websites of WAM Global and the ASX ([www.asx.com.au](http://www.asx.com.au)).

#### **(b) United States**



TGG and WAM Global intend to rely on an exemption from the registration requirements of the US Securities Act of 1933 provided by Section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of the New WAM Global Shares or the New WAM Global Options under the Scheme. Approval of the Scheme by the Court will be relied upon by TGG and WAM Global for purposes of qualifying for the Section 3(a)(10) exemption.

TGG Shareholders should note that the Scheme is made for the securities of an Australian company and an Australian company in accordance with the laws of Australia and the listing rules of ASX. The Scheme is subject to disclosure requirements of Australia that are different from those of the United States.

WAM Global is an Australian corporation. It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws since the headquarters of WAM Global is located outside the United States and most of its officers and directors are not residents of the United States. You may not be able to sue WAM Global or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel TGG and WAM Global and their respective affiliates to subject themselves to a US court's judgment.

The Explanatory Memorandum has not been filed with or reviewed by the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of the Explanatory Memorandum. Any representation to the contrary is a criminal offence.

The New WAM Global Shares or the New WAM Global Options to be issued pursuant to the Scheme and the offer have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Scheme and the offer are not being made in any US state or other jurisdiction where it is not legally permitted to do so. The New WAM Global Shares or the New WAM Global Options will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable securities laws of any US state or other jurisdiction.

WAM Global will not be registered as an "investment company" under the US Investment Company Act of 1940 (**US Investment Company Act**). Wilson Asset Management will not be registered as an investment advisor under the US Investment Advisers Act of 1940 (**US Investment Advisers Act**). Consequently, investors will not be afforded the protections of the US Investment Company Act or the US Investment Advisers Act.

WAM Global and Wilson Asset Management will be relying on exemptions to be registered under the US Investment Company Act and US Investment Advisers Act (respectively). WAM Global accordingly reserves discretion to refuse to issue Scrip Consideration to TGG Shareholders and instead treat them as Ineligible Overseas Shareholders where the issue of Scrip Consideration to those shareholders may result in the breach of those laws or expose WAM Global and/or Wilson Asset Management to the reasonable possibility of breaching those laws.

Investment in the New WAM Global Shares or the New WAM Global Options will involve significant risks due to the nature of WAM Global's investments. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Prospective investors should not construe the contents of this Explanatory Memorandum as legal, tax, investment or other advice. Each investor should make its own inquiries and consult its own advisors as to legal, tax and related matters concerning an investment in WAM Global. In particular, investors must rely upon their own assessment as to whether, and the consequences if, WAM Global is or becomes a "passive foreign investment company" ("PFIC") (as defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended) for US federal income tax purposes.

Notwithstanding anything to the contrary, prospective US investors may disclose to any person the structure of WAM Global for purposes of considering the US tax treatment and tax structure.

Any investor subject to the US Employee Retirement Income Security Act of 1974 should consult with its advisors as to the appropriateness of an investment in WAM Global.

## 9.9.2 Buy-Back

If you are an Ineligible Overseas Shareholder, you are not eligible to participate in the Buy-Back. The Buy-Back offer is not made to any Ineligible Overseas Shareholder.

Without limiting the rights that TGG otherwise has in relation to elections, an election submitted by an Ineligible Overseas Shareholder will not be recognised by TGG unless that TGG Shareholder can demonstrate to the satisfaction of TGG that its participation in the Buy-Back will not breach the laws of any jurisdiction. If the Ineligible Overseas Shareholder is able to prove this to the satisfaction of TGG, it may elect to participate in the Buy-Back (but TGG retains the discretion to not accept such an election).

The distribution of this Explanatory Memorandum in some jurisdictions might be restricted by law and does not constitute an offer to participate in the Buy-Back in any place where, or to any person to whom, it would be unlawful to do so. Persons who come into possession of this Explanatory Memorandum should seek advice on, and observe any restrictions on, distributing it.

Any person receiving any of the Buy-Back Documents must not, directly or indirectly, distribute or send them into any jurisdiction, or otherwise make them available to any person in any jurisdictions, where to do so would breach the laws of that jurisdiction.

### (a) United Kingdom

Neither this Explanatory Memorandum nor any other document relating to the Buy-Back offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the TGG Shares. This document is issued on a confidential basis to TGG Shareholders and does not relate to the offer of transferable securities to the public in the United Kingdom or the admission of transferable securities to trading on a regulated market situated or operating in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the Buy-Back offer has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to TGG.

In the United Kingdom, this document is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 43 of the FSMA (Financial Promotion) Order 2005 and/or any other persons to whom it may lawfully be communicated (all such persons being referred to as "**Relevant Persons**").

The investments to which this Explanatory Memorandum relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

### (b) United States

TGG Shareholders located in the United States should be aware that the Buy-Back offer is being conducted in accordance with applicable law and practice in Australia. The disclosure requirements in relation to a tender offer in Australia differ from those applying in the United States.

TGG is an Australian corporation. Most of its directors and executive officers reside outside the United States. As a result, it may be difficult for US investors to effect service of process in the United States upon such persons or to enforce against TGG or such persons in foreign courts a judgement predicated upon the civil liability provisions of the federal securities laws of the United States.

This Explanatory Memorandum has not been submitted to or reviewed by the US Securities and Exchange Commission or any US state securities regulator. None of these authorities has passed upon the merits of the Buy-Back offer nor the accuracy or adequacy of this Explanatory Memorandum. Any representation to the contrary is a criminal offence.

US TGG Shareholders should consult their tax adviser to ascertain the specific tax implications of the Buy-Back offer in relation to their own affairs.

TGG makes no recommendation as to whether shareholders should participate in the Buy-Back.

## **9.10 Key terms of the Scheme Implementation Agreement**

### **9.10.1 Overview**

TGG and WAM Global entered into the Scheme Implementation Agreement on 28 June 2021. The Scheme Implementation Agreement sets out the steps required to be taken by TGG and WAM Global to give effect to the Scheme. Key terms of the Scheme Implementation Agreement are summarised below.

### **9.10.2 Conditions Precedent**

The implementation of the Scheme is subject to certain Conditions Precedent, including:

- (a) **(Regulatory approvals)** before 8.00am on the Second Court Date, ASIC and the ASX issue or provide any consents or approvals, or have done any other acts, which the parties agree 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;
- (b) **(Shareholder approval of Scheme)** TGG Shareholders approve the Scheme by the Requisite Majority at the Scheme Meeting;
- (c) **(Shareholder approval of Buy-Back Resolution)** TGG Shareholders approve the Buy-Back Resolution by the Requisite Majority at the General Meeting;
- (d) **(ATO Class Ruling)** before the date of the Scheme Meeting, the ATO provide the Draft ATO Class Ruling, and the ATO does not change the Draft ATO Class Ruling in any material respect, withdraw the Draft ATO Class Ruling or otherwise indicate that it will not issue the final ATO Class Ruling before 8.00am on the Second Court Date;
- (e) **(Court approval)** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (f) **(Regulatory intervention)** no Court or other Regulatory Authority intervening, restraining or otherwise preventing the Transaction and no restrictive order is in effect as at 8.00am on the Second Court Date;
- (g) **(No TGG Prescribed Occurrence)** no "TGG Prescribed Occurrence" (as defined in the Scheme Implementation Agreement) occurring between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- (h) **(No WAM Global Prescribed Occurrence)** no "WAM Global Prescribed Occurrence" (as defined in the Scheme Implementation Agreement) occurring between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- (i) **(Manager Agreements terminated)** TGG has given notice to FTIAL to terminate the Manager Agreements before 8.00am on the Second Court Date, with such notice specifying that these terminations are to be effective no later than the Implementation Date;
- (j) **(No breach of TGG representations and warranties)** each TGG representation and warranty given under the Scheme Implementation Agreement is true and correct in all material respects as at the date of the Scheme Implementation Agreement and as at 5.00pm on the Business Day prior to the Second Court Date;
- (k) **(No breach of WAM Global representations and warranties)** each WAM Global representation and warranty given under the Scheme Implementation Agreement is true and correct in all material respects as at the date of the Scheme Implementation Agreement and as at 5.00pm on the Business Day prior to the Second Court Date;

- (l) **(New WAM Global Shares and New WAM Global Options)** the New WAM Global Shares and New WAM Global Options to be issued as Scrip Consideration are approved for official quotation by the ASX, subject to customary conditions, and such approval has not been withdrawn, suspended or revoked, before 8.00am on the Second Court Date; and
- (m) **(Independent Expert)** the Independent Expert issues the Independent Expert's Report which concludes that the Transaction is in the best interests of TGG Shareholders before the date on which this Explanatory Memorandum is lodged with ASIC and the Independent Expert does not change its opinion or withdraw the report before 8.00am on the Second Court Date.

The final date to satisfy the Conditions Precedent is 28 February 2022 (unless the parties agree otherwise).

TGG may waive the Conditions Precedent above regarding "ATO Class Ruling", "No WAM Global Prescribed Occurrence", "No breach of WAM Global representations and warranties", "New WAM Global Shares and New WAM Global Options" and "Independent Expert" at its absolute discretion. WAM Global may waive the Conditions Precedent above regarding "No TGG Prescribed Occurrence", "Manager Agreements terminated", and "No breach of TGG representations and warranties" at its absolute discretion. The Conditions Precedent above regarding "Regulatory approvals", "Buy-Back Resolution", and "Regulatory intervention" can only be waived jointly by TGG and WAM Global.

TGG must, at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the Conditions Precedent for which it is responsible (other than the condition relating to Court approval of the Scheme) have been satisfied or waived as required by the Scheme Implementation Agreement, and an equivalent certificate must also be provided by WAM Global.

An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

### 9.10.3 Exclusivity

TGG and its representatives may not, during the exclusivity period which runs until the "End Date" (being 28 February 2022 or such other date agreed by WAM Global and TGG in writing):

- (a) **(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 in relation to a Competing Transaction;
- (b) **(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 TGG or any of its representatives or the person has publicly announced the Competing Transaction; and
- (c) **(No due diligence)** in relation to a Competing Transaction, enable third parties to undertake due diligence investigations on TGG, its business or operations, or receive non-public information.

However, TGG and the TGG Board will not be restricted from taking or refusing to take any action with respect to a genuine unsolicited Competing Transaction if the TGG Board has determined in good faith after consultation with its financial advisers that the Competing Transaction is, or could reasonably be considered to become, a Superior Proposal and, after receiving written advice from TGG's external legal advisers, that failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of its fiduciary or statutory duties.

If TGG receives an unsolicited offer in respect of 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 Global. Upon receiving notice, WAM Global will have the right within 5 Business Days to provide a new or amended proposal that constitutes a matching or superior proposal to the actual, proposed or potential Competing Transaction.

### 9.10.4 Conduct of business

Before implementation of the Transaction, each party must continue to conduct its business 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 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.

Each party must also conduct its business in accordance with all applicable laws and their respective agreements with their investment manager, and regularly consult the other party on the conduct of their business.

TGG also agrees to:

- (a) promptly after the Scheme Meeting and General Meeting, commence selling assets to enable TGG to have sufficient cash and receivables as at the Calculation Date to fund payment of the Cash Consideration when due on the Implementation Date. TGG shall determine the appropriate amount of assets to be sold having regard to the number of elections to participate in the Buy-Back received from TGG Shareholders at that time (assuming that the number of such elections would reflect the final level of participation at the Buy-Back Election Date, acknowledging that TGG Shareholders may withdraw such elections prior to the Buy-Back Election Date in accordance with the Buy-Back Documents); and
- (b) promptly following the Buy-Back Election Date, sell any further assets required to enable TGG to fund payment of the Cash Consideration when due on the Implementation Date, with such sale orders to be executed (but not necessarily having been fully settled) before providing relevant information regarding the TGG NTA, Cash Consideration and Scrip Consideration calculations to WAM Global (as described in section 3.3.1).

Certain exceptions apply, such as where the other party consents to a particular action, circumstances or actions disclosed to the other party before the date of the Scheme Implementation Agreement, TGG disposing of assets to fund the Cash Consideration payable to Buy-Back Accepting TGG Shareholders under the Buy-Back, or for actions required by law or permitted by the Transaction. In respect of permitted dividends, please refer to section 3.11 for further details.

#### **9.10.5 Termination**

The Scheme Implementation Agreement may be terminated by mutual agreement or by either party if:

- (a) the Scheme has not become Effective on or before the “End Date”, being 28 February 2022 (or such other date agreed by WAM Global and TGG in writing);
- (b) either party is in material breach of the Scheme Implementation Agreement (taken in the context of the Transaction as a whole) and the breach remains unremedied 5 Business Days after being notified;
- (c) either party is insolvent; or
- (d) the parties have failed to agree during the mandated consultation in respect of a breach or non-satisfaction of a Condition Precedent, or there is a failed appeal process in respect of the Court not approving the Scheme.

WAM Global may also terminate the Scheme Implementation Agreement if a member of the TGG Board changes their recommendation that TGG Shareholders should vote in favour of the Transaction, or if a third party acquires a relevant interest in more than 20% of TGG Shares.

TGG may also terminate the Scheme Implementation Agreement if the Board determines that an unsolicited Competing Transaction is a Superior Proposal, or if the Independent Expert concludes that the Transaction is not in the best interests of TGG Shareholders.

#### **9.10.6 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. TGG also gives certain warranties in respect of terminating the Investment Agreement with FTIAL.

The parties' respective liability for claims under the Scheme Implementation Agreement (including for breach of a warranty) is limited to \$3,000,000, except that neither party's liability is limited for fraud and WAM Global's liability is not limited for any breach of certain covenants in respect of issuing the Scrip Consideration.

#### **9.11 Regulatory**

All regulatory approvals that are Conditions Precedent to the Scheme are set out in clause 3.1 of the Scheme Implementation Agreement.

In addition, all the ASX and ASIC relief, approvals or consents that TGG consider are necessary to implement the Scheme and the Buy-Back as at the date of this Explanatory Memorandum have been granted or obtained.

#### **9.12 Lodgement of this Explanatory Memorandum**

This Explanatory Memorandum was registered with ASIC on 26 August 2021 as required by sections 411(2)(b) and 412(6) of the Corporations Act.

#### **9.13 No unacceptable circumstances**

The TGG Board does not believe that the Transaction involves any circumstances in relation to the affairs of TGG that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

#### **9.14 Other information material to the making of a decision in relation to the Transaction**

Except as set out in this Explanatory Memorandum, so far as the TGG Board are aware, there is no other information material to the making of a decision in relation to the Transaction, being information that is within the knowledge of any member of the TGG Board or any director of a Related Body Corporate of TGG which has not previously been disclosed to TGG Shareholders.

#### **9.15 Supplementary information**

TGG will issue a supplementary document to this Explanatory Memorandum if it becomes aware, between the date of lodgement of this Explanatory Memorandum for registration by ASIC and the Effective Date:

- (a) that a material statement in this Explanatory Memorandum is false or misleading in a material respect;
- (b) that there is a material omission from this Explanatory Memorandum;
- (c) of a significant change affecting a matter included in this Explanatory Memorandum has occurred; or
- (d) of a significant new matter that has arisen which would have been required to be included in this Explanatory Memorandum if it had arisen before the date of lodgement of this Explanatory Memorandum for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to compliance with any relevant laws and/or obtaining any relevant approvals, TGG may circulate and publish any supplementary document by:

- (a) making an announcement to the ASX;
- (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (c) emailing (for those who have opted for email communications) or posting the supplementary document to TGG Shareholders to their email/postal address shown on the Register; and/or
- (d) posting a statement on the TGG website ([www.tggf.com.au](http://www.tggf.com.au)),

as TGG, in its absolute discretion, considers appropriate.

For personal use only

## 10. Glossary



The following is a glossary of certain terms used in this Explanatory Memorandum.

<b>\$ or AUD</b>	Australian dollar.
<b>Administrative Services Agreement</b>	the agreement of that title between TGG and FTIAL dated 24 September 2014, as amended on 10 May 2016.
<b>AIFMD UK Regulation</b>	<i>The Alternative Investment Fund Managers Regulations 2013</i> (UK).
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	ASX Limited, or the securities market operated by it, as the context requires.
<b>ASX Settlement Operating Rules</b>	the rules of ASX Settlement Pty Limited (ACN 008 504 532).
<b>ATO</b>	the Australian Taxation Office.
<b>ATO Class Ruling</b>	a class ruling from the ATO in relation to the taxation implications associated with the Buy-Back, as described in section 8.1.
<b>Business Day</b>	has the meaning given in the Listing Rules.
<b>Buy-Back</b>	TGG's offer to eligible TGG Shareholders to buy-back Buy-Back TGG Shares in accordance with Chapter 2J.1 Division 2 of the Corporations Act, subject to and conditional on the Scheme becoming Effective and in accordance with the terms outlined in section 3.5.
<b>Buy-Back Accepting TGG Shareholder</b>	a Scheme Participant who elected to participate in the Buy-Back for all of their applicable TGG Shares by completing and submitting a valid Buy-Back Election Form which was received by Computershare by 7.00pm on the Buy-Back Election Date (and who did not submit a Buy-Back Withdrawal Form which was received by Computershare by 7.00pm on the Buy-Back Election Date) and in accordance with the terms outlined in section 3.5.
<b>Buy-Back Agreement</b>	the agreement that TGG and each Buy-Back Accepting TGG Shareholder will be deemed to enter into at 7.00pm on the Buy-Back Election Date for TGG to buy-back from each relevant Buy-Back Accepting TGG Shareholder their Buy-Back TGG Shares subject to the terms outlined in section 3.5.
<b>Buy-Back Announcement Date</b>	Tuesday, 29 June 2021. Refer to section 8.2.1(c) for further details on this date and its relevance for Australian tax purposes.
<b>Buy-Back Documents</b>	this Explanatory Memorandum, the Buy-Back Election Form and the Buy-Back Withdrawal Form.
<b>Buy-Back Election Date</b>	7.00pm on the date that is five Business Days following the date of the Scheme Meeting (being Wednesday, 6 October 2021) or such other time and date as TGG and WAM Global agree in writing.
<b>Buy-Back Election Form</b>	the form titled "Buy-Back Election Form", under which TGG Shareholders may elect to participate in the Buy-Back on the terms and conditions of the Buy-Back Documents. The following will also constitute a Buy-Back Election Form:

	<p>(a) an electronic version of the “Buy-Back Election Form” available at <a href="http://www.tggfrtransaction.com.au">www.tggfrtransaction.com.au</a> in accordance with section 3.5.8; or</p> <p>(b) an election to participate in the Buy-Back via a controlling participant or as a CHESS participant in accordance with section 3.5.8.</p>
<b>Buy-Back Resolution</b>	a resolution to approve the Buy-Back in accordance with Division 2 of Chapter 2J of the Corporations Act to be put to TGG Shareholders for approval at the General Meeting.
<b>Buy-Back TGG Shares</b>	the number of TGG Shares held by Buy-Back Accepting TGG Shareholders as at 7.00pm on the Buy-Back Election Date (and which for the avoidance of doubt a Scheme Participant continues to hold at 7.00pm on the Record Date).
<b>Buy-Back Withdrawal Form</b>	the form titled “Buy-Back Withdrawal Form”, under which TGG Shareholders may withdraw their election to participate in the Buy-Back. A withdrawal of a TGG Shareholder’s election to participate in the Buy-Back via a controlling participant or as a CHESS participant in accordance with section 3.5.14 will also constitute a Buy-Back Withdrawal Form.
<b>Calculation Date</b>	means 30 September 2021 or such other time and date as TGG and WAM Global agree in writing.
<b>Cash Consideration</b>	the amount of the TGG NTA after all current and deferred tax balances and Transaction Costs, presented on a per TGG Share basis of TGG’s 198,097,061 outstanding shares. This is to be calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. The income or capital components and any LIC capital gains attribution or franking credits to be attached to the Cash Consideration on a per share basis will be determined by the TGG Board following the Buy-Back Election Date.
<b>CGT</b>	Australian capital gains tax.
<b>Chair</b>	means the Chair of the Scheme Meeting and the General Meeting.
<b>Competing Transaction</b>	<p>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:</p> <p>(a) a person (other than WAM Global) whether alone or together with its associates would, directly or indirectly:</p> <p>(i) acquire an interest or Relevant Interest in or become the holder of 20% or more of TGG Shares on issue (other than as custodian, nominee or bare trustee);</p> <p>(ii) acquire control of TGG, within the meaning of section 50AA of the Corporations Act;</p> <p>(iii) 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 TGG; or</p>

	(iv) otherwise acquire or merge with TGG (including by a reverse takeover bid); or
	(b) TGG would be required to abandon or otherwise fail to proceed with the Transaction.
<b>Computershare</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
<b>Conditions Precedent</b>	the conditions precedent in clause 3.1 of the Scheme Implementation Agreement, a summary of which are set out in section 9.10.2.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Supreme Court of New South Wales, or any other court of competent jurisdiction under the Corporations Act agreed by TGG and WAM Global in writing.
<b>Deed Poll</b>	the deed poll dated 22 August 2021 executed by WAM Global under which it covenanted to carry out the actions attributable to it under the Scheme. A copy of the Deed Poll is set out in Annexure C.
<b>Deemed Capital Proceeds</b>	has the meaning given in section 8.2.1(a).
<b>Deloitte Tax</b>	Deloitte Tax Services Pty Ltd (ACN 092 223 240).
<b>Draft ATO Class Ruling</b>	a draft form of the ATO Class Ruling (which the ATO acknowledges in writing will be issued in substantially that form after the Implementation Date, subject only to the ATO receiving necessary information related to the final outcome of the Buy-Back).
<b>Effective</b>	the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme, but not before an office copy of the order of the Court is lodged with ASIC.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>elect</b>	when used in relation to the Buy-Back, a TGG Shareholder submits a valid Buy-Back Election Form which is received by Computershare by 7.00pm on the Buy-Back Election Date and does not submit a Buy-Back Withdrawal Form which is received by Computershare by 7.00pm on the Buy-Back Election Date, and <b>election</b> has a corresponding meaning.
<b>Enlarged Group</b>	the enlarged group of WAM Global and TGG that will exist after implementation of the Scheme.
<b>Exchange Ratio</b>	$\text{Exchange Ratio} = \frac{\text{TGG NTA}}{\text{WAM Global NTA}}$
<b>Explanatory Memorandum</b>	this booklet.
<b>First Court Hearing</b>	the hearing of the application made to the Court for an order pursuant to sections 411(1) of the Corporations Act convening the Scheme Meeting.
<b>FTIAL</b>	Franklin Templeton Investments Australia Limited (ACN 006 972 247).

<b>General Meeting</b>	the meeting of TGG Shareholders to be convened by TGG to consider the Buy-Back Resolution to be held immediately after the Scheme Meeting and includes any adjournment of such meeting.
<b>GST</b>	has the meaning given in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>HIN</b>	Holder Identification Number.
<b>Implementation Date</b>	the 5 <sup>th</sup> Business Day following the Record Date or such other date that TGG and WAM Global agree in writing.
<b>Independent Expert</b>	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987).
<b>Independent Expert's Report</b>	means the report of the Independent Expert, as set out in Annexure A.
<b>Ineligible Overseas Shareholders</b>	<p>means:</p> <p>(a) for the purposes of the Scheme, any person who:</p> <p>(i) holds TGG Shares and to whom WAM Global would be prohibited from issuing New WAM Global Shares and New WAM Global Options pursuant to any act, rule or regulation of Australia which prohibits WAM Global from issuing New WAM Global Shares and New WAM Global Options to foreign persons;</p> <p>(ii) holds TGG Shares and does not have a registered address in Australia, the United Kingdom (or, if the registered address is in the United Kingdom, the TGG Shareholder is not a "professional investor" within the meaning of the AIFMD UK Regulation) or the United States or such other jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such registered shareholder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; or</p> <p>(iii) is acting on behalf of or for the account of a person who holds TGG Shares beneficially and resides in a jurisdiction outside of Australia or the United Kingdom (or, if the person resides in the United Kingdom, such person is not a "professional investor" within the meaning of the AIFMD UK Regulation) except, with the consent of TGG and WAM Global, such a beneficial shareholder residing in another jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such beneficial holder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; and</p> <p>(b) for the purposes of the Buy-Back, any person who:</p> <p>(i) holds TGG Shares and to whom TGG would be prohibited from paying money pursuant to any act, rule or regulation of Australia which prohibits TGG from making payments to foreign persons;</p>

- (ii) holds TGG Shares and does not have a registered address in Australia, the United Kingdom or the United States and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back); or
- (iii) is acting on behalf of or for the account of a person who holds TGG Shares beneficially and resides in a jurisdiction outside of Australia, the United Kingdom or the United States where it would be illegal under the law of that jurisdiction to permit such persons residing in that jurisdiction to receive an offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back).

<b>Last Practicable Trading Date</b>	20 August 2021, being the last practicable trading date before the date of this Explanatory Memorandum.
<b>LIC</b>	means listed investment company.
<b>Listing Rules</b>	the Listing Rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.
<b>Manager Agreements</b>	the TGG Investment Agreement and the Administrative Services Agreement.
<b>MSCI All Countries World Index</b>	a market capitalization-weighted index covering large-cap and mid-cap stocks from developed markets and emerging markets published by MSCI Inc.
<b>MSCI World Index</b>	means the index that comprises large and mid-cap representation across 23 developed markets in Australian dollars. With 1,600 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country.
<b>New WAM Global Options</b>	the WAM Global Options to be issued to Scrip Participants as part of the Scrip Consideration, pursuant to the Scheme.
<b>New WAM Global Shares</b>	the WAM Global Shares to be issued to Scrip Participants as part of the Scrip Consideration, pursuant to the Scheme.
<b>Notice of General Meeting</b>	the notice convening the General Meeting, as set out in Annexure E.
<b>Notice of Scheme Meeting</b>	the notice convening the Scheme Meeting, as set out in Annexure D.
<b>NTA</b>	means the net tangible asset backing of TGG or WAM Global (as the context requires) per TGG Share or WAM Global Share (as the case may be) before all deferred tax balances calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations.

<b>Record Date</b>	7.00pm on the 2 <sup>nd</sup> Business Day following the Effective Date or such other time and date as TGG and WAM Global agree in writing.
<b>Register</b>	the register of shareholders maintained by TGG in accordance with the Corporations Act.
<b>Registered Address</b>	means, in relation to a TGG Shareholder, the address of the TGG Shareholder as recorded in the Register as at the Record Date.
<b>Regulatory Authority</b>	includes: <ul style="list-style-type: none"> <li>(a) ASX, ASIC and the Takeovers Panel;</li> <li>(b) a government or governmental, semi-governmental or judicial entity or authority in Australia, including the ATO;</li> <li>(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government in Australia; and</li> <li>(d) any regulatory organisation established under statute.</li> </ul>
<b>Related Body Corporate</b>	has the meaning given to it in the Corporations Act.
<b>Relevant Interest</b>	has the meaning given to it in sections 608 and 609 of the Corporations Act.
<b>Requisite Majority</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to the resolution to be put to TGG Shareholders at the Scheme Meeting, the resolution being passed by: <ul style="list-style-type: none"> <li>(i) a majority in number (more than 50%) of TGG Shareholders, who are present and voting, either virtually or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and</li> <li>(ii) passed by at least 75% of the total votes cast on the resolution by TGG Shareholders who are present and voting, either virtually or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and</li> </ul> </li> <li>(b) in relation to the Buy-Back Resolution, the resolution being passed by at least 50% of the total votes cast on the resolution by TGG Shareholders who are present and voting, either virtually or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.</li> </ul>
<b>Sale Agent</b>	means the agent appointed in relation to the Scheme by WAM Global and TGG to sell the Scrip Consideration that would have otherwise been issued to Ineligible Overseas Shareholders.
<b>Sale Consideration</b>	has the meaning given in section 8.2.1(b).
<b>Sale Facility</b>	the facility described in clause 5.7 of the Scheme.
<b>Sale Proceeds</b>	the net proceeds of sale of the Scrip Consideration by the Sale Agent through the Sale Facility payable to each Ineligible Overseas Shareholder (after deducting any applicable brokerage and other selling costs, taxes and charges).

<b>Scheme</b>	the scheme of arrangement between TGG and the Scheme Participants as described in clause 2 of the Scheme Implementation Agreement and set out in Annexure B.
<b>Scheme Implementation Agreement</b>	the document titled "Scheme Implementation Agreement" between WAM Global and TGG dated 28 June 2021 (as amended from time to time).
<b>Scheme Meeting</b>	the meeting to be convened by the Court at which TGG Shareholders will vote on the Scheme.
<b>Scheme Participants</b>	each person who is a TGG Shareholder at the Record Date other than WAM Global.
<b>Scheme Share</b>	a TGG Share held by a Scheme Participant at the Record Date.
<b>Scrip Consideration</b>	<p>(a) for each Scheme Share (other than Buy-Back TGG Shares), that number of New WAM Global Shares determined by dividing the TGG NTA (as calculated in accordance with clause 5.2(v) of the Scheme Implementation Agreement) by the WAM Global NTA; plus</p> <p>(b) one New WAM Global Option for every New WAM Global Share received by a Scrip Participant,</p> <p>as set out in the Scheme.</p>
<b>Scrip Participant</b>	a Scheme Participant who is not a Buy-Back Accepting TGG Shareholder.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard (as agreed between TGG and WAM Global) or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard (as agreed between TGG and WAM Global).
<b>Second Court Hearing</b>	the hearing of the application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
<b>Shareholder Information Line</b>	an information hotline set up for TGG Shareholders at 1300 145 831 (within Australia) and +61 3 9415 4832 (outside Australia).
<b>SRN</b>	Securityholder Reference Number.
<b>Subsidiary</b>	<p>of an entity means another entity which:</p> <p>(a) is a subsidiary of the first entity within the meaning of the Corporations Act; and</p> <p>(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.</p>
<b>Superior Proposal</b>	<p>a bona fide Competing Transaction which the TGG Board, acting in good faith, and after taking written advice from its legal and financial advisers, determines is:</p> <p>(a) reasonably capable of being completed taking into account all aspects of the Competing Transaction, including any timing considerations, any conditions or other matters affecting the probability of the Competing Transaction being</p>

	completed, and the identity of the person making the Competing Transaction; and
(b)	of a higher financial value and is more favourable to TGG Shareholders as a whole than the terms of the Transaction, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.
<b>Tax Market Value</b>	has the meaning given in section 8.2.1(c).
<b>TGG</b>	Templeton Global Growth Fund Limited (ACN 006 558 149).
<b>TGG Auditor</b>	the auditor of TGG, being Ernst & Young.
<b>TGG Board</b>	the board of directors of TGG.
<b>TGG Buy-Back Proceeds</b>	the amount of the TGG NTA after all current and deferred tax balances and Transaction Costs, multiplied by the proportion of TGG Shares to be bought back under the Buy-Back. This represents the equivalent total proceeds distributed to all TGG Shareholders who elected to participate in the Buy-Back.
<b>TGG Information</b>	the information regarding TGG, other than the WAM Global Information and the Independent Expert's Report, contained in this Explanatory Memorandum.
<b>TGG Investment Agreement</b>	Investment Management Agreement between TGG and FTIAL dated 18 October 2019.
<b>TGG NTA</b>	the NTA of TGG on the Calculation Date, as determined in accordance with clauses 5.2(v) and 5.3(g) of the Scheme Implementation Agreement.
<b>TGG Share</b>	a fully paid ordinary share in TGG.
<b>TGG Shareholder</b>	each person who is registered in the Register from time to time as the holder of a TGG Share.
<b>Transaction</b>	the Scheme and the Buy-Back.
<b>Transaction Costs</b>	all of TGG's costs associated with implementing the Transaction (including portfolio transaction costs, payment of any taxes relevant to or payable in connection with the Buy-Back, fees for TGG's financial, taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, all fees payable to FTIAL (including any termination payments and costs and expenses under the Manager Agreements), all claims arising in relation to or under the Manager Agreements, costs associated with D&O run-off insurance, and including GST paid on such costs to the extent not reduced by an input tax credit) referable in any way to the Transaction or the period up to the Calculation Date that remain unpaid as at the Calculation Date.
<b>US Investment Company Act</b>	US Investment Company Act of 1940.
<b>US Investment Advisers Act</b>	US Investment Advisers Act of 1940.
<b>VWAP</b>	volume weighted average price.



<b>WAM Global</b>	WAM Global Limited (ACN 624 572 925).
<b>WAM Global Auditor</b>	the auditor of WAM Global, being Pitcher Partners Sydney.
<b>WAM Global Board</b>	the board of directors of WAM Global.
<b>WAM Global Constitution</b>	the company constitution of WAM Global.
<b>WAM Global Dividend</b>	the 5.0 cents per WAM Global Share fully franked final dividend announced by WAM Global on 18 August 2021.
<b>WAM Global Information</b>	the information prepared by WAM Global for inclusion in this Explanatory Memorandum and for which WAM Global is responsible, as contained in the WAM Global Chair's Letter, sections 5, 6 and 7 and the questions and answers contained in sub-section 2.1.5 ("Who is WAM Global and what are its intentions regarding TGG?") and the "Enlarged Group" sub-section 2.4 of section 2.
<b>WAM Global Investment Manager or Wilson Asset Management</b>	Wilson Asset Management (International) Pty Ltd (ACN 081 047 118).
<b>WAM Global Management Agreement</b>	the investment management agreement between WAM Global and the WAM Global Investment Manager dated 20 April 2018, described in section 5.
<b>WAM Global NTA</b>	the NTA of WAM Global as at the Calculation Date, as determined in accordance with clauses 5.3(f) and 5.2(w) of the Scheme Implementation Agreement.
<b>WAM Global Option</b>	a listed bonus option over one unissued WAM Global Share that is granted for nil consideration, has an expiry date of 12 September 2022 and is exercisable at a price of \$2.54 per WAM Global Option, which is on the same terms as existing options issued by WAM Global, ASX: WGB0.
<b>WAM Global Options Prospectus</b>	the prospectus issued 10 February 2021 in respect of WAM Global Options.
<b>WAM Global Share</b>	a fully paid ordinary share in the capital of WAM Global.
<b>Wilson Asset Management Group</b>	each of the following entities: <ul style="list-style-type: none"> <li>(a) Wilson Asset Management (International) Pty Ltd (ACN 081 047 118);</li> <li>(b) MAM Pty Limited (ACN 100 276 542);</li> <li>(c) WAM Capital Limited (ACN 086 587 395);</li> <li>(d) WAM Research Limited (ACN 100 504 541);</li> <li>(e) WAM Active Limited (ACN 126 420 719);</li> <li>(f) Botanical Nominees Pty Ltd (ACN 081 032 000) as trustee of the Wilson Asset Management Equity Fund;</li> <li>(g) WAM Leaders Limited (ACN 611 053 751);</li> <li>(h) WAM Microcap Limited (ACN 617 838 418);</li> <li>(i) WAM Global Limited (ACN 624 572 925);</li> </ul>

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|-----|--|
| (j) | WAM Strategic Value Limited (ACN 649 096 220); and |
| (k) | WAM Alternative Assets Limited (ACN 168 941 704).  |
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### Interpretation

In this Explanatory Memorandum (other than the Annexures):

- (a) except as otherwise provided, all words and phrases used in this Explanatory Memorandum have the meanings (if any) given to them by the Corporations Act;
- (b) headings are for ease of reference only and will not affect the interpretation of this Explanatory Memorandum;
- (c) words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. A reference to a person includes a reference to a corporation;
- (d) all dates and times are Sydney times, unless otherwise stated;
- (e) a reference to \$, A\$, AUD and cents is to Australian currency, unless otherwise stated; and
- (f) a reference to a section or Annexure is to a section in or Annexure to this Explanatory Memorandum, unless otherwise stated.

## **Annexure A – Independent Expert’s Report**

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# Templeton Global Growth Fund

Independent Expert's Report and Financial Services Guide

21 August 2021

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Directors  
Templeton Global Growth Fund Limited  
Level 19, 101 Collings Street  
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21 August 2021

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Dear Directors

## Introduction

Templeton Global Growth Fund Limited ("TGG" or "the Company") is an investment company listed ("LIC") on the Australian Securities Exchange ("ASX") with a market capitalisation of A\$309.0 million as at 12 July 2021<sup>1</sup>. The Company is externally managed by Franklin Templeton Investments Australia Limited ("Franklin Templeton" or "the TGG Manager") in accordance with the Investment Management Agreement dated 18 October 2019 ("TGG IMA"). The TGG Manager is mandated to predominately invest in a globally diversified portfolio of long positions of investment securities listed on global stock markets. TGG adopts a value investing approach whereby it targets securities that are considered under-priced relative to the earnings potential.

WAM Global Limited ("WGB") is a LIC listed on the ASX with a market capitalisation of A\$629.5<sup>2</sup> million as at 12 July 2021. WGB is externally managed by Wilson Asset Management (International) Pty Limited ("Wilson Asset Management", "WAM" or "WGB Manager"). WAM manages eight LICs, including WGB, and invests over A\$4.7 billion on behalf of over 110,000 retail investors. WGB provides investors with access to an actively managed portfolio of listed international growth companies. As at the date of this report, WGB and its related entities hold a 14.58% interest in TGG.

Historically, TGG has traded at a significant discount to net tangible assets ("NTA") between 29.8% based on 29 February 2020<sup>3</sup> post-tax NTA and 3.2% based on 31 July 2018<sup>4</sup> post-tax NTA. In order to try and bridge this gap, the Board of Directors of TGG ("TGG Board") has undertaken a number of initiatives including share buy backs, a reduction in the fees paid to the TGG Manager and reductions in other operating costs. Despite these efforts, TGG has continued to trade at a discount to NTA. As a result, on 6 October 2020, the TGG Board announced a strategic structural review of TGG's current structure and operations ("Strategic Review") with a view to maximising value for all TGG Shareholders.

The TGG Board engaged financial advisers to identify and evaluate a range of alternatives to TGG remaining in its current form as an LIC in order to bridge the trading price discount to NTA. The TGG Board considered a number of options including an orderly realisation and capital return to TGG Shareholders, and transactions with potentially interested parties including changes to the TGG

<sup>1</sup> Based on 198,097,061 shares on issue and a closing share price of A\$1.56.

<sup>2</sup> Based on 236,663,920 shares on issue and a closing share price of A\$2.66.

<sup>3</sup> Based on the 29 February 2020 post-tax NTA and the VWAP for the period commencing 11 March 2020 (day after announcement of 29 February 2020 NTA) and ending 6 April 2020 (day before announcement of March 2020 NTA).

<sup>4</sup> Based on the 31 July 2018 post-tax NTA and the VWAP for the period commencing 10 August 2018 (day after announcement of 31 July 2018 NTA) and ending 9 September 2020 (day before announcement of 31 August 2018 NTA).

Manager, fund strategy, and other corporate transactions. Concurrently, TGG's financial advisers undertook an inbound process to also identify other potentially interested parties. Out of the Strategic Review process, TGG received interest from a number of parties<sup>5</sup>.

On 29 June 2021, TGG and WGB jointly announced they had entered into a Scheme Implementation Agreement ("SIA") to merge the two LICs ("Scheme"), under which WGB proposes to acquire all of the TGG shares ("Shares" or "TGG Shares") that it and its related entities do not already own based on the following terms:

- TGG Shareholders will receive scrip consideration ("Scrip Consideration") of WGB Shares<sup>6</sup> ("WGB Shares") and WGB options ("WGB Options"<sup>7</sup>) based on the relative post-tax (but before deferred tax balances) NTA per share ("Exchange Ratio") as at the calculation date, which is expected to be 30 September 2021 ("Calculation Date") and on the basis that the Total TGG Buy-Back Proceeds have already been paid in full by TGG.
- In accordance with the terms of the SIA, TGG will also offer to buy-back<sup>8</sup> ("Buy-Back")<sup>9</sup> Shares off TGG Shareholders for a cash consideration ("Cash Consideration") based on the TGG NTA on the Calculation Date after all applicable Transaction Costs (as at the Calculation Date) and after all current and deferred tax balances. For illustrative purposes we have assessed a Cash Consideration based on the 30 June NTA at A\$1.551 per share.
- The TGG NTA used to calculate the Exchange Ratio will be based on the relative NTA per share after Transaction Costs ("Transaction Costs") but before deferred tax balances and will be adjusted to account for the impact of the Buy-Back. The Transaction Costs will be shared on a pro-rata basis based on the split of TGG Shareholders who participate in the Buy-Back and those who receive the Scrip Consideration. For illustrative purposes only, if the relative post-tax NTA as at 30 June 2021 were used, the Exchange Ratio would be 0.620 WGB Shares and 0.620 WGB Options for each 1 TGG Share assuming a level of participation in the Buy-Back of 40%.
- The TGG IMA will be terminated and the combined TGG and WGB ("Enlarged Entity") will be managed by WAM.
- The Scheme and the Buy-Back are inter-conditional. Accordingly, both need to be approved in order for the Proposed Transaction to proceed.

Under the SIA, the default is for TGG Shareholders to receive Scrip Consideration and only TGG Shareholders that specifically elect to participate in the Buy-Back will receive the Cash Consideration. If the Scheme is implemented, it is intended that TGG Shareholders who receive the Scrip Consideration will also be entitled to the fully-franked WGB FY21 Dividend of 5 cents per share ("WGB Dividend") expected to be paid in early November 2021.

If the Scheme is implemented, WAM Global intends to invite the current TGG Chairman, Christopher

<sup>5</sup> In various form including changes to the TGG IMA and fund strategy, exchange offers and scrip mergers.

<sup>6</sup> Including the WGB Dividend and hence on a cum-dividend basis.

<sup>7</sup> For each WGB Share that TGG Shareholders receive under the Scrip Consideration, TGG Shareholders will also receive one WGB Option with an exercise price of A\$2.54, exercisable at any time on or before the expiry date of 12 September 2022 and free from brokerage fees.

<sup>8</sup> The Buy-Back is an equal access buy-back offer made to TGG Shareholders.

<sup>9</sup> Herein we refer to the Scheme and the Buy-Back as the "Proposed Transaction".

Freeman, to join the WAM Global Board.

The TGG Board unanimously recommends that TGG Shareholders vote in favour of the Proposed Transaction in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposed Transaction is in the best interests of TGG Shareholders. Each TGG Director who has an interest in TGG Shares intends to vote their shares in favour of the Scheme and the Buy-Back subject to those same two conditions.

WGB has advised TGG that WGB and its related entities who hold TGG Shares will abstain from voting on the Scheme and the Buy-Back.

## Purpose of the report

We note that there is no legal requirement for the preparation of an IER in conjunction with the Scheme, however, the Proposed Transaction and the TGG Directors' recommendation of the Proposed Transaction are conditional upon an independent expert concluding and continuing to conclude that the Proposed Transaction is fair and reasonable and in the best interests of TGG shareholders.

In addition under Australian Securities and Investment Commission ("ASIC") Regulatory Guide 110 'Share buy-backs' ("RG 110"), if a company proposes to buy back a significant percentage of the shares, it should consider providing an Independent Expert's Report.

Accordingly, the TGG Board has engaged Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") to prepare an Independent Expert's Report ("IER" or "Report") to assist the TGG Shareholders in considering the merits of the Proposed Transaction as a whole.

When preparing the IER, Grant Thornton Corporate Finance has had regard to the Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Proposed Transaction is FAIR AND REASONABLE and hence in the BEST INTERESTS of TGG Shareholders in the absence of a superior proposal.**

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Proposed Transaction is fair and reasonable to TGG Shareholders and other quantitative and qualitative considerations.

## ***Fairness Assessment***

In forming our opinion in relation to the fairness of the Proposed Transaction, Grant Thornton Corporate Finance has compared the value of TGG Shares on a control basis prior to the Proposed Transaction with the value of the Consideration being offered. We have assessed the Scrip

Consideration to be higher than the Cash Consideration<sup>10</sup>, and accordingly our fairness opinion has been assessed with regards to the Scrip Consideration (which we have assessed on a minority basis). In relation to the Buy-Back, we have also considered the fairness of the Cash Consideration further below. While the Exchange Ratio for the Scheme will be calculated with reference to the Calculation Date (expected to be 30 September 2021) NTAs of TGG and WGB, for the purpose of our fairness assessment we have had regard to the latest monthly NTAs of TGG and WGB, being 30 June 2021, which is before the Calculation Date. Accordingly, there is a risk that movement in the NTAs between 30 June 2021 and the Calculation Date could result in changes to the Exchange Ratio (either positive or negatively) and hence changes to the valuation outcome for TGG Shareholders. Accordingly, we have included a sensitivity on the Exchange Ratio to highlight the potential effects to TGG Shareholders.

In addition, in our valuation of the Scrip Consideration, we have had regard to the current trading price of WGB Shares and WGB Options. The trading prices of WGB Shares and WGB Options are subject to market movements and could change materially between the date of this Report and the Implementation Date and accordingly we have included a sensitivity on WGB's trading price to highlight the effect of changes to WGB's trading price to TGG Shareholders who accept the Scrip Consideration.

A summary of our fairness assessment for the Scheme is set out in the table below:

Fairness Assessment	Section Reference	Low	High
A\$			
GT assessed value per WGB Share <sup>1</sup>	8.1.1	2.65	2.70
Exchange Ratio <sup>2</sup>	8.1.2	0.62	0.62
Scrip Consideration per TGG Share (before WGB Options value)		1.64	1.67
Adjusted WGB Option value <sup>3</sup>	8.1.3	0.07	0.08
Total Consideration per TGG Share		1.71	1.75
Realisation value of TGG NTA (post-tax)	7.1	1.55	1.55
<b>Premium / (discount) (\$)</b>		<b>0.166</b>	<b>0.207</b>
<b>Premium / (discount) (%)</b>		<b>10.7%</b>	<b>13.4%</b>
<b>Fairness opinion</b>		<b>FAIR</b>	

Sources: S&P Global, GTCF analysis

Note (1): We note that Scrip Shareholders will be entitled to the WGB Dividend. As such, we have relied on the share price after the dividend announcement on 22 July 2021, hence the GT assessed value per WGB Share is on a Cum-dividend basis.

Note (2): The NTAs of the TGG and WGB portfolios represent prices quoted on international stock exchanges in foreign currencies converted to Australian dollars. As such, we have obtained the underlying exchange rates used by both portfolios as at 30 June 2021 and note no material variances between the rates utilised by TGG and WGB. In addition, we have assumed a 40% participation in the Buy-Back.

Note (3): The Adjusted WGB Option value is calculated using the GT assessed value per WGB Option, multiplied by the Exchange Ratio

The value of the Scrip Consideration is A\$1.71 to A\$1.75.

We note that the Scrip Consideration is dependent on the Exchange Ratio as at the Calculation Date. As the WGB and TGG NTA per share used in the Exchange Ratio as at the calculation date is unknown, we have sensitised both balances to observe the potential impact on the Exchange Ratio.

<sup>10</sup> Based on a number of key assumptions as at the date of this Report, which are subject to change as at the Calculation Date and Implementation Date. These assumptions include (but are not limited to) the prevailing WGB Share and WGB Option trading prices and the NTA of TGG and WGB used to calculate the Exchange Ratio. In addition, each TGG Shareholder will have specific tax implications when considering whether to accept the Cash Consideration or the Scrip Consideration. These tax implications include their marginal tax rate, their ability to utilise LIC capital gain deductions and their capital gains tax implications.



We note that based on the prevailing trading prices of WGB the Exchange Ratio would have to fall below 0.559 for the Proposed Transaction to be considered Not Fair.

Indicative WGB NTA per share for Exchange Ratio	Indicative TGG NTA per share for Exchange Ratio						
	1.353	1.453	1.553	1.653	1.753	1.853	1.953
2.366	0.572	0.614	0.656	0.699	0.741	0.783	0.826
2.466	0.549	0.589	0.630	0.670	0.711	0.752	0.792
2.566	0.527	0.566	0.605	0.644	0.683	0.722	0.761
2.666	0.508	0.545	0.583	0.620	0.658	0.695	0.733
2.766	0.489	0.525	0.562	0.598	0.634	0.670	0.706
2.866	0.472	0.507	0.542	0.577	0.612	0.647	0.682
2.966	0.456	0.490	0.524	0.557	0.591	0.625	0.659

Sources: GTCF Analysis, Management.

Note: We have highlighted in red those Exchange Ratios which would alter outcome of the Proposed Transaction to be Not Fair

Our valuation assessment of TGG based on the orderly realisation of the balance sheet is substantially fixed as at 30 June 2021 (subject to market movements between 30 June 2021 and the period over which the portfolio is realised) whereas our valuation assessment of the Scrip Consideration depends on the trading price of WGB. Accordingly, we have outlined below a sensitivity table which demonstrates how the value of the Scrip Consideration varies in conjunction with changes to WGB's trading price and the impact on our fairness assessment.

WGB Share price sensitivity	WGB share price (\$)							
	2.35	2.45	2.55	2.65	2.70	2.80	2.90	3.00
Adjusted WGB Share Price <sup>1</sup>	1.46	1.52	1.58	1.64	1.67	1.74	1.80	1.86
Adjusted WGB Option Price <sup>2</sup>	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total Consideration per TGG Share	1.53	1.59	1.66	1.72	1.75	1.81	1.87	1.93
Realisation value of TGG NTA (post-tax) <sup>3</sup>	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
Premium / (discount) (%)	(1.0%)	3.0%	7.0%	11.0%	13.1%	17.1%	21.1%	25.1%
Fairness opinion	Not fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair

Sources: GTCF Analysis, Management.

Note: (1) WGB Share price multiplied by the Exchange Ratio.

Note: (2) The GT assessed Midpoint WGB Option price multiplied by the Exchange Ratio.

Note (3) Midpoint value selected

We note that WGB's trading price closed at A\$2.68 on 22 July 2021 and it has varied between A\$2.40 and A\$2.75 since 4 January 2021.

As set out in the table above, even if WGB's trading price reduces to A\$2.45, the Proposed Transaction would still be fair. We note the price would need to decrease 11% to c. A\$2.38 to be considered not fair.

TGG Shareholders should be aware that our assessment of the value per TGG Share should not be considered to reflect the price at which TGG Shares will trade if Proposed Transaction is not implemented. The price at which TGG Shares will ultimately trade depends on a range of factors, including: the liquidity of TGG Shares; macro-economic conditions; interest rates; exchange rates; and the performance of TGG's business and in particular the performance of Franklin Templeton as Manager of TGG.

*Valuation assessment of TGG under the NRV approach*

In our valuation assessment of the fair market value of TGG, we have relied on the orderly assets realisation approach having regard to the latest available balance sheet as at 30 June 2021. We have assumed it would take up to 3 months to complete the orderly realisation.

Valuation summary	Section Reference	Low	High
\$			
NTA (after estimated tax) per TGG Share as at 30 June 2021		1.554	1.554
Number of TGG Shares as at 30 June 2021		198,097,061	198,097,061
<b>NTA (after estimated tax) as at 30 June 2021</b>		<b>307,863,853</b>	<b>307,863,853</b>
Management Fees payable	Note 1	(286,653)	(259,352)
Transaction costs yet to be incurred	Note 2	(1,865,185)	(1,378,615)
Accumulated profit	Note 3	515,783	515,783
Estimated selling costs of the Portfolio	Note 4	(65,150)	(58,945)
<b>Equity value on a 100% basis</b>		<b>306,162,648</b>	<b>306,682,723</b>
Number of TGG Shares as at 30 June 2021		198,097,061	198,097,061
<b>Assessed value per TGG Share on a control basis (\$ per share)</b>		<b>1.546</b>	<b>1.548</b>

Sources: GTCF Analysis, Management.

**Note 1** - Management Fees relate to fees payable under the IMA over the orderly realisation period, which we have assumed at three months. The fees are calculated using 0.75% per annum of the market capitalisation and a tax rate of 30%<sup>11</sup>, we have sensitised the market capitalisation using a +/- 5% adjustment<sup>12</sup> to calculate the Low and High range.

**Note 2** – Transaction costs relate to the regulatory, legal, advisory and consulting fees required to perform an orderly realisation of the fund. We have applied a +/-15% range to the estimated costs to account for potential delays and cost over/under runs and tax adjusted them using a tax rate of 30%.

**Note 3** – Accumulated profit relates to profit generated during the orderly realisation period. We have based this on the FY21 income statement which we have adjusted to remove the Management Fees (to prevent double counting with the Management Fees) and transaction costs already incurred in relation to the Proposed Transaction.

**Note 4** - Estimated selling costs relating to brokerage fees of c. 2 basis points required to orderly realise the Portfolio. We have sensitised the balance by +/- 5% to calculate the Low and High range as the value of the portfolio may change.

#### *Valuation assessment of the Scrip Consideration*

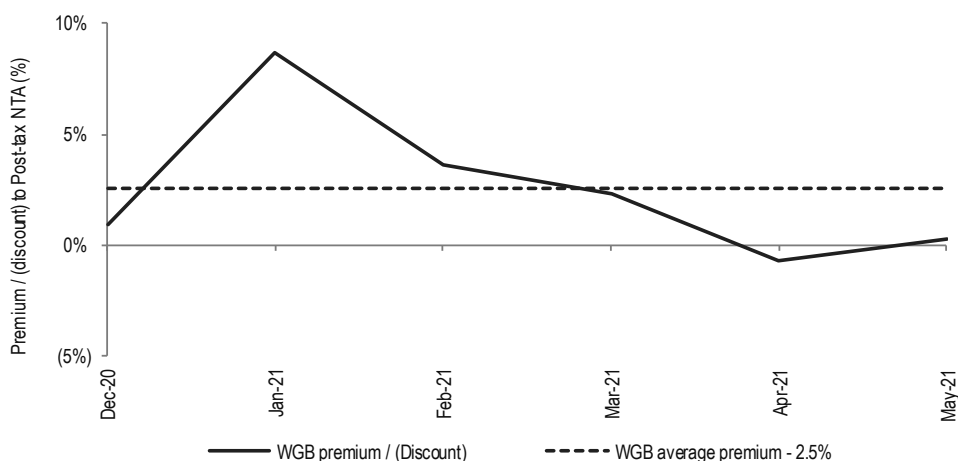
In our valuation assessment of the Scrip Consideration, we have considered it appropriate to rely on WGB's trading price rather than the post-tax NTA of WGB as at 30 June 2021 due to the following:

- As outlined in the graph below, since December 2020 WGB has been trading at a slight premium or substantially in line with its post-tax NTA. Accordingly, the trading price is closely aligned with the underlying value of the WGB Portfolio and therefore it is reasonable to rely on WGB's trading price to assess the market value of the Scrip Consideration received by TGG Shareholders. In

<sup>11</sup> The TGG effective tax rate of 30% as per the 30 June 2021 Financial Statements

<sup>12</sup> We note the adoption of a +/- 5% range on the market capitalisation may appear large given the relatively short c. 3 months time it would take to undertake an orderly realisation of the portfolio, however, we note the adopted post-tax NTA of 1.554 is an artificially precise value for the net assets and accordingly we have applied a larger range on the cost assumptions to derive a range on the value per share.

assessing the WGB trading price to value the Scrip Consideration, we have mostly relied on WGB's recent trading prices given that we have assumed that TGG Shareholders will most likely dispose of the WGB Shares and WGB Options they receive as consideration in the near term. In addition, we note the significant impact that COVID-19 had on equity markets during 2020 and accordingly we have placed less reliance on WGB's trading price during this time.



Sources: WGB monthly investor updates; S&P Global.

- As discussed in section 8.1.1, there is sufficient liquidity in WGB trading prices to allow TGG Shareholders to realise the WGB Shares and WGB Options received as consideration at market value. Accordingly, the trading price of WGB Shares represents a reasonable proxy of the value that accepting TGG Shareholders could expect to realise from their investment if they decide to sell the WGB Shares received as consideration.
- In our valuation assessment, we have not addressed the circumstances that TGG Shareholders will become long term investors in WGB.

#### Valuation assessment of the Cash Consideration and fairness summary

Based on the 30 June NTA and assuming a level of participation into the Buy-Back of 40%, we have set out below the value of the Cash Consideration and our assessment of the fairness.

Cash Consideration		
\$		
NTA (after estimated tax) as at 30 June 2021		307,863,853
Transaction costs after tax		(1,621,900)
<b>Total Cash Consideration</b>		<b>306,241,953</b>
Number of TGG Shares as at 30 June 2021		198,097,061
<b>Total Cash Consideration per TGG Share</b>		<b>1.546</b>
Assessed value per TGG Share	1.546	1.548
<b>Premium / (discount) (\$)</b>	<b>0.0004</b>	<b>(0.0022)</b>
<b>Premium / (discount) (%)</b>	<b>0.026%</b>	<b>(0.1%)</b>
<b>Fairness opinion</b>		<b>FAIR</b>

Sources: GTCF Analysis, Management.



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### ***Reasonableness Assessment***

In considering the reasonableness of the Proposed Transaction, we have assessed the following advantages, disadvantages and other factors for TGG Shareholders who opt for the Scrip Consideration (“Scrip Shareholders”) and the Cash Consideration (“Cash Shareholders”).

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## Advantages

### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access cash flows, access tax benefits and control of the Board of Directors of the company.

The Scrip Consideration represents a premium<sup>13</sup> to TGG's trading price before the announcement of the Proposed Transaction as summarised below:

- Between 12.5% to 15.4% based on the closing price of TGG on 28 June 2021.
- Between 12.7% to 15.6% based on the 1 week VWAP of TGG on 28 June 2021.
- Between 13.2% to 16.1% based on the 1 month VWAP of TGG on 28 June 2021.
- Between 14.8% to 17.7% based on the 3 month VWAP of TGG on 28 June 2021.

This premium for control will not be available to TGG Shareholders in the absence of the Proposed Transaction. The level of control premium is lower than that typically observed for control transactions occurring in Australia of between 20% and 40%. However we consider this reasonable due to the following:

- TGG's portfolio investment allocations are publicly available and disclosed to the markets, it is possible for market participants and competitors to replicate the TGG portfolio with relative ease and limited cost. Accordingly there is limited goodwill.
- Our valuation assessment is based on the realisable value of the balance sheet and the market value of the underlying investments.

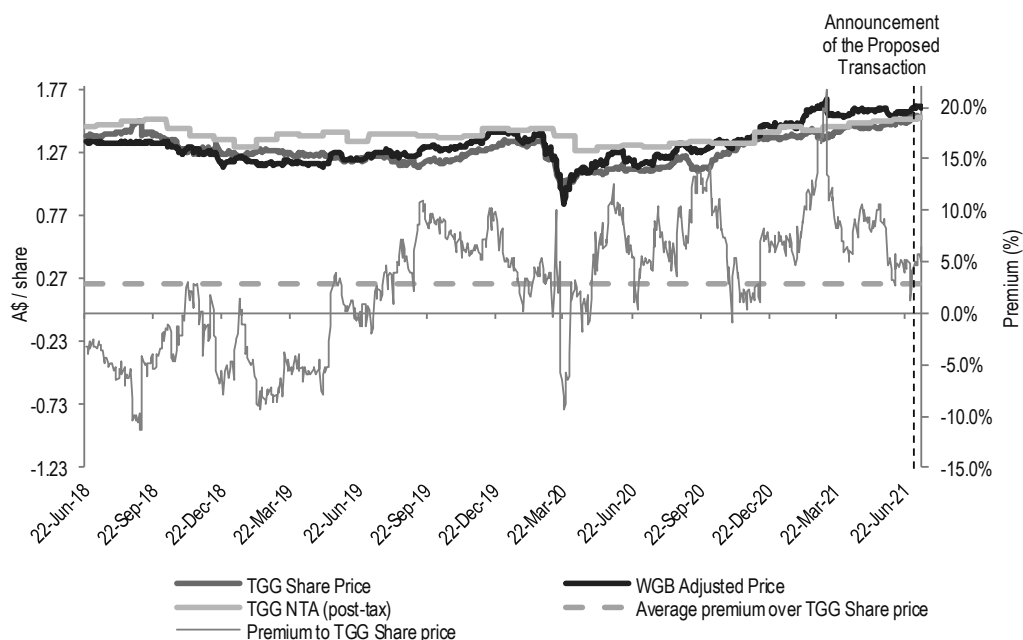
### *Ability to realise their investments at a premium to post-tax NTA (Scrip Shareholders)*

TGG Shareholders who receive Scrip Consideration will be able to realise a price at a premium to NTA<sup>14</sup> and TGG's trading price. In the graph below, we have outlined the historical value of the adjusted WGB Share price ("WGB Adjusted Price") (i.e. WGB trading price multiplied by the Exchange Ratio) and compared it with TGG's trading price and monthly post-tax NTA. We note that the below analysis does not consider the WGB Options issued as part of the Scrip Consideration, which further improves the outcome for the Scrip Shareholders. As shown in the chart below, the WGB Adjusted Price has been trading at a consistent premium to TGG NTA and the TGG share price since December 2020.

<sup>13</sup> The below premiums calculated based on the low and high range of the valuation of the Scrip Consideration.

<sup>14</sup> Based on the current trading price of WGB.

### TGG share price and post-tax NTA vs. the WGB Adjusted Price based on the Exchange Ratio



Sources: S&P Global, GTCF Analysis.

Note (1): the WGB Adjusted Price has been calculated as the trading price of WGB multiplied by the Exchange Ratio of 0.620 under the assumption that 40% of TGG Shareholders participate in the Buy-Back.

Over the last few years, the TGG Board and TGG Manager have been exploring various initiatives to close the discount to NTA, with limited success to date. Accordingly, it may be challenging for TGG Shares to trade in line with the implied value of the Scrip Consideration and at a premium to post-tax NTA in the short-term in the absence of the Proposed Transaction or an alternative transaction.

#### *No likelihood of a superior outcome for TGG Shareholders (Scrip Shareholders and Cash Shareholders)*

The TGG Board has undertaken an approximately 9 months-long Strategic Review process which resulted in TGG engaging with several interested parties. The Proposed Transaction was assessed as best achieving the stated objectives of the Strategic Review.

As discussed before, we have undertaken our valuation assessment of TGG on an orderly realisation basis which represents an alternative course of action for the TGG Board and the Manager to propose to TGG Shareholders to realise a price of their investment more in line with the post-tax NTA. We note however that in order to implement a liquidation/wind-up of the Company to realise the value of the portfolio and distribute the cash back to the TGG Shareholders, a special resolution approved by 75% of TGG Shareholders casting their vote is required. The TGG Board intends to pursue an orderly realisation if TGG Shareholders do not approve the Proposed Transaction. WGB and its related entities currently hold c.14.58%<sup>15</sup> of the issued capital of TGG and it may not necessarily be in the best interest of the WGB related entities that are TGG Shareholders or Wilson Asset Management to liquidate TGG as the Scheme merger is a more value accretive option for them.

<sup>15</sup> Based on 28,878,599 shares in TGG controlled by Wilson Asset Management Group & related entities and 198,097,061 TGG shares outstanding as at 22 July 2021.

We also note that WGB and its related entities' shareholding in TGG may prevent any alternative interested parties to try to take over TGG without prior agreeing with those entities. In our opinion, the Proposed Transaction represents the current best possible outcome for TGG Shareholders to realise a price of their investment above or in line with the NTA in the short term.

*Scrip for Scrip rollover relief (Scrip Shareholders)*

TGG Shareholders accepting the Scrip Consideration will be able to benefit from capital gain tax scrip-for-scrip rollover relief so that no capital gain tax (if any) will be payable in relation to the WGB Shares received as consideration. However, CGT scrip-for-scrip rollover relief for the portion of capital gains made in respect of the WGB Options will not be available. Shareholders that accept the Cash Consideration will most likely realise a capital gains tax liability. See section 8.3 of the Explanatory Memorandum for further details.

*Increased size, equity market presence and liquidity (Scrip Shareholders)*

Scrip Shareholders who retain their WGB Shares will benefit from the increased scale and liquidity generated by combining the operations of TGG and WGB which should enhance the ability to exit their investments at market value. Depending on the level of participation in the Buy-Back, the market capitalisation will be between two and almost three times larger than TGG before the Proposed Transaction.

*Tax implications of the Cash Consideration (Cash Shareholders)*

The Cash Consideration for TGG Shareholders who participate in the Buy-Back will consist of a capital component and a dividend component, which will be partially franked. TGG Shareholders should consider the after-tax proceeds of the Cash Consideration including the impact of franking credits, LIC capital gains deductions and capital gains tax ("CGT") consequences, which will vary depending on each individual TGG Shareholder's tax circumstances. It is currently not known what level of franking will apply to the dividend component and the level that TGG Shareholders will be able to utilise the LIC capital gains deduction will vary between TGG Shareholders. In addition, each TGG Shareholder will have different capital gains tax consequences. However, certain TGG Shareholders, including super fund members, will be able to benefit from the franking credits attached to the dividend component and the LIC capital gains deductions. For further details of the potential tax consequences and scenarios regarding the level of franking, LIC capital gains deduction and CGT consequences refer to section 8.2.1 of the Explanatory Memorandum.

*Certainty of value (Cash Shareholders)*

TGG Shareholders who accept the Cash Consideration will be able to receive a price in line with the post-tax NTA after their pro-rata proportion of transaction costs and deferred tax assets and liabilities. However they will no longer be exposed to the potential upside of the Enlarged Entity.

*No brokerage costs (Scrip Shareholders and Cash Shareholders)*

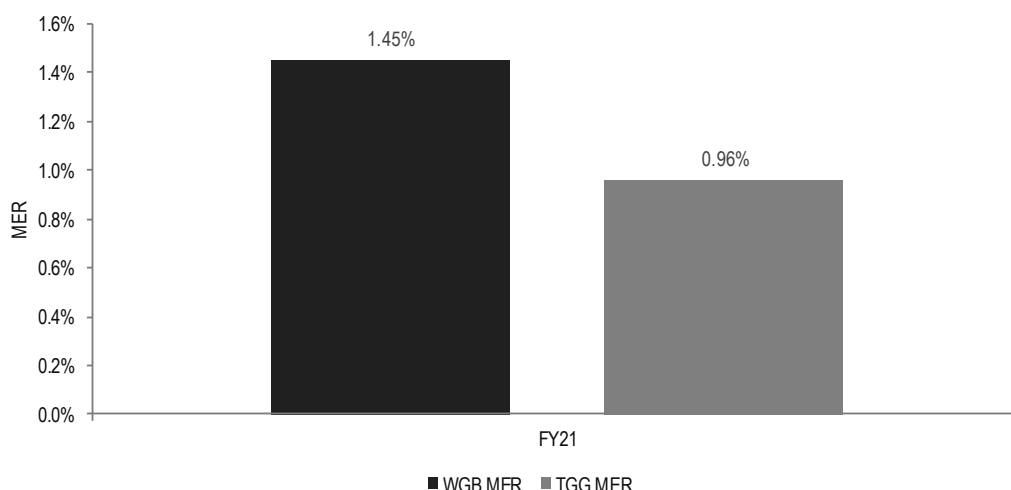
If the Proposed Transaction is implemented, TGG Shareholders will be able to realise their investment in TGG without incurring any brokerage or stamp duty costs.

## Disadvantages

### *Higher Management Expense Ratio (Scrip Shareholders)*

Under the Proposed Transaction, TGG and WGB will merge and WAM will take over responsibility for management of the Enlarged Entity. We note that TGG's MER is substantially lower than WGB's MER prior to the Proposed Transaction, however as WGB's scale increases, the MER of the Enlarged Entity should reduce slightly. TGG currently pays Franklin Templeton a fee of 0.75% p.a. of the market capitalisation of TGG for managing its investment portfolio ("TGG Management Fee"). This is lower than the WGB management fees paid to WAM of 1.25% p.a. of the gross value of the portfolio. The higher management fees charged by WGB relative to TGG may reduce the level of earnings and in turn the level of dividends and dividend yield for TGG Shareholders who accept and retain the Scrip Consideration. We have been unable to estimate the pro-forma MER for the Enlarged Entity as this depends on the level of participation in the Buy-Back, which is currently unknown. However, given the majority of operating expenses in WGB relate to management fees, the MER of the Enlarged Entity should not be materially lower than the current level. Below we present the MER of TGG and WGB in FY21 before the Proposed Transaction:

### **FY21 Management Expense Ratio<sup>1</sup> of TGG<sup>2</sup> and WGB<sup>3</sup> before the Proposed Transaction**



Source: S&P Global, TGG and WGB Annual Reports, GTCF analysis.

Note (1): MER calculated as total expenses (excluding income tax) taken from the FY21 accounts divided by the average post-tax net asset value over the financial year (calculated based on the average monthly post-tax net assets as announced on the ASX).

Note (2): For TGG, in FY21, we have excluded c. A\$1.0 million in one-off transaction costs associated with the merger with WGB.

Note (3): Excludes portfolio related expenses such as brokerage.

Note (4): FY21 MER for TGG reflects the first full financial year of TGG under the renegotiated 18 October 2019 IMA with Franklin Templeton.

Note (5): MER calculated based on GTCF analysis and WGB Management.

### *Potential overhang effect on WGB trading prices (Scrip Shareholders)*

We have assessed the fair market value of the Scrip Consideration based on the trading price of WGB which, in our opinion, represents a proxy of the value that TGG Shareholders will be able to realise if they decide to sell them on-market. However, depending on the level of participation in the Buy-Back, we note that the TGG Shareholders will collectively receive up to 105.0 million<sup>16</sup> WGB Shares (excluding TGG Shares held by WAM).

<sup>16</sup> Assuming 0% participation in the Buy-Back.



In the table below we present TGG Shareholder's interest in the Enlarged Entity depending on the level of participation in the Buy-Back. We have not considered the WGB Options in the analysis as it is unknown when or if they will be converted to WGB Shares:

TGG Shareholders interest in Enlarged Group	Buy back participation				
	0%	20%	40%	60%	80%
TGG Shares remaining after the Buy-Back (including WAM interest)	198,097,061	158,477,649	118,858,237	79,238,824	39,619,412
Exchange Ratio	0.621	0.621	0.620	0.619	0.617
WAM WGB Shares from WAM-held TGG Shares <sup>1</sup>	18,059,483	18,059,483	18,030,402	18,001,320	17,943,158
WAM WGB Shares from non WAM-held TGG Shares	104,958,792	80,355,137	55,661,705	31,047,512	6,502,020
Existing WGB Shares at 30 June 2021	236,334,452	236,334,452	236,334,452	236,334,452	236,334,452
<b>Total Enlarged Entity Ordinary Shares (undiluted)</b>	<b>359,352,727</b>	<b>334,749,072</b>	<b>310,026,559</b>	<b>285,383,284</b>	<b>260,779,629</b>
TGG Shareholders interest (excluding WAM interest) in Enlarged Entity	29.2%	24.0%	18.0%	10.9%	2.5%
WGB interest in Enlarged Entity (including WAM TGG interest)	70.8%	76.0%	82.0%	89.1%	97.5%

Source: Scheme Booklet, GTCF analysis.

Accordingly, if all TGG Shareholders seek to sell WGB Shares immediately after they receive them, it may create an overhang effect and depress WGB trading prices. Under those circumstances, the price that TGG Shareholders will be able to realise from the sale of WGB Shares may be lower than our valuation assessment. Please refer to our sensitivity analysis on the value of Scrip Consideration in conjunction with different level of WGB Shares included in the executive summary.

#### *Lower dividend yield (Scrip Shareholders)*

WGB has historically had a lower dividend yield than TGG. TGG Shareholders who accept the Scrip Consideration may receive a lower distribution yield in the future. Below we present the historical distribution yields of TGG and WGB.

Dividend yield	FY19	FY20	FY21
TGG	5.6%	4.8%	TBD
WGB	n/a	3.7%	3.9%

Source: ASX announcements, S&P Global, GTCF analysis.

Note: We have calculated the distribution yields based on the value per share at the end of each financial year and the distributions paid that relate to that reporting period. For example, the FY20 distribution yield is based on the closing price at 30 June 2020 and the distributions paid relating to the FY20 performance period.

## Other factors

### *Change in investment style and portfolio*

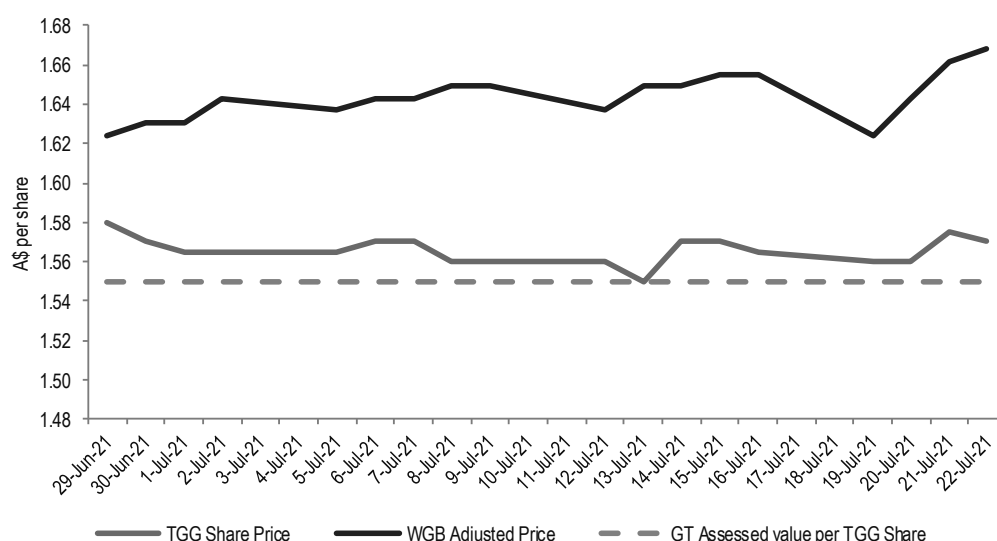
TGG predominantly invests in long positions of predominately large cap international shares using a bottom up, value style investment process. It adopts a 'buy and hold' investment philosophy and aims to outperform its benchmark by picking securities that it considers under-priced relative to their forecast earnings growth, and holding them typically for five years or more. WGB, on the other hand, aims to provide investors access to an actively managed portfolio of large to medium sized companies international growth companies. WAM's research driven process aims to identify undervalued companies and invest where it can identify a price catalyst event. It also adopts a market driven process to take advantage of short-term mispricing opportunities from events such as IPOs, placements, block trades, rights issues, corporate transactions and LIC discount arbitrage. Accordingly, the management style of WGB is slightly different to TGG as it typically identifies a price catalyst event before making an investment, whereas TGG adopts a more 'buy and hold' approach.

Neither TGG nor WGB have any industry or geographic allocation limitations, however the make-up of investments varies across the two portfolios as at 30 June 2021. From a geographic perspective, TGG has a lower allocation to US-listed companies than WGB. Furthermore, TGG has a much larger weighting to Asian<sup>17</sup> listed companies with c. 33.4% of its portfolio exposed to Asian companies. Meanwhile WGB's exposure to Asian companies is less than 10%. From a sector allocation perspective, WGB has a greater focus on the Industrials and health care and consumer staples industries, whereas TGG is more heavily focused on the information technology, financials and materials industries.

#### *Share price after the announcement*

As set out below, following the announcement of the Proposed Transaction, the trading price of TGG has fluctuated between A\$1.55 and A\$1.58 which is broadly in line with our assessment of the Scrip Consideration and our valuation of TGG on an orderly realisation basis. TGG's trading price after the announcement of the Proposed Transaction seems to indicate good support from investors for the Proposed Transaction, perceived low risk of the Proposed Transaction and limited expectations for a superior proposal.

#### **WGB Adjusted Price<sup>1</sup> vs TGG share price from 29 June 2021**



Source: S&P Global, GTCF analysis.

Note: (1) Computed as WGB's closing share price multiplied by the Exchange Ratio.

#### *Share price in the absence of the Proposed Transaction*

In the absence of the Proposed Transaction or alternative transactions, all else being equal, in our opinion, it is likely that TGG Shares will trade at prices below the Scrip Consideration and/or the Cash Consideration offered and in line with the trading price before the announcement of the Proposed Transaction.

#### *Historical performance*

In the event the Proposed Transaction is approved, the two LICs will merge and WAM will manage

<sup>17</sup> Includes Japan, South Korea, Taiwan, China and Hong Kong

the portfolio of the Enlarged Entity. Below we present a comparison of the historical returns generated by the two fund managers.

Name of LIC / Benchmark	Performance <sup>1</sup>		
	1 year	2 years	Since inception
TGG	32.3%	13.3%	7.0%
MSCI ACWI	27.5%	15.6%	7.4%
<b>TGG outperformance / (underperformance) vs. benchmark</b>	<b>4.8%</b>	<b>(2.3%)</b>	<b>(0.4%)</b>
WGB	30.7%	16.0%	12.6%
MSCI World Index (AUD)	27.5%	15.6%	13.6%
<b>WGB outperformance / (underperformance) vs. benchmark</b>	<b>3.2%</b>	<b>0.4%</b>	<b>(1.0%)</b>

Source: GTCF Analysis, TGG Management, WGB June 2021 Investment Update.

Notes: (1) Performance for the period ending 30 June 2021; (2) Gross Investment portfolio performance consisting of equities, derivatives and cash, before fees and taxes; (3) Investment performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes; (4) Inception of TGG is May 1987, Inception of WGB is June 2018.

Over the last two years, Wilson Asset Management has obtained higher returns than Franklin Templeton, however the comparative analysis above should be considered with caution due to the following:

- WGB's management style is slightly different to TGG as it typically identifies a price catalyst event before making an investment, whereas TGG adopts a more 'buy and hold' approach.
- A change in the investment manager does not warrant future returns to be higher than those generated by Franklin Templeton.
- Historical returns are not a guide to future performance.

#### *Value of TGG for Wilson Asset Management*

If the Proposed Transaction is approved, the transaction is expected to add significant value to Wilson Asset Management. Upon the Scheme being implemented, the two funds will merge and WAM will be the Manager of the Enlarged Entity. Depending on the level of participation in the Buy-Back, Wilson Asset Management will be able to add up to A\$329 million of additional investments to its platform without any material additional costs. We have calculated that having regard to the asset management fee only, the replacement of Franklin Templeton as Manager could be worth up to c. A\$32.1 million to Wilson Asset Management (excluding performance fees)<sup>18</sup>.

#### *Directors' recommendations and intentions*

As set out in the Explanatory Memorandum, as at the date of this Report, the Directors of TGG unanimously recommend that you vote in favour of the Scheme and Buy-Back in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposed Transaction is in the best interests of TGG Shareholders. Each TGG Director who has an interest in TGG Shares intends to vote their shares in favour of the Scheme and Buy-Back subject to those same two conditions.

#### Reasonableness conclusion

<sup>18</sup> Assuming no participation in the Buy-Back and the WAM Management fee of 1.25% of gross assets and it will not incur any additional cost to manage TGG's investment portfolio. We have adopted a discount rate of 9% and a corporate tax rate of 30%. Calculated as  $[(1.25\% \times A\$330.0 \text{ million}) / 9\%] \times [1 - 30\%] = A\$32.1 \text{ million}$

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE** to TGG Shareholders.

### ***Overall conclusion***

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is **FAIR AND REASONABLE AND HENCE IN THE BEST INTERESTS** of TGG Shareholders in the absence of a superior alternative proposal emerging.

### **Other matters**

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Transaction is a matter for each TGG Shareholder to decide based on their own views of value of TGG and expectations about future market conditions, TGG's performance, risk profile and investment strategy. If TGG Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN  
Director



JANNAYA JAMES  
Director

## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by TGG to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This report is included in the Explanatory Memorandum.

### 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is TGG. Grant Thornton Corporate Finance receives its remuneration from TGG. In respect of the Report, Grant Thornton Corporate Finance will receive from TGG a fixed fee of A\$130,000 which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

### 5 Independence

Grant Thornton Corporate Finance is required to be independent of TGG in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.



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*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with TGG or WGB (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of experts” issued by the ASIC.”*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **7 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Outline of the Proposed Transaction

### 1.1 Key terms of the Proposed Transaction

In addition to the details provided in the executive summary of this IER, other key terms of the Proposed Transaction pursuant to the Explanatory Memorandum ("EM") and the SIA are outlined below:

- The Scheme and the Buy-Back are inter-conditional. Accordingly, both need to be approved in order for the Proposed Transaction to eventuate.
- The Exchange Ratio is unknown as at the date of this report as it depends on the level of participation in the Buy-Back and the Calculation Date NTA of WGB and TGG. However, the impact that the level of participation in Buy-Back has on the Exchange Ratio is immaterial (i.e. less than 1%). For instance, assuming a 20% participation in the Buy-Back, the Exchange Ratio would be 0.620. Whereas assuming an 80% participation in the Buy-Back, the Exchange Ratio would decrease to 0.617 with Scrip Shareholders c. 0.8% worse off. The movement in the Exchange Ratio relates to the efficient utilisation of certain deferred tax balances and is not expected to change materially by the assumed Calculation Date of 30 September 2021. This is in accordance with the merger mechanic framework under which it was agreed by the TGG Board and WGB that:
  - The merger consideration for a TGG Shareholder should not be adversely impacted by the proportion of TGG Shareholders who elect the Cash Consideration, and
  - Transaction costs associated with the Buy-Back and Scheme will be worn by all TGG Shareholders (on a pro-rata basis) as they represent two limbs of a single transaction.
- Approval of both the Scheme and the Buy-Back.
  - The Scheme must be approved by TGG Shareholders by a majority in number (more than 50%), and at least 75% of the total number of votes cast on the resolution.
  - The Buy-Back must be approved by a majority, being at least 50% of the total number of votes cast on the Buy-Back Resolution.
- Conditions precedent – the SIA includes the following conditions precedent:
  - Regulatory approvals from ASIC and the ASX.
  - Approval of the Scheme and Buy-Back resolution by TGG Shareholders in accordance with the Corporations Act.
  - The ATO provides a class ruling in which the ATO acknowledges in writing will be issued in substantially that form after the Implementation Date ("Draft ATO Class Ruling") and the ATO does not change the Draft ATO Class Ruling in any material respect, withdraw the ATO Class Ruling or otherwise indicate that it will not issue the final ATO Class Ruling.
  - Approval of the Scheme by the Court in accordance with Section 411(4) (b) of the Corporations Act.



- No regulatory intervention or TGG or WGB prescribed occurrences.
- TGG has given notice to the TGG Manager to terminate the Manager Agreements before the second court date, such that the termination is effective no later than the Implementation Date. The TGG Manager will continue to be paid to manage the portfolio over this 3 month time period, with no consideration payable on termination.
- No breach of representation or warranties.
- The new WGB Shares and WGB Options to be issued are approved for official quotation on the ASX.
- The Independent Expert issues a report which concludes that the Scheme is in the best interests of the TGG Shareholders before the date on which the Scheme Booklet is lodged with ASIC.
- Exclusivity provisions - the SIA includes the following provisions:
  - No-shop, such that TGG cannot solicit, invite or encourage new offers from any other party in relation to a competing transaction.
  - No-talk, such that TGG cannot negotiate or participate in negotiations or discussions relating to a competing transaction.
  - Due diligence, such that TGG cannot allow access to non-public information to any party in relation to a competing transaction.
  - Notice of unsolicited approach, such the TGG must inform WGB of any unsolicited approach or requests for information relating to a competing transaction.
  - Matching rights, such that if an unsolicited approach or actual or potential competing transaction is proposed or received, WGB has the right to offer a matching or superior proposal.

Refer to the EM and SIA for further details and other key terms.

## 1.2 Effects of the Proposed Transaction

If the Proposed Transaction is approved by TGG Shareholders, the following will occur:

- TGG Shareholders who do not elect to participate in the Buy-Back will receive the Scrip Consideration.
- TGG Shareholders who elect to participate in the Buy-Back will receive the Cash Consideration.
- TGG and WGB will merge to create the Enlarged Entity. TGG will terminate the investment management agreement with Franklin Templeton and the Enlarged Entity will be managed by WAM.
- Assuming 0% participation in the Buy-Back, TGG Shareholders will control c. 29.2% of the share capital of the Enlarged Entity on an undiluted basis. However, we note that there are currently 189.4 million WGB Options on issue to existing WGB shareholders and TGG Shareholders will receive up to

c. 122.8 million WGB Options as consideration for their TGG Shares (assuming 0% participation in the Buy-Back). Accordingly, on a fully diluted basis, TGG Shareholders will control c. 31.2% of the fully diluted share capital of the Enlarged Entity (assuming 0% participation in the Buy-Back) as presented in the below table:

TGG Shareholders interest in Enlarged Group	Buy back participation				
	0%	20%	40%	60%	80%
TGG Shares remaining after the Buy-Back (including WAM interest)	198,097,061	158,477,649	118,858,237	79,238,824	39,619,412
Exchange Ratio	0.621	0.621	0.620	0.619	0.617
WAM WGB Shares from WAM-held TGG Shares <sup>1</sup>	18,059,483	18,059,483	18,030,402	18,001,320	17,943,158
WAM WGB Shares from non WAM-held TGG Shares	104,958,792	80,355,137	55,661,705	31,047,512	6,502,020
Existing WGB Shares at 30 June 2021	236,334,452	236,334,452	236,334,452	236,334,452	236,334,452
<b>Total Enlarged Entity Ordinary Shares (undiluted)</b>	<b>359,352,727</b>	<b>334,749,072</b>	<b>310,026,559</b>	<b>285,383,284</b>	<b>260,779,629</b>
<i>TGG Shareholders interest (excluding WAM interest) in Enlarged Entity</i>	<i>29.2%</i>	<i>24.0%</i>	<i>18.0%</i>	<i>10.9%</i>	<i>2.5%</i>
<i>WGB interest in Enlarged Entity (including WAM TGG interest)</i>	<i>70.8%</i>	<i>76.0%</i>	<i>82.0%</i>	<i>89.1%</i>	<i>97.5%</i>
WGB Options held by existing WGB shareholders	189,409,888	189,409,889	189,409,890	189,409,891	189,409,892
New WGB Options for TGG Shareholders	104,958,792	80,355,137	55,661,705	31,047,512	6,502,020
New WGB Options for WAM TGG Shareholders	18,059,483	18,059,483	18,030,402	18,001,320	17,943,158
Total WGB Options	312,428,163	287,824,509	263,101,997	238,458,723	213,855,069
<b>Fully diluted shares in Enlarged Entity (fully diluted)</b>	<b>671,780,890</b>	<b>622,573,581</b>	<b>573,128,555</b>	<b>523,842,008</b>	<b>474,634,699</b>
<i>TGG Shareholders interest (excluding WAM interest) in Merged Entity</i>	<i>31.2%</i>	<i>25.8%</i>	<i>19.4%</i>	<i>11.9%</i>	<i>2.7%</i>
<i>WGB interest in Merged Entity (including WAM TGG interest)</i>	<i>68.8%</i>	<i>74.2%</i>	<i>80.6%</i>	<i>88.1%</i>	<i>97.3%</i>

Source: GTCF analysis; Explanatory Memorandum; S&P Global

- If the Scheme is implemented, WAM Global intends to invite the current TGG Chairman, Christopher Freeman, to join the WAM Global Board.



## **2 Purpose and scope of the report**

### **2.1 Purpose**

#### *Section 411 of the Corporations Act*

The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act 2011 (Cth) (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 section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

Whilst WGB and its related entities hold 28,878,599 shares in TGG (representing 14.58% of the ordinary shares on issue), as WGB and its related entities do not have a relevant interest in TGG of more than 30% and does not have representation on TGG's Board of Directors, there is no regulatory requirement for an IER to be commissioned in relation to the Scheme. However, the Proposed Transaction and the TGG Directors' recommendation of the Proposed Transaction are conditional upon an independent expert concluding and continuing to conclude that the Proposed Transactions is fair and reasonable and in the best interests of TGG shareholders.

#### *Part 2J.1 of the Corporations Act*

An off market equal access buy-back, such as the Buy-Back, is regulated by the provisions of Part 2J.1 Division 2 of the Corporations Act, which requires the Buy-Back to be approved by TGG Shareholders by ordinary resolution.

Section 257C of the Corporations Act requires TGG to include in the Explanatory Memorandum a statement setting out all information known to the company that is material to the decision on how to vote on the resolution.

In addition to the Corporations Act, we note that RG 110 sets out what ASIC expects a company to provide when disclosing information to shareholders with a notice of meeting for the purposes of a buy-back offer.

RG 110.18 states:

If a company proposes to buy back a significant percentage of securities or the holdings of a major shareholder, it should consider providing:

- a report by its independent directors about whether shareholders should vote in favour of the Buy-Back, particularly regarding how much the company is paying for the securities; and
- an independent expert's report with a valuation of the securities, as set out in section 7 of this Report.



Further, RG 110.20 states:

- It is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a buy-back.

Accordingly, the Independent Directors have appointed Grant Thornton Corporate Finance to prepare an independent expert's report to assist TGG Shareholders in their consideration of the Buy-Back.

## 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company's members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG 60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members". RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG 111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Pursuant to RG 111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG 111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme and of the Proposed Transaction overall (i.e. including the Buy-Back) is to compare the fair market value of TGG on a control basis with the Consideration.

In considering whether the Proposed Transaction is in the best interests of TGG Shareholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The terms and conditions relating to the Proposed Transaction.
- The implications to TGG Shareholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction.



- Other costs and risks associated with the Proposed Transaction that could potentially affect TGG Shareholders.

## 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

In our opinion, Grant Thornton Corporate Finance is independent of WGB, TGG and the TGG Directors and all other relevant parties of the Proposed Transaction.

## 2.4 Consent and other matters

Our report is to be read in conjunction with the Explanatory Memorandum dated on or around 25 August 2021 in which this report is included, and is prepared for the exclusive purpose of assisting TGG Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to TGG Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to accept the Proposed Transaction is a matter for each TGG Shareholder based on their own views of the value of TGG and WGB and expectations about future market conditions, TGG and WGB's performance, their individual risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

## 2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:



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*“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”*

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### 3 Industry overview

TGG and WGB are LICs which hold portfolios of primarily international-listed shares. The investments span a number of industries including information technology, financials, industrials, consumer discretionary, health care, telecommunication services and consumer staples. Set out in this section is an overview of the LIC sector.

#### 3.1 Overview

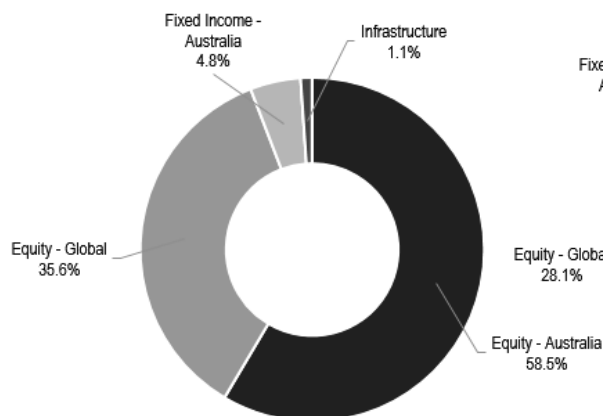
Listed managed funds on the ASX can be categorised into four groups, namely Australian Real Estate Investment Trusts ("A-REIT"), Listed Investment Companies and Trusts ("LIC" and "LIT"), Infrastructure Funds, and Absolute Return Funds. LICs make up the majority of the listed managed investment entities on the ASX.

Investment styles and approaches can vary across entities and range from conservative to aggressive. In general, LICs can be divided into four categories:

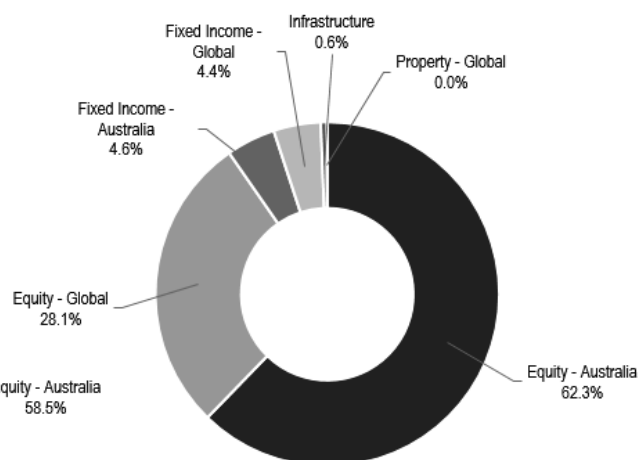
- Australian share investments: invest primarily in shares listed on the ASX.
- International share investments: invest primarily in shares listed on international stock indices.
- Private equity and debt investments: invest primarily in Australian and/or international unlisted private companies.
- Specialist shares investments: invest primarily in special assets or investment industries such as wineries, technology companies, resources businesses or telecommunications providers.

The following charts set out the breakdown of LICs based on investment types and the market breakdown of LICs ranked by value traded as at 30 June 2018 and 30 June 2021.

Asset Spread of LICs (June 2018)



Asset Spread of LICs (June 2021)



Source: ASX Investment Products monthly report date 30 June 2021 and 29 June 2018.

Based on the above, Australian shares represent the majority of the listed managed investments market on the ASX representing 62.3% of the value traded at 30 June 2021, up from 58.5% in 2018. We also note the reduction in asset spread allocation relating to global equities, which decreased from 35.6% in 2018 to



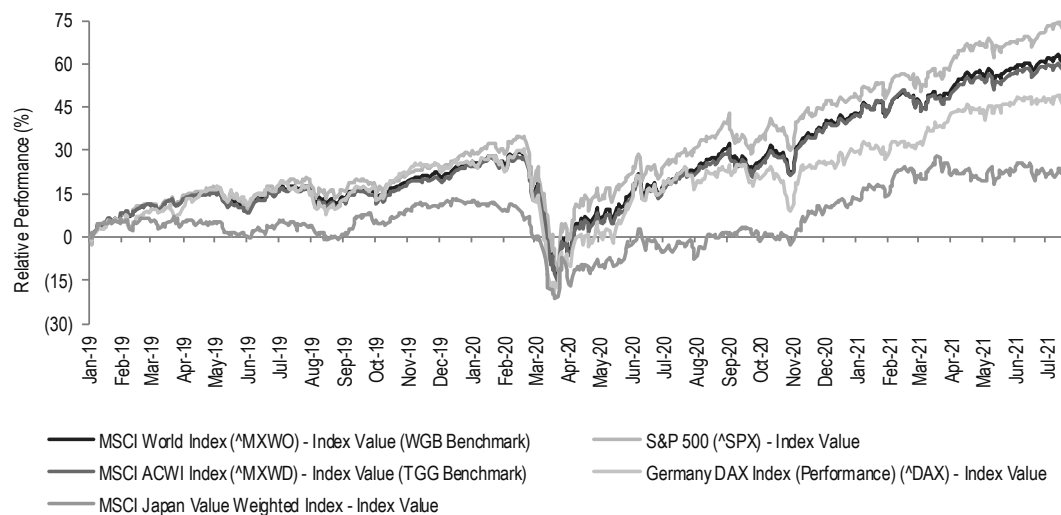
28.1% in 2021<sup>19</sup>. This reduction in global equity allocation can be attributed to many factors including the rise of international themed ETFs and increased access and accessibility to international trading accounts.

### 3.2 Industry drivers

#### 3.2.1 Relative performance

Since LICs hold investments in financial assets across different industries and markets, their performance is highly correlated with the performance of stock markets as a whole. From a geographic perspective, WGB and TGG are exposed to the international equity markets, with a concentration to the United States, Germany and Japan amongst other countries. Accordingly in the following graph we present the two benchmark indices for TGG and WGB being the MSCI World Index ("WGB Benchmark") and MSCI All Countries World Index ("TGG Benchmark"), as well as the S&P500, MSCI Japan Value Weighted, and DAX index since 1 January 2019.

#### Historical movements in selected world stock indices since 1 January 2019



Source: S&P Global, MSCI, GTCF analysis.

Over the last few years international share markets have experienced one of the most volatile periods in history. Whilst the COVID-19 pandemic saw substantial drawdowns in the major indices, the combination of accommodative interest rate environments, substantial quantitative easing and unprecedented fiscal policy by central banks and governments around the world have been one of the key drivers for the long term upward trend in international stock markets.

The S&P500 has been one of the top performers, which can be attributed to its relatively high allocation to the FAANG stocks<sup>20</sup> and other technology companies, the strong growth associated with the US economy and favourable US Government and Federal Reserve policies, and the fact that it is the largest capitalisation index in the world benefiting from both growth and momentum stylised factors. The S&P500 is also diverse in that it holds both growth and value stocks, as such the index only captured some of the outperformance achieved when the markets switched from favouring Growth to Value stocks in late 2020. The German DAX is also a capitalisation weighted stock market index, and consists of the 30 largest German companies trading on the Frankfurt Stock Exchange. The DAX performed strongly over the period

<sup>19</sup> ASX Investment Products - monthly update for the period ending on 30 June 2021.

<sup>20</sup> The FAANG stocks relate to five large technology companies, being Facebook, Amazon, Apple, Netflix and Google (Alphabet).





and tracked in line with the S&P500 until the COVID-19 pandemic. The strong but relative underperformance post 2020 is driven by many factors including the effects of a stronger Euro, the German Government's response to the pandemic and economic policy. We have also considered the MSCI Japan Value Weighted index given TGG and WGB have an 18.8% and 3.1% exposure to Japanese stocks respectively. The Japanese index has also grown over the period, but has been far less volatile and grown at a substantially lower rate than the other major indices. Much of this is due to historical, systemic factors associated with the Japanese economy such as low economic growth and the associated Japanese Government and Central Bank policy response of loose<sup>21</sup> fiscal and monetary policy over several decades which has caused a liquidity trap<sup>22</sup>.

In addition to the above country-specific indices, we have also considered the TGG and WGB benchmark indices. Below we explain their make up in more detail:

- *MSCI ACWI* – it captures the performance of both large and mid-cap stocks across 23 developed and 27 emerging markets. It is a multifactor index, considering conditions across different regions, market capitalisations sizes, sectors, style segments and combinations. As at June 2021, the ACWI contains c. 2,900 constituents across 11 sectors and covers c. 85% of the free float-adjusted market capitalisations of each of the respective markets.
- *MSCI WI* – it captures the performance of both large and mid-cap stocks across 23 developed markets only. It is also a multifactor index, but differs to the ACWI in that it does not have exposure to emerging markets. Whilst we note the performance of both indices appear relatively similar given the ACWI's heavy skew to developed markets, one could expect divergence during periods of volatility, given the different risk-return profile of developing markets<sup>23</sup>.

Another key driver is the industry allocation of the individual stocks. The following graph represents the historical movements in MSCI World Information Technology, Consumer Discretionary, Industrials, Financials and Health Care Sector indices. These are the key industry factors selected in the TGG portfolio, discussed in Section 4.

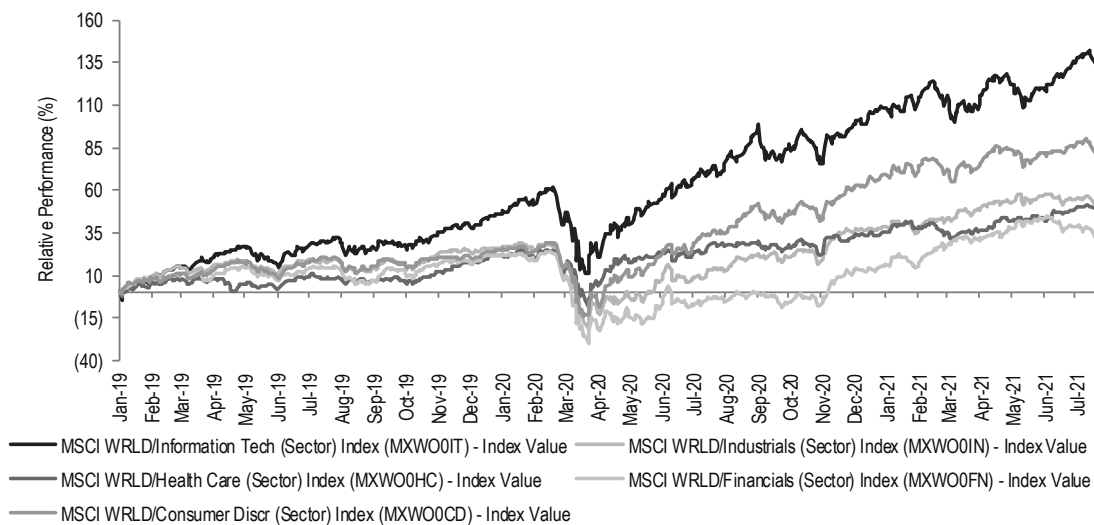
<sup>21</sup> Policy that increases aggregate demand directly is typically called expansionary, favourable or loose.

<sup>22</sup> A liquidity trap is a situation in which interest rates become so low that monetary policy has limited effect as people prefer to hold cash and save rather than invest low yielding debt or spend money (due to the expectation of an adverse event such as deflation).

<sup>23</sup> <https://www.msci.com/World>



### Historical movements in selected sector stock indices since 1 January 2019



Source: S&P Global, MSCI, GTCF analysis.

Over the last few years, all of the selected industries display an upward trend in growth, much of which is attributable to favourable monetary and fiscal policy. We note the Information Technology sector has experienced relatively higher growth than the other key industries. The sector is currently experiencing an unprecedented growth cycle fuelled by the transition to a digital economy. Prior to the pandemic, the digital economy was projected to be worth US\$11.5 trillion globally and had grown two and a half times faster than global GDP over previous 15 years<sup>24</sup>. This trend has accelerated throughout the COVID-19 pandemic as a result of stay-at-home orders and people subsequently becoming more reliant on technology and the digital economy (e.g. working from home and online shopping). On the opposite end, the financial sector experienced the lowest growth when compared to the other sectors, primarily driven by a decrease in lending at the start of the pandemic and concerns over the ability for borrower creditworthiness during the pandemic. In addition, the sharp fall in interest rates resulted in a decline in lending margins. This trend was reversed in early 2021 as economic growth and optimism increased, with the financials industry gaining traction as the economy and housing market began to recover.

Looking to the future, international markets will largely be tied to central bank and government economic policies as well as developments in COVID-19. The Central banks and Governments must weigh up the benefits of loose monetary and fiscal policy with lower unemployment and higher economic growth, against potential macroeconomic headwinds like potentially higher inflation and increasing levels of Government debt. Both international markets and the Government and Central bank policy response will also be dependent on COVID-19, where viral variants pose new risks and threats, and vaccines offer a potential opportunities and remedies.

#### 3.2.2 Management expense ratio

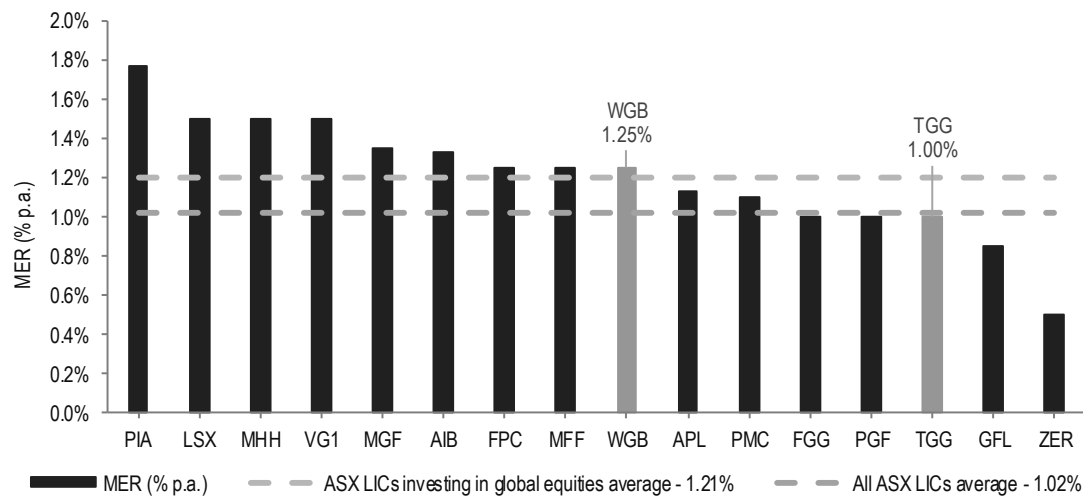
Management expense ratio ("MER"), also called indirect cost ratio, is a common method to determine the operational efficiency of LICs. The ratio represents the fee paid to the manager of an investment fund in an externally managed LIC and it is normally expressed as an annual percentage.

<sup>24</sup> Trends in the Information Technology sector, The Brookings Institution, 29 March 2019.



In theory, since the majority of LICs invest primarily in listed equity and the allocations are publicly available, any investor can replicate the portfolios. Unlisted hedged funds and private equity funds are investment classes, which due to their unique and undisclosed investment strategies, are very difficult to replicate. Therefore, managers of unlisted hedge funds and private equity funds generally have higher MER compared to managers of LICs. This is also due to the higher level of sophistication required in the investment selection and negotiation. As a result, the MER is one of the key drivers for investors' demand in the LIC industry. The following graph summarises the MERs for ASX-listed LICs with an international equity investment strategy<sup>25</sup> based on the latest publicly available information as at 30 June 2021.

#### Management expense ratio<sup>2</sup> for the ASX listed LICs investing in International shares



Sources: ASX investment products monthly report dated 30 June 2021.

Note (1): the graph shows the companies under their ASX listing codes.

Note (2): The MER is based on the information publicly disclosed by ASX on its website and accordingly differs from the MER calculated for TGG and WGB by GTCF as set out in sections 4.3.2 and 5.3.2 respectively.

From the above, we note the MER of LICs is in the range of c. 0.5% to 1.8%. There are two broad approaches to managing LICs, those with external managers and those that are internally managed. Externally managed LICs tend to have a higher MER.

The graph above displays all LICs investing in the international market, we note they have an average MER of 1.21% which is approximately 20% higher than the total ASX-listed LIC average of 1.0%. This is attributable to many factors, including the higher costs associated with obtaining international research and hiring specialised analysts with knowledge of international markets. Additionally, international funds also may enter into hedging contracts to protect the dollar value of the portfolio against the decline arising from currency value fluctuations, adding further costs.

### 3.3 Historical performance

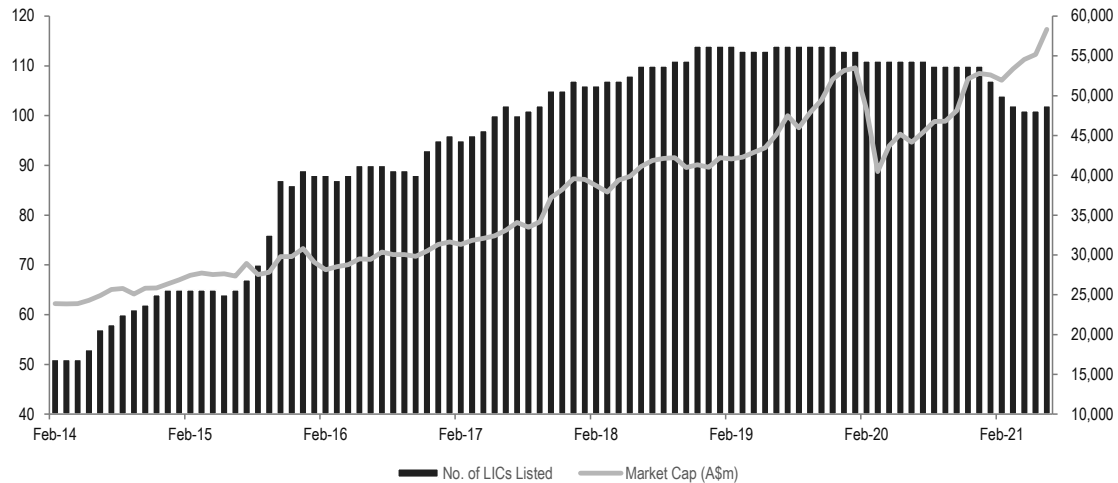
According to the ASX, as at 30 June 2021 there were 102 LICs and listed investment trusts. Whilst the number has declined by 11.0% from its peak of 114 in 2019, LICs still remain popular. The following chart

<sup>25</sup> The companies shown in the graph have a market cap above A\$50 million as at 31 August 2018.



sets out the historical changes in the number of investment companies listed and LICs' total market capitalisation between February 2014 and June 2021.

### LIC market growth



Sources: ASX Investment Products monthly report dated 31 August 2018, GTCF analysis.

We note the increase in the popularity of LIC's from 2014 to 2019 is attributable to a number of factors. The trend is partially explained by the oversubscribed shares demand for LIC industry leaders, e.g. WAM Capital, Cadence Capital etc., who were resilient through the challenging economic conditions and provided consistent and solid performance and income. Another driver that affected the industry was when the Future of Financial Advice ("FOFA") came into effect on 1 July 2013, and when the Corporations Amendment (Streamlining Future of Financial Advice) Regulation 2014 commenced on 1 July 2014. Under the FOFA reforms, commissions paid to financial planners by managed funds (but not LICs) were banned. With the incentive for financial planners to choose managed funds removed, LICs were now able to compete with managed funds on a level playing field. LICs are often seen as better vehicles in comparison to managed fund unit trusts by financial planners and advisers due to their liquidity, visibility and long-term fully franked dividend yields.

The gradual decline in numbers of LICs from the peak in 2019 is attributable to a number of factors, including:

- Consolidation in the industry, as larger LICs have the ability to access greater economies of scale.
- The rise of Exchange Traded Funds ("ETFs"): Which typically are open ended, have lower fees and trade closer to their NTA, but must distribute all of their income generated each year.
- The rise of passive investing: Growth in passive investing via index funds has increased substantially and can be accessed through a different range of investment vehicles.
- Potential changes in taxation law around franking credits: the opposition Labor government suggested removing or reducing the franking credit system as part of their 2019 election promise. Whilst they were not elected to Government, the Labor party retained its stance on franking credits until 2021, although it has since removed this policy.

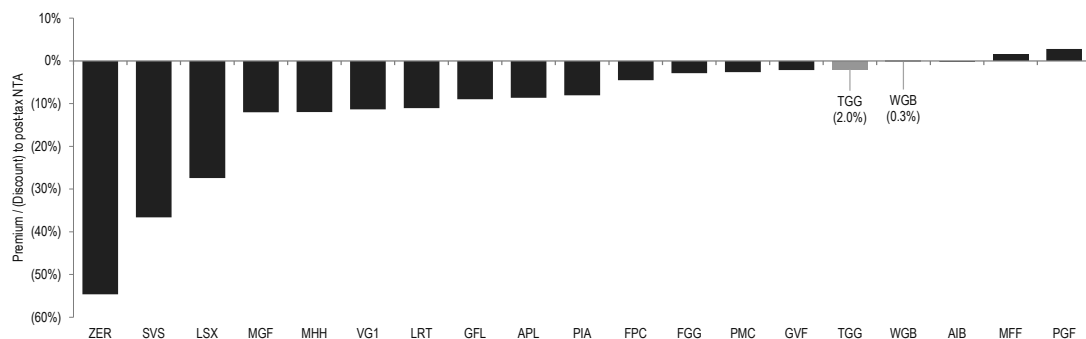


Whilst we note the industry headwinds above, LICs remain popular, particularly among self-managed super fund investors seeking direct access to fund managers. Advantages to LICs include a predictable dividend stream, simple tax treatment and potential capital growth.

### 3.4 Net tangible assets versus share price

LICs' value of underlying assets or NTA on a per share basis is a metric required to be disclosed on a regular basis (normally every month) to determine whether a LIC is trading at a premium or a discount to its NTA. The discount and premium to NTA for International Equities based LICs listed on the ASX as at 31 May 2021 are illustrated below:

#### Discount and Premium % to NTA (post-tax) as at 31 May 2021



Sources: Morningstar Listed Investment Companies monthly report dated 31 May 2021- International Equities only, GTCF analysis.

Note: We have utilised May data as this presents TGG and WGB before the Proposed Transaction announcement date of 29 June 2021. We have also removed two outliers in our dataset due to their focus on private unlisted investments.

As can be seen from above, as at 31 May 2021 most of the International Equities based LICs traded at a discount to NTA (with an average of a 10.6% discount). There are a range of factors that may cause a LIC to trade at a premium or discount to NTA, including but not limited to the following:

- Consistent good performance of the investment portfolio, in absolute terms and relative to the benchmark.
- Ability, or perceived ability by the market, to pay a regular stream of fully frank dividends in the future.
- A skilled management team with a long term experience in trading through various market cycles and implementing proactive marketing and communication initiatives to raise the profile and reputation of the LICs.
- Substantial management fees and performance fees compared to other forms of listed investments such as ETFs.

## 4 Profile of TGG

### 4.1 Company overview

TGG is a LIC that holds a portfolio of international listed securities. TGG was established and listed on the ASX in May 1987.

TGG is externally managed by Franklin Templeton, and is currently managed in accordance with the Investment Management Agreement dated 18 October 2019.

Franklin Templeton is a wholly-owned subsidiary of Franklin Resources, Inc. (NYSE:BEN), one of the largest asset management groups globally, with approximately USD \$1.5 trillion in assets under management held on behalf of institutional and retail clients as at 31 March 2021.

Franklin Templeton is mandated by TGG to predominantly invest in a portfolio of long positions of international shares using a bottom up, value style investment process. Adopting a 'buy and hold' investment philosophy, securities are typically held for five years or more. Hedging to protect against the decline arising from currency fluctuations is not undertaken. The Fund's performance is benchmarked against the MSCI AC World (Net Dividends) Index ("TGG Benchmark"), which it aims to outperform through its value investing approach which aims to pick securities that are under-priced relative to their forecast earnings growth over the medium term.

In response to shareholder concerns with TGG's performance, in particular the persistent trading price discount to post-tax NTA, the board announced a Strategic Review on 6 October 2020. Following a detailed and lengthy process, the Board ultimately endorsed the Proposed Transaction as the value maximising outcome for TGG Shareholders.

### 4.2 Service Agreements between Franklin Templeton and TGG

#### 4.2.1 Investment Management Agreement

On 18 October 2019, Franklin Templeton and TGG entered into the TGG IMA for an initial term of 3 years commencing 1 November 2019 and ending 31 December 2022. Following the initial term, the TGG IMA may be extended at the option of TGG for additional rolling one month periods. At present, either party can terminate the TGG IMA by giving at least 90 days' notice of termination to the other party.

Franklin Templeton currently charges a management fee of 0.75% per annum (exclusive of GST) on the market capitalisation of TGG. The TGG Management Fee is payable monthly in arrears and is calculated as at the last business day of the previous month. In addition to the TGG Management Fee, Franklin Templeton is entitled to a performance fee ("TGG Performance Fee"). The TGG Performance Fee is calculated as 20% of TGG's return in excess of the TGG Benchmark (after allowing for Management Fees). Where absolute returns are below zero, no TGG Performance Fee is payable. In addition, the TGG Performance Fee is subject to a cap whereby the combined Management Fees and Performance Fees cannot exceed 2% of the post-tax net asset value of TGG<sup>26</sup>. The TGG Performance Fee is only payable commencing September 2021<sup>27</sup> and is based on the return over a three year rolling period. We note that Franklin Templeton will be required to make up past underperformance against the TGG Benchmark over

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<sup>26</sup> TGG IMA.

<sup>27</sup> Ibid

the three year rolling period before any future TGG Performance Fee is payable (high-water mark)<sup>28</sup>. At 30 June 2021, the three year underperformance was 4.3 percentage points<sup>29</sup>.

#### 4.2.2 Investment Guidelines

The following investment guidelines and parameters apply to the investment Manager's implementation of the Investment Strategy:

Exposure	Guidelines
Number of securities	The portfolio is expected to comprise an average of 40 to 60 securities <sup>30</sup>
Average size of long positions	Typically the average position weighting for any one security will not be more than 3% of the value of the portfolio <sup>31</sup>
Industry / sector limits	No limit on the investments that may be made based on industry / sectors
Geographic exposure limits	No geographic limitations apply to TGG's investment strategy
Derivatives	Common stock is the primary form of investment, however, TGG seeks opportunities in all forms of securities that are available on the open market
Currency hedging	Not considered appropriate to enter into hedging transactions to protect the Australian dollar value of the portfolio

Sources: TGG IMA, TGG Annual Reports.

#### 4.2.3 Administration Services Agreement

Franklin Templeton and TGG are also bound by an Administration Services Agreement ("ASA") dated 24 September 2014. Under the agreement, TGG must reimburse Franklin Templeton for all reasonable costs and expenses except those relating to office space and facilities, salaries of Franklin Templeton staff, and any expenses incurred by Franklin Templeton in its capacity as investment manager under the TGG IMA. We note that Franklin Templeton must seek prior consent from TGG (which may be withheld in TGG's absolute discretion) before incurring any expenses greater than A\$20K, otherwise the expenses are not reimbursable. The ASA allows either party to terminate the agreement with 180 days' written notice.

#### 4.3 Investment portfolio

As at 30 June 2021, TGG's investment portfolio consisted of 45 securities across a broad range of sectors and geographies. Key Industries include information technology, financials, industrials, consumer discretionary, materials, communication services and healthcare. From a geographical perspective, TGG's investment portfolio is heavily weighted towards the United States, Asia and Europe. TGG benchmarks its investment performance against the MSCI ACWI, a global equity index designed to represent the performance of large and mid-cap stocks across 23 developed and 27 emerging markets. At June 2021, the MSCI ACWI covers over 2,900 equities across 11 sectors.

Below we present the geographical and sector diversification of TGG which we compare with MSCI ACWI.

<sup>28</sup> TGG IMA

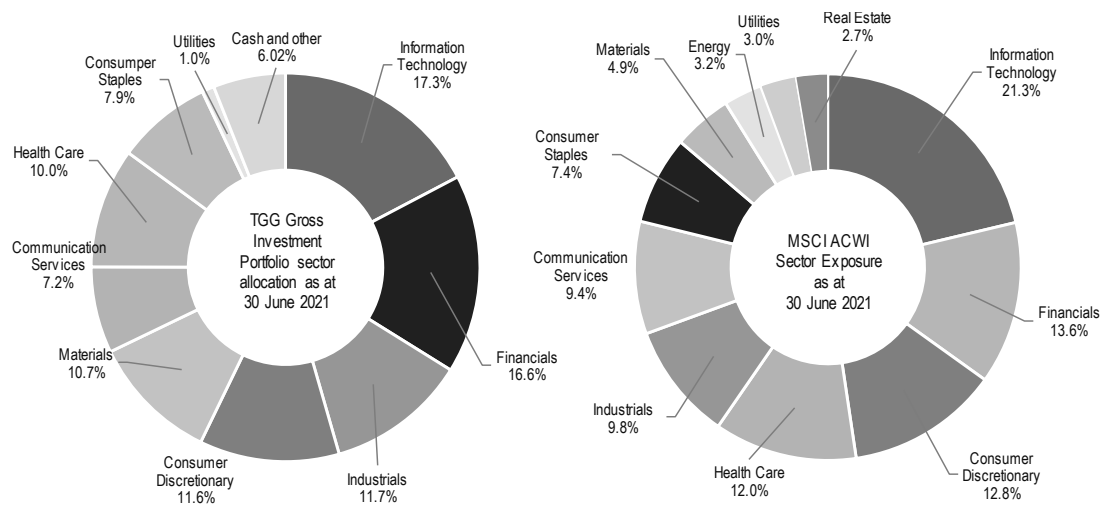
<sup>29</sup> TGG Management.

<sup>30</sup> Independent Investment Research, Templeton Global Growth Fund Initiating Coverage December 2018 report.

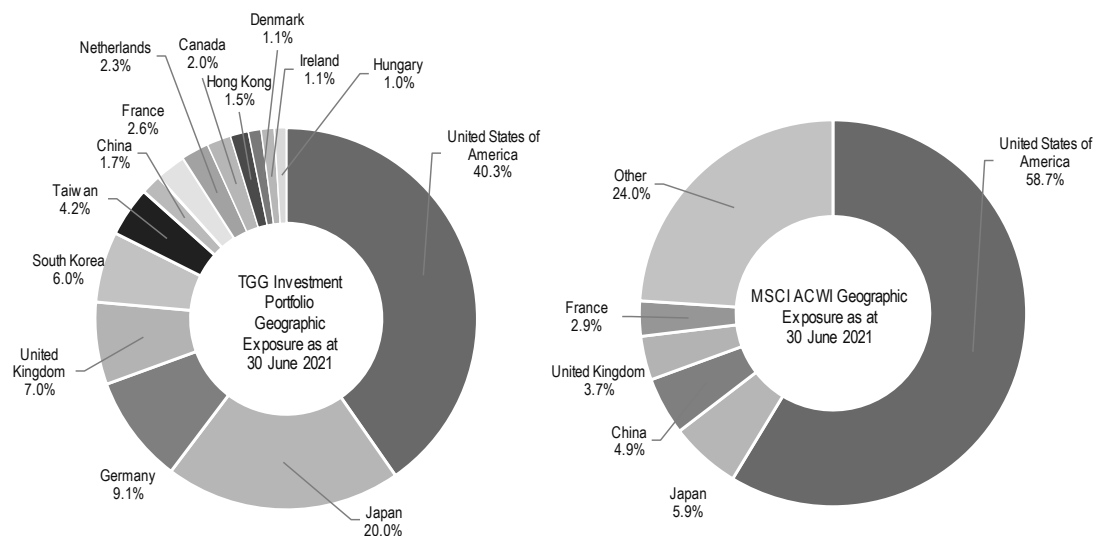
<sup>31</sup> Independent Investment Research, Templeton Global Growth Fund Initiating Coverage December 2018 report.



### TGG vs MSCI ACWI – Sector weightings as at 30 June 2021



### TGG vs MSCI ACWI – Geographic weightings as at 30 June 2021



Source: TGG Management, MSCI ACWI Index June 2021.

Compared to the MSCI ACWI, TGG's portfolio is more heavily weighted towards the financials, industrials and materials sectors with a lower exposure to information technology, health care, energy, real estate and utilities.

From a geographical perspective, TGG is materially less exposed to the United States than the MSCI ACWI but much more exposed to Asian economies such as Japan, South Korea and Taiwan. TGG also has a greater exposure to the UK and German listed equities.

The top ten equity holdings of TGG's Gross Investment Portfolio as at 30 June 2021 are shown in the table below:



Top 10 equity holdings of the TGG Investment Portfolio as at 30 June 2021

Company name	% of Gross Investment Portfolio Value
JPMorgan Chase & Co	4.6%
Samsung Electronic Co Ltd	4.4%
American Express Co	4.2%
Taiwan Semiconductor Manufacturing Co Ltd	4.2%
Westinghouse Air Brake Technologies Corp	3.4%
Sumitomo Mitsui Financial Group Inc	3.3%
Booking Holdings Inc	3.0%
Sumitomo Metal Mining Co Ltd	2.9%
Walt Disney Co	2.9%
United Parcel Service Inc	2.7%
<b>Total</b>	<b>35.5%</b>

Source: TGG Management

#### 4.3.1 Investment performance

Historically, TGG's returns have underperformed the TGG Benchmark. However, over the last year TGG outperformed the MSCI ACWI by c. 4.8 percentage points as a result of a greater weighting to the information technology and financial sectors. The rapid shift towards digital transformation since the pandemic and the shortage of semiconductors which has driven chip manufacturer share prices higher led to the outperformance. Key investments in the IT sector include semiconductor manufacturers such as Taiwan Semiconductor Manufacturing Co Ltd and NXP Semiconductors. Other IT investments that performed well were Hitachi and US-based F5 Networks. Higher inflation and inflation-expectations resulted in the financials and banking sector performing well. Two of TGG's key investments are JP Morgan and American Express, both of which performed strongly over the last year.

The following table shows the performance of TGG's investment portfolio against the TGG Benchmark over various periods of time.

Name of LIC / Benchmark	Performance <sup>1</sup>			
	1 yr	3 yr	5 yr	10 yr
TGG	32.3%	10.1%	13.2%	13.1%
MSCI All Country World Index (AUD)	27.5%	14.4%	14.6%	14.7%
<b>TGG outperformance / (underperformance) vs benchmark</b>	<b>4.8%</b>	<b>(4.3%)</b>	<b>(1.4%)</b>	<b>(1.6%)</b>

Source: TGG Management.

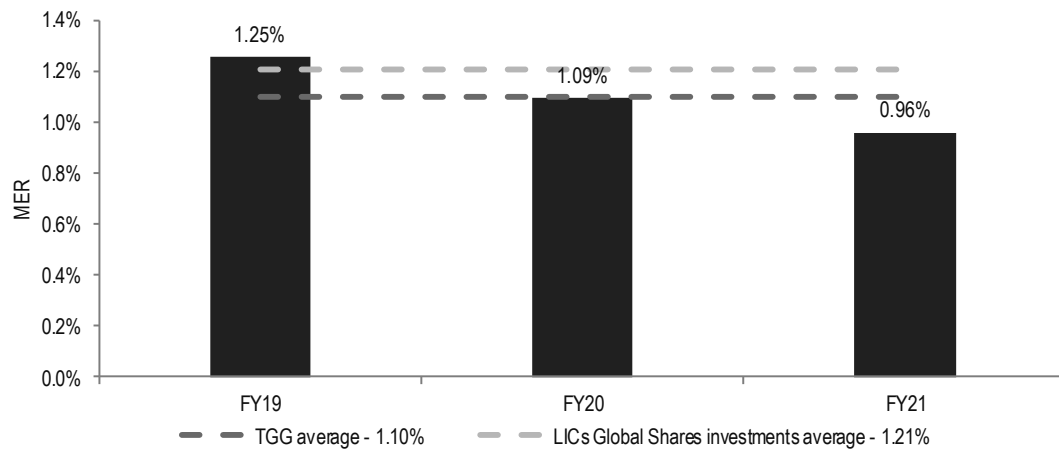
Notes: (1) Returns are presented gross of fees / expenses. Performance for 3, 5 and 10 years are presented on an annualised basis.

#### 4.3.2 Management Expense Ratio

The MER is calculated by dividing total expenses over portfolio investment value (in this case we have used post-tax NTA), and is a common metric used to determine the operational efficiency of LICs. The MER of TGG over the past three years is summarised below. The significant decrease in the MER between FY19 and FY21 was largely a result of the management fee charged by the Investment Manager being reduced from 1.0% of net asset value to 0.75% of market capitalisation, starting from 1 November 2019. The reduced management fees were an attempt by the TGG Board to reduce the LIC's trading price discount to NTA. In addition TGG has been trying to reduce other operational expenses and in FY20 did not replace two Board Directors who resigned.



**MER of TGG<sup>1</sup>**



Source: S&P Global, TGG Annual Reports, GTCF analysis.

Note (1): MER calculated as total expenses (excluding income tax) divided by the average post-tax net asset value over the financial year (calculated based on the monthly post-tax net assets as announced on the ASX).

Note (2): In FY21, we have excluded c. A\$1.0 million in one-off transaction costs associated with the merger with WGB.

#### 4.4 Financial information

The consolidated financial statements of TGG cover the last three financial years. FY19, FY20 and FY21 figures are all based on audited accounts.

##### 4.4.1 Financial performance

The table below illustrates the Company's audited consolidated statement of comprehensive income for the last three financial years.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$'000	Audited	Audited	Audited
Dividends and distributions	9,867	7,716	5,109
Interest income	46	74	2
Other income	25	588	1
<b>Total income</b>	<b>9,938</b>	<b>8,378</b>	<b>5,112</b>
Investment expenses	(3,115)	(2,490)	(2,036)
Salaries and employee benefit expenses	(290)	(267)	(269)
Shareholder and regulatory costs	(174)	(167)	(150)
Other expenses	(340)	(238)	(1,272)
<b>Total Expenses</b>	<b>(3,919)</b>	<b>(3,162)</b>	<b>(3,727)</b>
<b>Profit / (loss) before income tax</b>	<b>6,019</b>	<b>5,216</b>	<b>1,385</b>
Income tax benefit / (expense)	(1,795)	(1,583)	(474)
<b>Profit / (loss) attributable to members of TGG</b>	<b>4,224</b>	<b>3,633</b>	<b>911</b>

Sources: TGG annual reports

In relation to the above, we note the following:

- Dividends and distributions income reduced in FY20 and FY21 as companies globally adopted a more conservative approach to paying dividends given the uncertainty as a result of the COVID-19 pandemic.
- Investment expenses have consistently decreased largely driven by the renegotiation of management fee from 1% of net asset value per annum to 0.75% of TGG's market capitalisation, which commenced part way through FY20, on 1 November 2019.
- Income tax was lower in FY20 and FY21 on the back of lower revenue (i.e. dividends) falling more than operating expenses.

#### 4.4.2 Financial position

The table below illustrates the Company's audited consolidated statement of financial position for the last three financial years.

Consolidated statements of financial position	30-Jun-19	30-Jun-20	30-Jun-21
A\$'000	Audited	Audited	Audited
Cash and cash equivalents	16,500	10,437	19,727
Trade and other receivables	7,110	3,566	938
<b>Total current assets</b>	<b>23,610</b>	<b>14,003</b>	<b>20,665</b>
Investments	298,962	251,832	310,237
Deferred tax asset	-	46	-
<b>Total non-current assets</b>	<b>298,962</b>	<b>251,878</b>	<b>310,237</b>
<b>Total Assets</b>	<b>322,572</b>	<b>265,881</b>	<b>330,902</b>
Trade and other payables	3,424	1,260	399
Current tax liabilities	9,521	588	553
Total current liabilities	12,945	1,847	952
Deferred tax liabilities	5,553	-	22,086
<b>Total non-current liabilities</b>	<b>5,553</b>	<b>-</b>	<b>22,086</b>
<b>Total Liabilities</b>	<b>18,498</b>	<b>1,847</b>	<b>23,038</b>
<b>Net Assets</b>	<b>304,074</b>	<b>264,033</b>	<b>307,864</b>
<b>Equity</b>	<b>304,074</b>	<b>264,033</b>	<b>307,864</b>
<i>KPIs:</i>			
<i>No. of shares outstanding (million)</i>	<i>213.2</i>	<i>199.7</i>	<i>198.1</i>
<i>Pre-tax NTA per share (A\$)</i>	<i>1.452</i>	<i>1.322</i>	<i>1.666</i>
<i>Post-tax NTA per share (A\$)</i>	<i>1.426</i>	<i>1.322</i>	<i>1.554</i>

Sources: TGG annual reports

We note the following in relation to TGG's financial position:

- In FY20, Investments reduced by c. 15.7% due to the COVID-19 pandemic, however they subsequently rebounded strongly in FY21 increasing 23.2% as global equity markets recovered driven by renewed investor optimism as a result of the positive economic outlook. As a result, TGG's post-tax NTA per share increased from A\$1.322 at 30 June 2020 to A\$1.554 at 30 June 2021.
- Deferred tax liabilities reduced to nil in FY20 as a result of the overall loss making position of TGG's investment portfolio at the time. Deferred tax liabilities subsequently increased to A\$22.1 million in FY21 driven by the increasing value of TGG's investment portfolio.

#### 4.4.3 Statement of Cash Flows

The consolidated statement of cash flows of TGG for the last three financial years are presented below:

Consolidated statements of cash flows A\$'000	FY19 Audited	FY20 Audited	FY21 Audited
Dividends and distributions received	8,487	7,392	4,555
Interest received	33	88	2
Other income	-	562	1
Investment managers fees paid	(3,481)	(2,599)	(2,130)
Income taxes paid	(8,010)	(9,886)	(694)
Other payments	(1,053)	(728)	(1,645)
Goods and services tax refunded	344	256	219
<b>Net cash (outflow) from operating activities</b>	<b>(3,680)</b>	<b>(4,915)</b>	<b>308</b>
Cash paid for purchase of listed shares	(121,739)	(267,987)	(191,061)
Proceeds received from realisation of listed shares	163,318	298,069	210,486
<b>Net cash inflow from investing activities</b>	<b>41,579</b>	<b>30,082</b>	<b>19,425</b>
Shares purchased (on-market buy-back)	(10,984)	(16,352)	(1,813)
Dividend paid	(21,959)	(14,663)	(8,914)
<b>Net cash (outflow) from financing activities</b>	<b>(32,943)</b>	<b>(31,015)</b>	<b>(10,727)</b>
<b>Net(decrease)/increase in cash and cash equivalents held</b>	<b>4,956</b>	<b>(5,848)</b>	<b>9,006</b>
Cash and cash equivalents at the beginning of financial year	11,521	16,501	10,438
Effects of foreign currency exchange rate changes on cash and cash equivalents	24	(215)	284
<b>Cash and cash equivalents at the end of the year</b>	<b>16,501</b>	<b>10,438</b>	<b>19,728</b>

Sources: TGG annual reports

In relation to the above, we note the following:

- Investment management fees have decreased as a result of the TGG Board's renegotiation of the TGG IMA with Franklin Templeton.
- Dividends are paid on a half yearly basis. The reduction in dividends paid since FY19 can be attributed to the reduction in dividend income from TGG's investment portfolio as a result of COVID-19. TGG paid a fully franked full year dividend of 4.5 cents per share in FY21, 7.0 cents per share in FY20, and 10.0 cents per share in FY19.
- Over the years TGG has undertaken a buy-back program of TGG shares in an effort to reduce the trading price discount to NTA. As a result, shares on issue have decreased from 213.2 million in FY19 to 198.1 million in FY21. On 10 May 2021, the Directors resolved to renew the buy-back arrangements with a maximum of 19,809,706 shares allowed to be bought back within 12 months under the 10/12<sup>32</sup> rule as detailed in the Corporations Act.

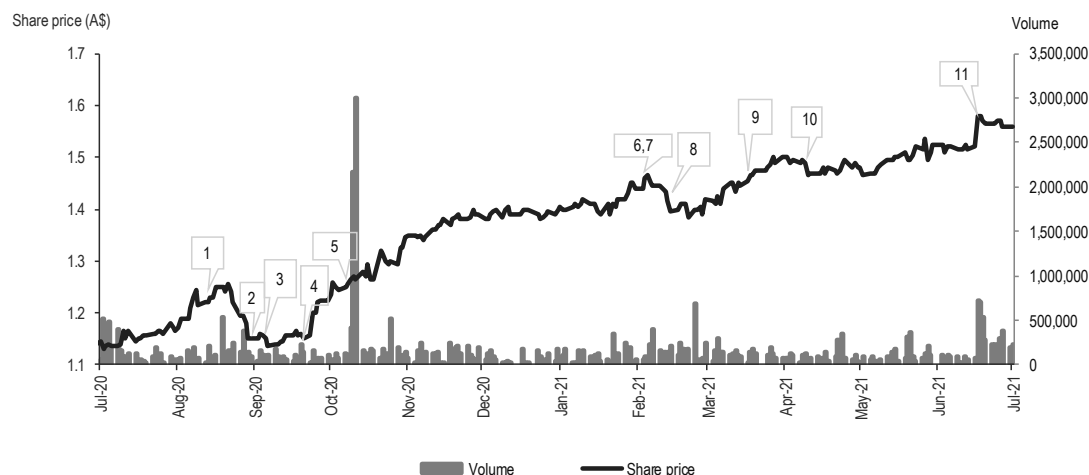
<sup>32</sup> Sections 257B(4) and 257B(5) of the Corporations Act stipulates a company cannot buy back more than 10% of its voting shares within a 12 month period.

## 4.5 Share capital structure

As at the date of this report, TGG had 198,097,061 shares on issue and no other securities.

Our analysis of the daily movements in TGG's share price and volumes for the period from July 2020 to July 2021 is set out below:

### Historical share trading prices and volume of TGG



Sources: S&P Global and GTCF analysis

The following table illustrates the key events from July 2020 to July 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	Aug-28-2020	TGG released its preliminary final report for the year ended 30 June 2020
2	Sep-10-2020	Ex-dividend date for the fully franked interim dividend of 3.5 cents per share, declared by TGG on 28 August 2020
3	Sep-15-2020	TGG released its FY20 annual report
4	Oct-6-2020	TGG announced a Strategic Review to address shareholder concerns around company performance, particularly around the persistent discount to NTA at which TGG shares trade
5	Oct-22-2020	WGB and its related entities increased its ownership over TGG's issued capital from 11.19% to 13.55%, acquiring 3.65 million TGG shares
6	Feb-18-2021	TGG announcement of fully franked final dividend of 1.0 cent per share <ul style="list-style-type: none"> <li>- Payment date 12 March 2021</li> <li>- Ex-date 25 February 2021</li> </ul>
7	Feb-18-2021	TGG released its result for the half year ended 31 December 2020
8	Feb-25-2021	Ex-dividend date for the fully franked final dividend of 1.0 cent per share, declared by TGG on 18 February 2021
9	Mar-31-2021	TGG provides an update on its Strategic Review announced on 6 October 2020



Event	Date	Comment
		- TGG is continuing to consider a range of options primarily to address key shareholder returns relating to the discount to NTA at which TGG shares trade
10	Apr-23-2021	<p>TGG announced an on-market buy-back of up to 198,097,061 ordinary shares</p> <ul style="list-style-type: none"> <li>- The buy-back will commence on May 10 2021 and will conclude no later than 12 months later</li> <li>- Shares will be bought back if management or the directors consider that the shares are trading at an excessive discount to their net tangible asset backing</li> </ul>
11	Jun-29-2021	On 29 June 2021, WGB and TGG announced that they had entered into a Scheme Implementation Agreement to merge the two entities. Shareholders can select either a scrip or cash consideration. Under the scrip consideration TGG shareholders will receive WGB shares and options based on the relative NTA (post transaction costs and excluding deferred tax balances) of the two LICs. TGG has also agreed to offer to buy back shares in TGG, providing TGG shareholders a cash alternative to the scrip consideration under the Scheme.

The monthly share price performance of TGG since June 2020 is summarised below:

Templeton Global Growth Fund	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Jun 2020	1.190	1.125	1.145	503
Jul 2020	1.165	1.125	1.155	740
Aug 2020	1.255	1.150	1.250	515
Sep 2020	1.255	1.135	1.155	571
Oct 2020	1.300	1.150	1.265	1,742
Nov 2020	1.390	1.260	1.370	676
Dec 2020	1.425	1.370	1.400	455
Jan 2021	1.430	1.380	1.390	442
Feb 2021	1.475	1.380	1.395	692
Mar 2021	1.470	1.360	1.465	784
Apr 2021	1.530	1.450	1.480	415
May 2021	1.510	1.465	1.510	497
Jun 2021	1.610	1.480	1.580	785
<b>Week ended</b>				
26 Mar 2021	1.460	1.420	1.445	584
2 Apr 2021	1.500	1.445	1.475	471
9 Apr 2021	1.530	1.480	1.490	494
16 Apr 2021	1.500	1.450	1.495	467
23 Apr 2021	1.495	1.465	1.470	344
30 Apr 2021	1.485	1.460	1.480	391
7 May 2021	1.495	1.465	1.495	931
14 May 2021	1.500	1.465	1.465	325
21 May 2021	1.485	1.465	1.485	264
28 May 2021	1.500	1.485	1.500	491
4 Jun 2021	1.520	1.480	1.520	876
11 Jun 2021	1.580	1.495	1.525	505
18 Jun 2021	1.525	1.505	1.520	376
25 Jun 2021	1.525	1.510	1.515	275
2 Jul 2021	1.610	1.515	1.565	2,308
9 Jul 2021	1.570	1.555	1.560	1,234

Sources: S&P Global, GTCF analysis

#### 4.5.1 Top shareholders

We have set out below the top 20 shareholders of TGG as at 30 June 2021:

Top 20 shareholders of TGG as at 30 June 2021			
Rank	Name	Number of shares	Interest
1	CITICORP NOMINEES PTY LIMITED	29,149,304	14.7%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,064,724	8.1%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,229,209	6.2%
4	LSND SUPER PTY LTD	3,351,863	1.7%
5	BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS DRP>	3,322,741	1.7%
6	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	2,443,643	1.2%
7	CS THIRD NOMINEES PTY LIMITED	1,793,822	0.9%
8	MS GABRIELLE ROSA BARON + MR PETER MICHAEL WILMSHURST	1,760,830	0.9%
9	MR STEVEN JOHN FAHEY	1,733,808	0.9%
10	NETWEALTH INVESTMENTS LIMITED	1,182,874	0.6%
11	NENDAR PTY LTD	1,007,131	0.5%
12	TRUSTEES OF OUR LADYS NURSES OF THE POOR	832,000	0.4%
13	DIXSON TRUST PTY LTD	788,458	0.4%
14	NATIONAL COOPER PTY LTD	744,361	0.4%
15	MR DAVID WARD + MRS JEANETTE WARD	694,849	0.4%
16	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	588,816	0.3%
17	MON NOMINEES PTY LTD	572,158	0.3%
18	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	476,236	0.2%
19	NETWEALTH INVESTMENTS LIMITED	440,317	0.2%
20	MR ANDREW JAMES LAIRD + MS CATHERINE NICOLE BUNARD	430,000	0.2%
<b>Total top 20 shareholders</b>		<b>79,607,144</b>	<b>40.2%</b>
<b>Total ordinary shares outstanding</b>		<b>198,097,061</b>	<b>100.0%</b>

Source: TGG Management.



## 5 Profile of WGB

### 5.1 Company overview

WGB is an externally managed LIC with a portfolio of international equities ("WGB Portfolio"). It is externally managed by Wilson Asset Management and was admitted to the ASX on 17 June 2018 and commenced trading the day after. WGB raised approximately A\$465.5 million under its initial public offering ("IPO") by the issue of 211.6 million shares at an issue price of A\$2.20 per share, and was oversubscribed by A\$135.5 million. WGB aims to provide investors access to an actively managed portfolio of large to medium sized companies international growth companies. WAM adopts a research driven investment process that attempts to identify undervalued growth companies where it can identify a price catalyst event. It also adopts a market driven process whereby it attempts to take advantage of short-term mispricing opportunities in the market from events such as IPOs, placements, block trades, rights issues, corporate transactions and listed investment company discount arbitrage. Generally, currency exposures are not hedged but it is permitted under its investment guidelines. Since being established, WGB has been externally managed by WAM in accordance with the IMA ("WGB IMA").

Wilson Asset Management, established by Geoff Wilson in 1997, is an independently owned investment manager and LIC specialist based in Sydney. In 2002, Wilson Asset Management incorporated the investment management company MAM Pty Limited. At the date of this report, Wilson Asset Management manages 8 LICs including WGB and invests more than A\$4.7 billion on behalf of over 110,000 retail investors.

WGB's investment strategy resembles a growth investing approach and its performance is benchmarked against the MSCI World Index net (AUD) ("MSCI WI" or "WGB Benchmark").

### 5.2 IMA between Wilson Asset Management and WGB

The WGB IMA with WAM has an initial duration of 10 years and the WGB Manager has the option, which may be exercised repeatedly, to extend the term for additional 5 year periods. Under the IMA, WAM charges a management fee of 1.25% 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. Wilson Asset Management is entitled to a performance fee, to be paid annually in arrears, of 20% of WGB Portfolio's outperformance compared to the MSCI World Index (no performance fee is payable in the case of negative returns), and subject to the recoupment of prior underperformance.

For the financial year ended on 30 June 2021, the management fee amounted to A\$7.1 million. No performance fee was payable due to underperformance compared to the WGB Benchmark to date.

### 5.2.1 Investment Guidelines

The following investment guidelines and parameters apply to the investment Manager's implementation of the Investment Strategy:

Exposure	Guidelines
Number of securities	The portfolio comprises an average of 40 to 80 securities
Average size of long positions	The average position weighting for any one security will be 1% to 5% of the gross value of the portfolio
Industry / sector limits	No limited on the investments that may be made based on industry / sectors
Geographic exposure limits	No geographic limitations apply to the investment strategy
Derivatives	The effective exposure via derivatives will not exceed 100% of the gross value of the portfolio without prior Board approval
Short selling	Short positions will not exceed 50% of the gross value of the portfolio without prior Board approval
Currency hedging	Generally the investment strategy will not be hedged but hedging is permitted

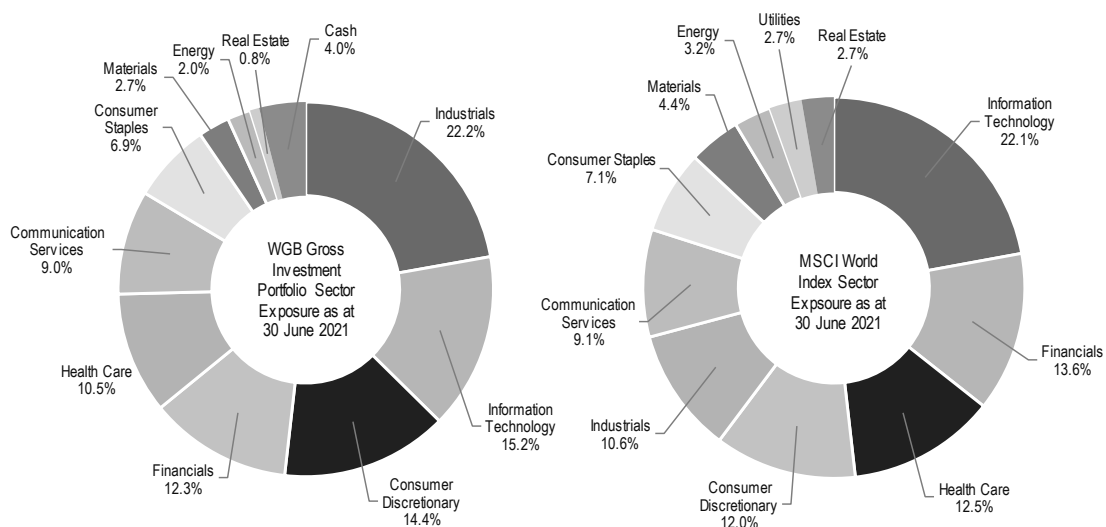
Source: WGB Prospectus.

### 5.3 Investment portfolio

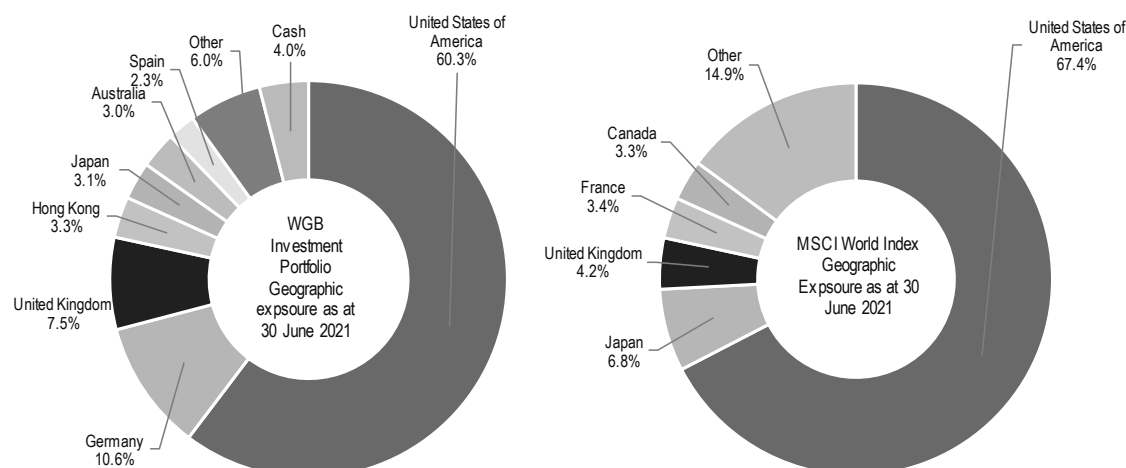
As at 30 June 2021, WGB's investment portfolio comprised 70 companies, with investments across a range of industries, including industrials, information technology, consumer discretionary, financials, health care, communication services and others. The large proportion of Industrials, Information Technology and Consumer Discretionary stocks indicates a strong growth approach by the Manager. Geographically speaking, WGB's portfolio is heavily weighted to stocks listed in the United States, which account for over 60% of the portfolio. German and UK-listed entities also make up a substantial proportion with a relatively small exposure to Asian economies relative to TGG. WGB Benchmarks itself against the MSCI WI, which captures the performance of both large and mid-cap stocks across 23 developed markets. At 30 June 2021, the MSCI WI constituted 1,563 equities across 11 sectors.

Below we present the geographical and sector diversification of WGB and the MSCI World Index.

#### WGB vs MSCI World Index – Sector weightings as at 30 June 2021



### WGB vs MSCI World Index – Geographic weightings as at 30 June 2021



Source: S&P Capital, WGB June 2021 Investment Update, WGB Management.

The top ten equity holdings of the WGB Portfolio as at 30 June 2021 are shown in the table below:

Top 10 equity holdings of the WGB Investment Portfolio as at 30 June 2021	
Company name	% of Gross Investment Portfolio Value
Icon PLC	3.9%
Avantor Inc	3.7%
Visa Inc	3.5%
Fiserv Inc	3.4%
Carrier Global Corporation	3.1%
Intercontinental Exchange Inc	3.1%
Stroer SE & Co. KGaA	2.9%
Ferguson PLC	2.7%
Deutsche Borse AG	2.7%
Transunion	2.6%
<b>Total</b>	<b>31.6%</b>

Source: WGB Management

Note: (1) Expressed as % of total gross assets computed as per following: market value of long portfolio plus cash and cash equivalents.

#### 5.3.1 Historical performance

During FY21, the WGB Portfolio generated returns of 30.7% outperforming the MSCI World Index by 3.2 percentage points. Since inception in June 2018, WGB has generated returns of 12.6% per annum underperforming the MSCI World Index by c. 1.0 percentage points.

Significant contributors to the WGB portfolio performance in June 2021 were from life sciences and tools provider Avantor and Kobe Bussan, a Japanese discount supermarket store franchise.

WGB utilises its ability to hold high levels of cash to mitigate the effects on its portfolio of high volatility in the market. This strategy provided some protection in terms of preserving capital through such periods in previous market cycles. We note that the WGB IMA does not place a limit on the portfolio cash weighting that WGB can hold.

In early 2020, WGB implemented this strategy as a result of turbulence in global equity markets from the spread of COVID-19 and the unprecedented responses from central banks and governments around the



world. The crash of major indices during the first quarter of the 2020 calendar year was the fastest on record with the S&P 500 Index falling 34% over a four week period. The WGB cash portfolio weight position moved from 4.7% at 31 December 2019 to 19.5% in March 2020.

The following table shows the historical performance of WGB against the MSCI World Index as at 30 June 2021.

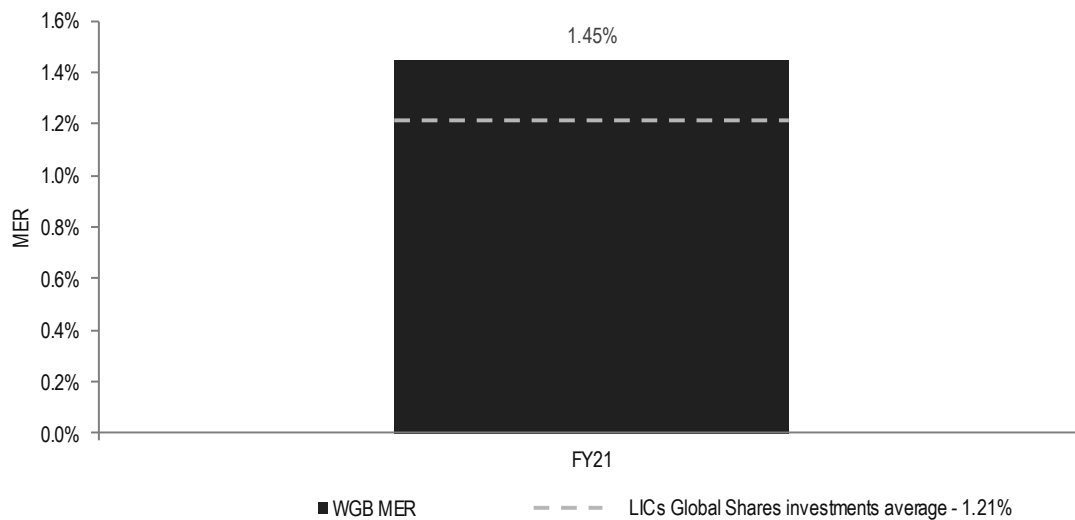
Name of LIC / Benchmark	Inception date	Performance <sup>1</sup>		
		1 yr	2 yrs	Since Inception
WGB	Jun-18	30.7%	16.0%	12.6%
MSCI World Index (AUD)		27.5%	15.6%	13.6%
<b>WGB Outperformance / (underperformance) vs benchmark</b>		<b>3.2%</b>	<b>0.4%</b>	<b>(1.0%)</b>

Source: WGB June 2021 Investment Update.

### 5.3.2 Management Expense Ratio

The MER is calculated by dividing operating expenses by the portfolio investment value (in this case we have used post-tax NTA) which is a common metric to determine the operational efficiency of LICs. The MER of WGB in FY21, being the most recent and relevant period is detailed below. We note that WAM charges management fees of 1.25% of the gross value of WGB's portfolio.

#### WGB MER



Sources: GTCF analysis.

## 5.4 Financial information

The consolidated financial statements of WGB cover the last three financial years. We note that for the income and cash flow statements ended 30 June 2019, they take into consideration the period from 21 February 2018 to 30 June 2019. FY19, FY20 and FY21 figures are all based on audited accounts.

### 5.4.1 Financial performance

The table below illustrates the WGB's audited consolidated statements of comprehensive income for the c. 16 month period ended 30 June 2019, FY20 and FY21.

Consolidated statements of financial performance A\$	For the Period 21 Feb		
	2018 to 30 June 2019	FY20	FY21
	Audited	Audited	Audited
Net realised and unrealised gains/(losses) on financial assets & foreign currency	26,006,560	9,636,630	140,818,624
Other revenues <sup>1</sup>	6,543,638	5,389,022	4,745,187
<b>Total income</b>	<b>32,550,198</b>	<b>15,025,652</b>	<b>145,563,811</b>
Management fees	(6,052,929)	(6,470,878)	(7,088,362)
Directors fees	(81,973)	(80,000)	(80,000)
Brokerage expense	(961,540)	(558,241)	(562,630)
Other fees and expenses	(672,045)	(789,582)	(852,437)
<b>Total Expenses</b>	<b>(7,768,487)</b>	<b>(7,898,701)</b>	<b>(8,583,430)</b>
<b>Profit / (loss) before income tax</b>	<b>24,781,711</b>	<b>7,126,951</b>	<b>136,980,382</b>
Income tax expense	(7,269,845)	(2,077,307)	(41,050,568)
<b>Profit / (Loss) attributable to members of WGB</b>	<b>17,511,866</b>	<b>5,049,644</b>	<b>95,929,814</b>

Sources: WGB annual reports

Note: (1) other revenues includes revenue from interest, dividends and underwriting fees.

In relation to the above, we note the following:

- Net realised and unrealised gains rose substantially to c. A\$141 million in FY21, from A\$9.6 million in FY20 on the back of improving equity market conditions globally. The higher gains were driven by improving returns and in FY21, WGB's portfolio generated gross returns of 30.7% compared to 3.1% in the year prior. FY20 was a historically volatile year for global markets and, with the exception of a small selection of technology names, nearly all stocks declined.
- Management fees increased from A\$6.5 million to A\$7.1 million in the year due to the growing value of the portfolio.
- Income tax rose substantially on the back of the improved profitability during the year and corresponds to an effective tax rate of 30%.

### 5.4.2 Financial position

The consolidated statement of financial positions of WGB for the previous three financial years are summarised in the table below.

Consolidated statements of financial position	30-Jun-19	30-Jun-20	30-Jun-21
A\$	Audited	Audited	Audited
Cash and cash equivalents	52,858,624	36,864,655	29,964,374
Trade and other receivables	51,643,970	40,177,357	2,221,791
Financial assets	415,051,239	425,179,149	620,618,650
<b>Total current assets</b>	<b>519,553,833</b>	<b>502,221,161</b>	<b>652,804,815</b>
Deferred tax assets	1,630,033	2,154,432	761,461
Trade and other receivables	1,566,132	-	-
<b>Total non-current assets</b>	<b>3,196,165</b>	<b>2,154,432</b>	<b>761,461</b>
<b>Total Assets</b>	<b>522,749,998</b>	<b>504,375,593</b>	<b>653,566,276</b>
Trade and other payables	30,802,295	18,380,738	7,251,985
Current tax liabilities	3,842,040	7,241,095	14,241,073
<b>Total current liabilities</b>	<b>34,644,335</b>	<b>25,621,833</b>	<b>21,493,058</b>
Deferred tax liabilities	5,057,838	-	16,899,058
<b>Total non-current liabilities</b>	<b>5,057,838</b>	<b>-</b>	<b>16,899,058</b>
<b>Total Liabilities</b>	<b>39,702,173</b>	<b>25,621,833</b>	<b>38,392,116</b>
<b>Net Assets</b>	<b>483,047,825</b>	<b>478,753,760</b>	<b>615,174,160</b>
<b>Equity</b>	<b>483,047,825</b>	<b>478,753,760</b>	<b>615,174,160</b>
<i>KPIs:</i>			
<i>No. of shares outstanding (million)</i>	<i>211.6</i>	<i>212.2</i>	<i>236.3</i>
<i>Pre-tax NTA per share (A\$)</i>	<i>2.314</i>	<i>2.277</i>	<i>2.728</i>
<i>Post-tax NTA per share (A\$)</i>	<i>2.280</i>	<i>2.253</i>	<i>2.599</i>

Sources: WGB annual reports

We note the following in relation to WGB's financial position:

- Financial assets grew by A\$195.4 million, or 46%, in FY21, driven by the recovery in global equity markets and A\$59.8 million raised to date from the exercise of 23.1 million WGB Options. In March 2021, WGB issued 212.5 million WGB Options with an exercise price of A\$2.54 per option. As at 30 June 2021, c. 89% of WGB Options remain unconverted.
- Deferred tax liabilities reduced to zero in FY20 due to the fall in value of the investment portfolio. Deferred tax liabilities subsequently increased to A\$16.9 million in FY21 driven by the increasing value of the investment portfolio.

#### 5.4.3 Statement of Cash Flows

The audited consolidated statements of cash flows of WGB for the last three financial years are presented below:

Consolidated statements of cash flows A\$	For the period 21 Feb 2018 to 30 Jun 2019		
	Audited	FY20 Audited	FY21 Audited
Proceeds from sale of investments	598,014,089	1,131,153,468	635,600,907
Payments for purchase of investments	(1,021,089,050)	(1,172,865,675)	(634,118,234)
Realised foreign exchange (losses) / gains	13,263,627	41,004,561	(29,177,441)
Dividends & interest received	6,481,489	5,437,578	4,563,519
Management fee (GST inclusive)	(5,938,668)	(6,948,240)	(7,419,785)
Other fees and expenses	(2,076,940)	(1,459,706)	(1,582,485)
Income tax paid	-	(4,260,489)	(15,652,236)
Net GST received from ATO	878,014	496,621	517,303
<b>Net cash used in operating activities</b>	<b>(410,467,439)</b>	<b>(7,441,882)</b>	<b>(47,268,452)</b>
Shares issued via exercise of options	-	-	58,627,491
Dividends paid - net of investment	-	(9,343,709)	(17,888,814)
Repayment of offer cost	3,132,264	3,132,263	1,566,132
Shares issued via initial public offering and on incorporation	465,536,769	-	-
Share issue costs	(7,830,659)	-	354,416
<b>Net cash(used in)/provided by financing activities</b>	<b>460,838,374</b>	<b>(6,211,446)</b>	<b>41,950,393</b>
<b>Net(decrease)/increase in cash and cash equivalents held</b>	<b>50,370,935</b>	<b>(13,653,328)</b>	<b>(5,318,059)</b>
Cash and cash equivalents at the beginning of financial year		52,858,624	36,864,655
Effects of foreign currency exchange rate changes on cash and cash	2,487,689	(2,340,641)	(1,582,222)
<b>Cash and cash equivalents at the end of the year</b>	<b>52,858,624</b>	<b>36,864,655</b>	<b>29,964,374</b>

Source: WGB Annual Reports

We note the following:

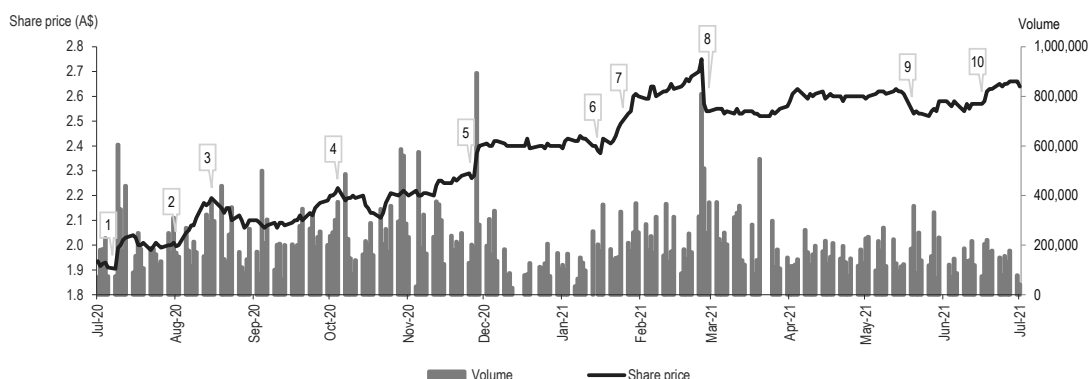
- Dividends and distributions have grown broadly in line with the growth in the investment portfolio. During FY20 WGB paid a fully franked full year dividend of 7.0 cents per share, with the fully franked final dividend being 4.0 cents per share. WGB increased its fully franked interim dividend to 5.0 cents per share in the first half of FY21 and declared a further 5.0 cents dividend for the half year ending 30 June 2021.
- In FY21, c. 23.1 million WGB Options (c. 11% of total WGB Options issued) had been exercised and converted into shares generating A\$58.6 million in proceeds.

## 5.5 Share capital structure

As at 30 June 2021, WGB had on issue 236,334,452 ordinary shares on issue and 189,409,888 million WGB Options. Approximately 11% of WGB Options had been converted, with c. 189.4 million remaining outstanding. The expiry date for conversion of the WGB Options is 12 September 2022 and the exercise price is A\$2.54.

Our analysis of the daily movements in WGB's share price and volumes for the period from July 2020 to July 2021 is set out below:

## WGB – Historical share trading price and volume



Sources: S&P Global and GTCF analysis.

The following table illustrates the key events from July 2020 to July 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	Jul-21-2020	WGB announced a fully franked final dividend of 4.0 cents per share for the six months ended June 30 2020, payable on 30 October 2020.  This brought the FY2020 fully franked full year dividend to 7.0 cents per share, which represents a 100% increase in the fully franked final dividend
2	Aug-14-2020	WGB release July 2020 investment update
3	Aug-27-2020	WGB releases its FY20 annual report
4	Oct-19-2020	Ex-dividend date for the fully franked final dividend of 4.0 cents per share, declared by WGB on 21 July 2021
5	Dec-10-2020	WGB announce its intention to deliver a FY21 fully franked interim dividend of 5.0 cents per share, representing a 66.7% increase on the FY20 fully franked interim dividend
6	Jan-29-2021	WGB announce an 66.7% increase in the fully franked interim dividend to 5.0 cents per share for the period ended 31 December 2020
7	Feb-08-2021	WGB provided an interim results presentation for the financial year to 31 December 2021  - WGB's investments provided a return of 15.5% which was 5.8 percentage points higher than the WGB Benchmark return
8	Mar-09-2021	WGB issued 212,491,576 options with an ex-date of 10 March 2021, record date of 11 March 2021 and first trading date of 12 March 2021.  - The WAM Global Bonus Options have an exercise price of A\$2.54. The WGB share price dropped from A\$2.75 at close on 9 March 2021 to close at A\$2.54, in line with the exercise price of the options, on 12 March 2021. The options are listed and trade on the ASX.
9	May-31-2021	Ex-dividend date for the fully franked interim dividend of 5.0 cents per share, declared by WGB on 29 January 2021
10	Jun-29-2021	On 29 June 2021, WGB announced they have entered into a Scheme Implementation Agreement to merge with TGG. It's proposed that WGB will acquire 100% of the shares in TGG that it does not currently own through a Scheme of Arrangement

Source: ASX announcements.



The monthly share price performance of WGB since June 2020 is summarised below:

WAM Global Limited	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Jun 2020	2.090	1.850	1.865	1,211
Jul 2020	2.060	1.870	2.010	953
Aug 2020	2.200	1.980	2.150	1,111
Sep 2020	2.170	2.070	2.100	974
Oct 2020	2.240	2.100	2.130	1,222
Nov 2020	2.270	2.100	2.250	1,485
Dec 2020	2.460	2.250	2.390	946
Jan 2021	2.470	2.350	2.430	690
Feb 2021	2.680	2.380	2.630	1,136
Mar 2021	2.750	2.520	2.530	1,330
Apr 2021	2.650	2.510	2.600	837
May 2021	2.640	2.540	2.550	793
Jun 2021	2.620	2.500	2.620	787
<b>Week ended</b>				
26 Mar 2021	2.550	2.520	2.540	1,264
2 Apr 2021	2.540	2.510	2.520	1,055
9 Apr 2021	2.570	2.510	2.550	699
16 Apr 2021	2.630	2.540	2.630	646
23 Apr 2021	2.650	2.580	2.610	914
30 Apr 2021	2.620	2.590	2.600	877
7 May 2021	2.610	2.580	2.600	695
14 May 2021	2.630	2.590	2.600	889
21 May 2021	2.640	2.600	2.610	880
28 May 2021	2.630	2.610	2.610	683
4 Jun 2021	2.560	2.500	2.530	1,022
11 Jun 2021	2.580	2.520	2.580	905
18 Jun 2021	2.580	2.560	2.570	423
25 Jun 2021	2.580	2.540	2.570	797
2 Jul 2021	2.640	2.560	2.630	851
9 Jul 2021	2.660	2.630	2.660	696

Sources: S&P Global, GTCF analysis.

#### 5.5.1 Top shareholders

We have set out below the top 20 shareholders of WGB as at 30 June 2021:

Top 20 shareholders of ordinary shares as at 30 June 2021			
Rank	Name	Number of shares	Interest (%)
1	Entities associated with Mr Geoff Wilson	4,838,643	2.0%
2	Navigator Australia Limited	3,436,085	1.5%
3	Sterda Pty Limited	2,400,000	1.0%
4	888 Corporation Pty Limited	2,000,000	0.8%
5	Netwealth Investments Limited	1,605,075	0.7%
6	HSBC Custody Nominees (Australia) Limited	1,578,058	0.7%
7	BNP Paribas Nominees Pty Limited	1,316,632	0.6%
8	Marbear Holdings Pty Limited	1,300,000	0.6%
9	Mrs Fay Martin-Weber	1,000,000	0.4%
10	Invia Custodian Pty Limited	1,000,000	0.4%
11	Romeomike Enterprises Pty Limited	785,912	0.3%
12	Takita Exploration Pty Limited	730,585	0.3%
13	Geat Incorporated	700,740	0.3%
14	Barefood Super Pty Ltd	568,425	0.2%
15	Lital Pty Ltd	525,000	0.2%
16	Kalart Pty Limited	500,000	0.2%
17	Elphinestone Holdings Pty Limited	500,000	0.2%
18	Gold Tiger Equities Pty Limited	500,000	0.2%
19	How mains Pty Limited	458,000	0.2%
20	Angueline Capital Pty Limited	450,000	0.2%
<b>Top 20 shareholders total</b>		<b>26,193,155</b>	<b>11.1%</b>
<b>Total ordinary shares outstanding</b>		<b>236,334,452</b>	<b>100.0%</b>

Source: WGB ASX announcement.

## 6 Valuation methodologies

### 6.1 Introduction

Our fairness assessment involves comparing the Scrip Consideration of c. 0.62 WGB Shares and 0.62 WGB Options for every 1 TGG Shares<sup>33</sup>, to the fair market value of TGG Shares on a control and fully diluted basis. We have not considered the Cash Consideration in our fairness assessment as we have valued the Scrip Consideration higher than the Cash Consideration.

However, we understand that some TGG Shareholders will prefer to receive the Cash Consideration, and for completeness, we have also compared the Cash Consideration to the fair market value of TGG Shares on a control and fully diluted basis.

Given the Exchange Ratio will be calculated with reference to the NTA as at the Calculation Date, and it depends on the level of participation on the Buy-Back, which is currently unknown, we have had regard to the 30 June 2021 NTA for calculating the Exchange Ratio, being the latest monthly figures for both TGG and WGB. We have included extensive sensitivity analysis on changes to the NTA and merger ratio in the Fairness Assessment section of the executive summary.

Grant Thornton Corporate Finance has assessed the value of TGG using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 6.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, Takeover Offers of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to shareholders on an orderly realisation of assets (“NRV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- 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.

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<sup>33</sup> Based on a 40% participation in the Buy-Back.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

## 6.3 Selected valuation methods

### 6.3.1 Valuation of TGG

Grant Thornton Corporate Finance notes that all LICs release NTA information to the market on a monthly basis. The key assets, being the portfolio investments, are marked-to-market based on the last traded market price as at month-end.

For the purpose of the monthly disclosures, the NTA data is reported on both a pre-tax<sup>34</sup> basis and on a post-tax basis<sup>35</sup>. The NTA on a post-tax basis has been determined in accordance with current accounting standards, where the company is required to provide for deferred tax assets and/or deferred tax liabilities that may arise should the portfolio be disposed of in its entirety at the month end. The NTA on a pre-tax basis is determined without including the deferred tax assets and/or deferred tax liabilities.

We have adopted the NRV Method to value 100% of the issued capital in TGG for the purpose of this report. We have assumed it would take up to 3 months to complete the orderly realisation. When applying this approach, the resulting value represents 100% of the value of the Company and includes a premium for control as required by RG 111. In our valuation assessment, we have included an allowance for the costs of an orderly realisation of TGG which include the management fees payable per the TGG IMA ("Management Fees"), transaction costs, and selling and realisation costs which would be incurred upon sale of the portfolio securities over the assumed 3 month period. This is consistent with the methodology and accounting standard used by TGG in the calculation of the deferred tax assets and liabilities for the monthly NTA disclosures.

Furthermore, we note in the case of LICs, the current or recent listed market values of the underlying investments provide an accurate representation of the current fair value of those companies' investment holdings. Consequently, the assessment of net realisable assets is generally considered the most appropriate method for the valuation of companies of this type.

For the purpose of this report, we have based our valuation on the latest monthly NTA report, being the report dated 30 June 2021, which is also the most recent financial position of TGG made available to us.

Further, TGG is a listed Australian company and is quoted on the ASX. We have utilised the market value of listed securities approach ("Share Price Method") to cross check our values under the NRV Method.

<sup>34</sup> TGG refer to as NTA after actual Tax

<sup>35</sup> TGG refer to as NTA after estimated Tax



#### 6.3.2 Value of the Scrip Consideration

We note the Scrip Consideration has two elements; WGB Shares and WGB Options, both of which are actively traded on the ASX. As such, we have assessed both the value of WGB Shares and WGB Options using the Quoted Security Price Method. We have allocated the Scrip Consideration of WGB Shares and WGB Options based on an Exchange Ratio of 0.620 WGB Shares for every 1 TGG Share as at 30 June 2021 which is used as a proxy of the exchange ratio at completion. While the Exchange Ratio varies depending on the level of participation in the Buy-Back, the change is immaterial (i.e. less than 1%). We note that our adopted Exchange Ratio of 0.620 is based on a 40% participation in the Buy-Back (i.e. 40% of TGG Shareholders accept the Cash Consideration). TGG Shareholders who accept the Scrip Consideration will be exposed to the movements in WGB's Share price and the relative movement in the NTAs of TGG and WGB between now and the Calculation Date if the Proposed Transaction proceeds.

#### 6.3.3 Value of the Cash Consideration

For completeness we have also considered the value of the Cash Consideration as part of the Buy-Back, in which we compare the Cash Consideration payable to the fair market value of TGG derived using the NRV method.

## 7 Valuation assessment of TGG

As discussed in Section 6 of this report, we have used the NRV method as our primary method to assess the fair market value of TGG on a control basis and the Share Price Method as a cross check.

### 7.1 NRV method

When applying this approach, we have included an allowance for the costs of an orderly realisation of TGG which include the Deferred Management Fee payable per the IMA, transaction costs, and selling and realisation costs which would be incurred upon sale of the portfolio securities.

Valuation summary	Section	Low	High
\$	Reference		
NTA (after estimated tax) per TGG Share as at 30 June 2021	7.1.1	1.554	1.554
Number of TGG Shares as at 30 June 2021		198,097,061	198,097,061
<b>NTA (after estimated tax) as at 30 June 2021</b>		<b>307,863,853</b>	<b>307,863,853</b>
Management Fees payable	7.1.2	(286,653)	(259,352)
Transaction costs yet to be incurred	7.1.3	(1,865,185)	(1,378,615)
Accumulated profit	7.1.4	515,783	515,783
Estimated selling costs of the Portfolio	7.1.5	(65,150)	(58,945)
<b>Equity value on a 100% basis</b>		<b>306,162,648</b>	<b>306,682,723</b>
Number of TGG Shares as at 30 June 2021		198,097,061	198,097,061
<b>Assessed value per TGG Share on a control basis (\$ per share)</b>		<b>1.546</b>	<b>1.548</b>

Sources: TGG annual reports, TGG Management, GTCF analysis.

Note 1: TGG's June 2021 Monthly NTA Report.

#### 7.1.1 Post-tax NTA

Given our analysis under the NRV methodology assumes TGG disposes of its total investment portfolio, we have assumed that the entire deferred tax liability becomes current tax payable. As such, under the NRV method we are relying on the NTA after estimated tax, as reported in TGG's June 2021 Monthly NTA Report.

NTA as at 30 June 2021	
A\$	
NTA after actual tax <sup>1</sup>	329,949,456
Deferred tax asset / (liability)	(22,085,604)
<b>NTA after estimated tax<sup>2</sup></b>	<b>307,863,853</b>
Number of TGG Shares as at 30 June 2021	198,097,061
<b>NTA (after estimated tax) per TGG Share<sup>3</sup></b>	<b>1.554</b>

Note 1: Utilises tax on realised gains.

Note 2: Utilises tax on realised and deferred tax liability of unrealised gains, assumes the company disposed of its total investment portfolio at market value.

Note 3: As consistent with TGG's June 2021 Monthly NTA Report.

#### 7.1.2 Management Fees payable to Franklin Templeton over the orderly realisation period

A key consideration in the valuation of TGG under a realisation scenario is the IMA between TGG and Franklin Templeton. The IMA stipulates a Management fee of 0.75% per annum of the market capitalisation of TGG as at the last business day of the month, payable to Franklin Templeton. The IMA,

which came into effect on 1 November 2019, has an Initial Term of c. 3 years and is due to expire on 31 December 2022. After this date, the agreement can be extended by TGG for a rolling one month term at 30 days' notice. Both parties have the ability to terminate the IMA earlier than the maturity date providing they give at least 90 days' notice. We note that one months' worth of Management fees have been accrued for on the balance sheet as at 30 June 2021, with a total accrual balance of A\$186.9k.

If the Proposed Transaction does not proceed, the TGG board intends to proceed with an orderly realisation which we assumed is the most likely alternative scenario to the Proposed Transaction. Given that we have assumed it would take up to 3 months to complete the orderly realisation and that one month of Management fees is already accrued for in the 30 June 2021 Financial Statements<sup>36</sup>, the Management Fees have been calculated based on two additional months' worth of fees<sup>37</sup>. We have then utilised the current market capitalisation and sensitised the value using a +/- 5% adjustment to calculate the Low and High range. We note the 30 June 2021 NTA after tax of 1.554 implies an artificially precise value for the net assets (and accordingly the investments) and therefore we have applied a larger range on the cost assumptions to derive a range on the value per share. Using the Management fee percentage of 0.75% and a tax rate of 30%, this results in a Low to High range of A\$0.29 million to A\$0.26 million respectively.

The terms of the IMA also detail potential Performance Fees payable to incentivise Franklin Templeton to outperform relative to a predetermined high watermark. The performance fee is based on a three-year rolling period, commencing 1 November 2019 to 30 September 2021. Management have advised that TGG do not meet the June performance threshold<sup>38</sup> and required KPIs and hence are ineligible to receive the bonus payment. We also note that Management have excluded any Performance Fee accruals in the 30 June 2021 Financial Statements. As such, we have excluded any charges to our Adjusted Net Assets resulting from Performance Fees.

We have also considered the ASA between TGG and Franklin Templeton, in which Franklin Templeton is reimbursed for various administration costs and expenses. Franklin Templeton must seek prior consent from TGG before incurring any expenses greater than A\$20K and the ASA allows either party to terminate the agreement with 180 days' written notice. Given this is a reimbursement agreement, we note that these administration costs are ultimately borne by TGG and already reflected in the income statement and profit as at 30 June 2021. These costs are considered in Section 7.1.4.

#### 7.1.3 Transaction costs yet to be incurred

TGG and its advisers have estimated that it would incur c. A\$2.3 million in transaction costs to perform an orderly realisation of the fund as at 30 June 2021. We note these costs have not been accrued for in the 30 June 2021 financial statements and relate to regulatory, legal, advisory and consulting fees. Given that most of the balance is tax deductible, we have applied the TGG effective tax rate of 30%<sup>39</sup> and applied a 15% range to derive a Low and High range of A\$1.9 million and A\$1.4 million for post-tax transaction costs.

#### 7.1.4 Accumulated Profit

To account for the profit to be generated by TGG during the notice period, we have also made an adjustment using 3 months of the FY21 profit after tax. The accumulated profit includes any administration

<sup>36</sup> The assumption here is that notice will be provided at the beginning of the month.

<sup>37</sup> Assuming that TGG would have given notice to the Manager at substantially the same time that the Scheme was announced.

<sup>38</sup> We note the performance fee is calculated based on a rolling 3-year period. As at 31 June 2021, TGG has underperformed the benchmark over the three year rolling period.

<sup>39</sup> As per the 30 June 2021 Financial Statements



costs and expenses covered under the ASA. As with the Management Fees, many of the key line items have already been accrued for as at 30 June 2021, hence we have reduced allocation to 2 months to avoid double counting. Using a tax rate of 30%, the accumulated profit was calculated as A\$515k.

#### 7.1.5 Estimated selling costs of the Portfolio

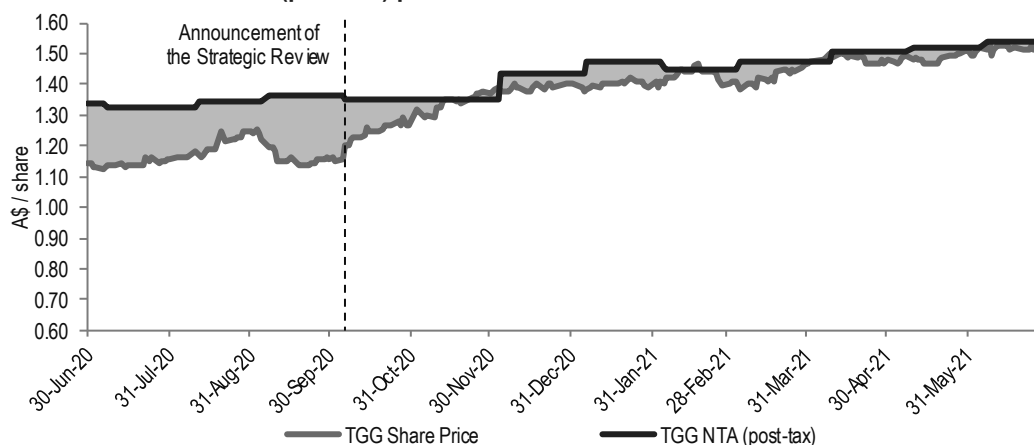
Under a realisation scenario of TGG's assets, TGG will incur brokerage fees related to the sale of the Investment Portfolio. Management has advised that the brokerage fees are approximately 2 basis points to sell down the investments. Accordingly, we have sensitised the balance by +/- 5% to account for changes in the underlying value of the Portfolio and to calculate the Low and High range. As such, we estimate TGG will incur selling costs of approximately A\$65K to A\$59K to orderly realise the entire portfolio as consistent with the NRV methodology.

### 7.2 Valuation cross check – Share Price Method

Prior to reaching our valuation conclusion, we have considered the quoted security price of TGG Shares to cross check our valuation assessment under the NRV Method. Before relying on the trading price in accordance with the requirements of RG 111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the underlying value of TGG.

We have only relied on the trading price before the announcement of the Proposed Transaction on 29 June 2021 as this excludes any perceived value the market may attribute to the Proposed Transaction. However we note that TGG's share price has been buoyed by the Strategic Review process which was announced on 6 October 2020. As a result of the announcement, TGG's share price converged towards post-tax NTA based on expectations from the Strategic Review compared to a 5.8% discount in the prior month and has averaged only a 1.9% discount since. Below we present the historical discount to NTA prior to and after the announcement of the Strategic Review, noting the significant compression in the discount to post-tax NTA.

**TGG Share Price vs. NTA (post-tax) per share**



Sources: S&P Global, TGG Monthly NTA reports.

We note that the significant discount to post-tax NTA prior to the announcement of the Strategic Review was likely due to the following factors:

- **Cost structure** — In FY21 TGG incurred corporate and management costs of c. A\$1.98 million. This cost structure reduces the level of shareholder distributable income, which may diminish the appeal from potential investors. Given TGG's portfolio investment allocations are publicly available and

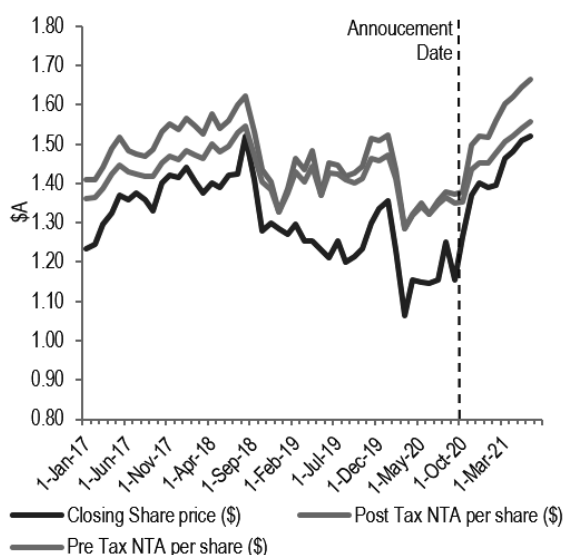


disclosed to the markets, it is possible for market participants and competitors to replicate the TGG portfolio with relative ease and limited cost. The management expenses therefore may limit the appeal of the TGG shares and put downward pressure on the TGG trading prices.

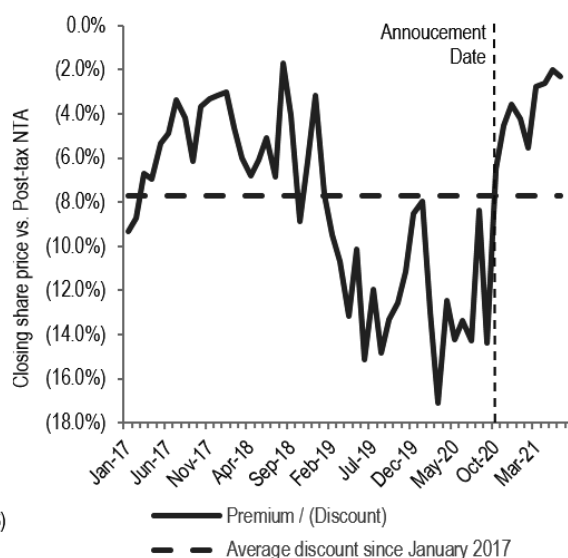
- **Performance against the TGG benchmark** — Since inception, TGG has underperformed its benchmark MSCI AC World Index by 0.4 percentage points. In addition, other passively managed exchange traded products may offer similar levels of performance at a lower cost.
- **Liquidity** — TGG's securities display limited liquidity evidenced by the low level of trading in TGG securities, with an average monthly volume traded of c.1.5% of total securities (See Appendix C for further details relating to the liquidity of TGG Securities).
- **Lack of broker coverage** — We note that TGG is not covered by any brokers<sup>40</sup>. This corresponds to a lower level of investor knowledge about TGG, further reducing liquidity.
- **Externally managed** — TGG is externally managed by Franklin Templeton, this structure is increasingly out of favour with investors due to the cost structure and potential conflict of interests compared to internally managed structures.

The above factors have all weighed on the share price and accordingly TGG has traded at a significant discount to NTA prior to the announcement of the Strategic Review. Since 1 January 2017, TGG's share price has on average traded at a discount of 7.7% to NTA. In the charts below we present the trading performance with the Pre and Post Tax NTA, and the discount to NTA since January 2017.

**TGG Share Price<sup>1</sup> vs. NTA per share**



**TGG Premium / (discount) to Post-tax NTA**



Source: S&P Global, Monthly TGG NTA Reports.

Note: (1) Closing Share Price as at the last day of each month.

Note: (2) 6 October 2020 is when TGG announced its Strategic Review.

As shown above, the company has persistently traded at a discount to its post-tax NTA per share since the beginning of 2017. Over this period, the average discount to its reported post-tax NTA has been c. 7.7%.

<sup>40</sup> We note that Morningstar Inc. and Bell Potter Securities Ltd. provide broader LIC industry research, however we are not aware of any researched produced on TGG as a standalone LIC.

## 8 Valuation assessment of the Consideration

As discussed in Section 6.3 of this report, our fairness assessment involves comparing the Scrip Consideration of c. 0.62 WGB Shares and 0.62 WGB Options for every 1 TGG Share, to the fair market value of TGG Shares on a control and fully diluted basis.

TGG Shareholders (excluding WGB and related entities interest in TGG) that accept the Scrip Consideration will own between 29.2% and 2.5% of the Enlarged Entity assuming between 0% and 80% (maximum most likely buy-back participation level) participation in the Buy-Back (i.e. 100% participation of the non-WGB Shareholders). Accordingly we have assessed the value of the Consideration on a minority basis having regard to WGB's trading price.

### 8.1 Scrip Consideration

If the Proposed Transaction proceeds, TGG Shareholders<sup>41</sup> will transfer all of their TGG Shares to WGB and receive the Scrip Consideration. TGG Shareholders will receive WGB Shares and WGB Options<sup>42</sup> based on Exchange Ratio as at 30 September 2021, however for the purpose of our assessment below, we have adopted our assessment of the Exchange Ratio as at 30 June 2021. A summary of the Scrip Consideration valuation assessment is displayed below:

Scrip Consideration \$	Section Reference	Low	High
GT assessed value per WGB Share <sup>1</sup>	8.1.1	2.65	2.70
Exchange Ratio <sup>2</sup>	8.1.2	0.62	0.62
Scrip Consideration per TGG Share (before WGB Options value)		1.64	1.67
Adjusted WGB Option value <sup>3</sup>	8.1.3	0.07	0.08
<b>Total Scrip Consideration per TGG Share</b>		<b>1.711</b>	<b>1.755</b>

Sources: S&P Global, GTCF analysis

Note (1): We note that Scrip Shareholders will be entitled to the FY21 WGB Dividend. As such, we have relied on the share price after the dividend announcement on 22 July 2021, hence the GT assessed value per WGB Share is on a Cum-dividend basis.

Note (2): The NTAs of the TGG and WGB portfolios represent prices quoted on international stock exchanges in foreign currencies converted to Australian dollars. As such, we have obtained the underlying exchange rates used by both portfolios as at 30 June 2021 and note no material variances between the rates utilised by TGG and WGB.

Note (3): The Adjusted WGB Option value is calculated using the GT assessed value per WGB Option, multiplied by the Exchange Ratio

#### 8.1.1 Quoted Security Pricing Method

We have relied on the Quoted Security Pricing Method to ascertain the value of the Consideration based on WGB's trading prices. As such, we have considered the depth of the market for the listed securities, volatility of the market price, and whether or not the trading price are likely to represent the underlying value of WGB.

#### Liquidity analysis

In accordance with the requirements of RG111, we have analysed the liquidity of WGB shares by considering the trading volume from June 2020 to July 2021 as a percentage of the total shares outstanding as well as free float shares outstanding, as outlined in the table below:

<sup>41</sup> This does not include the TGG shareholder participating in the Buy-Back.

<sup>42</sup> For each WGB Share that TGG Shareholders receive under the Scrip Consideration, TGG Shareholders will also receive one WGB Option with an exercise price of A\$2.54, exercisable at any time on or before the expiry date of 12 September 2022 and free from brokerage fees.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares	Volume traded as % of total shares	Cumulative Volume traded as % of total shares
Jun 2020	5,331	1.9833	10,572	2.5%	18.6%	2.5%	18.4%
Jul 2020	4,385	1.9632	8,608	2.1%	20.7%	2.1%	20.4%
Aug 2020	4,667	2.0825	9,720	2.2%	22.9%	2.2%	22.6%
Sep 2020	4,286	2.0987	8,996	2.0%	24.9%	2.0%	24.7%
Oct 2020	5,375	2.1662	11,643	2.6%	27.5%	2.5%	27.2%
Nov 2020	6,236	2.2069	13,763	3.0%	30.4%	2.9%	30.1%
Dec 2020	4,353	2.3541	10,247	2.1%	32.5%	2.0%	32.2%
Jan 2021	2,761	2.4083	6,649	1.3%	33.8%	1.3%	33.5%
Feb 2021	4,543	2.5703	11,677	2.2%	36.0%	2.1%	35.6%
Mar 2021	6,119	2.5921	15,861	2.9%	38.9%	2.9%	38.5%
Apr 2021	3,683	2.5761	9,488	1.7%	40.6%	1.7%	40.2%
May 2021	3,333	2.6070	8,688	1.5%	42.2%	1.5%	41.7%
Jun 2021	3,463	2.5524	8,838	1.5%	43.7%	1.5%	43.2%
Jul 2021	2,324	2.6514	6,161	1.0%	44.7%	1.0%	44.2%
<b>Min</b>				<b>1.0%</b>		<b>1.0%</b>	
<b>Average</b>				<b>2.0%</b>		<b>2.0%</b>	
<b>Median</b>				<b>2.1%</b>		<b>2.0%</b>	
<b>Max</b>				<b>3.0%</b>		<b>2.9%</b>	

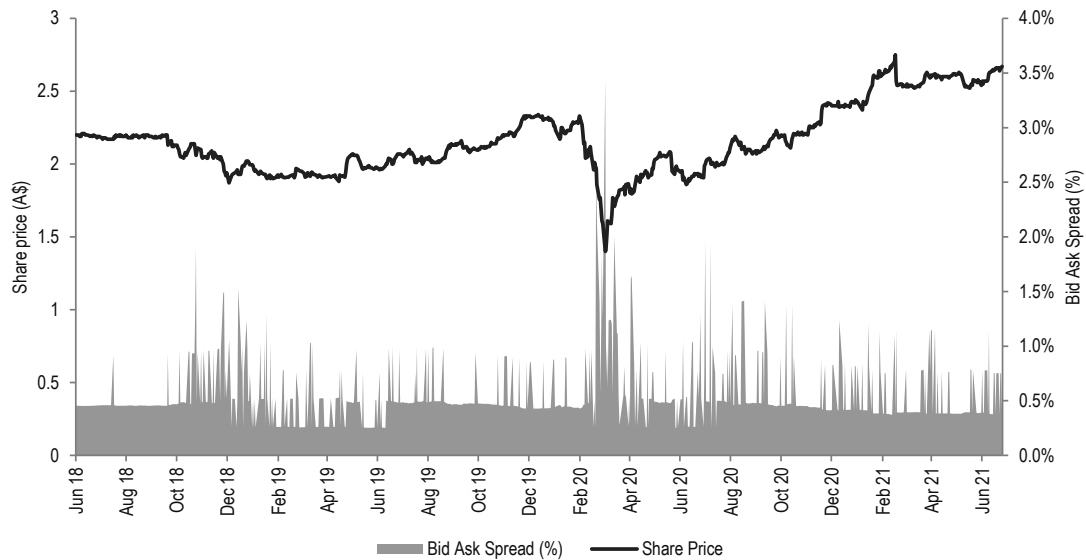
Sources: S&P Global, Financial Times data and GTCF analysis

With regard to the above analysis, we note that:

- The level of free float for WGB is high at c. 98.97%. From June 2020 to July 2021, c. 44.7% of the free float shares were traded with an average monthly volume of 2.0% of the total free float shares.
- In the absence of a takeover or alternative transactions, the trading prices represent the value at which TGG Shareholders will be able to realise the Scrip Consideration if they desire to do so.
- WGB complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of WGB.
- WGB provides updates to the market on a regular monthly basis with information regarding the investment strategy and the performance of the WGB Portfolio in its various investment sectors. As a result, there is extensive analysis provided to the market not only about the WGB's performance and market standing, but also regarding industry trends.
- Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. The graph below shows the bid ask spread for WGB since inception.



### WGB – Bid/Ask Spread



Source: S&P Global and GTCF analysis.

As shown in the graph above, the historical difference between the bid and ask price has been consistently low, with an average of 0.57% since inception.

Based on the analysis above, we conclude that there is sufficient liquidity in WGB's trading price for utilisation of the Quoted Security Price Method as required pursuant to RG111.

#### *Valuation assessment of WGB based on trading price*

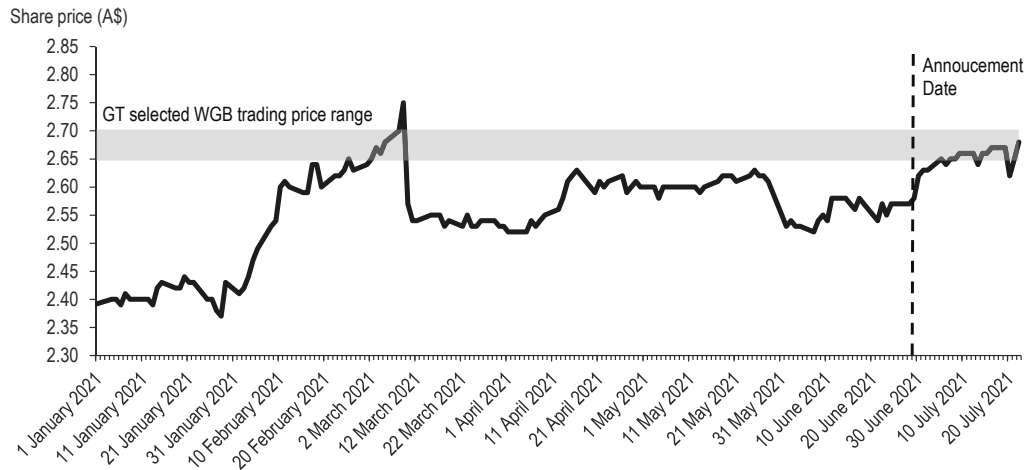
Set out below is a summary of the VWAP of WGB's shares from the last reported NTA date of 30 June 2021 and from the 14 July 2021 announcement date of WGB's June 2021 monthly Investment Update. WGB announced an updated A\$2.599 NTA (post-tax) on 16 July 2021, a balance that was c.5.0 cents higher compared to the A\$2.549 announced on the 14 July 2021. As a result, the WGB share price increased by 1.0 cents to A\$2.67 on 16 July 2021. We also note that on 22 July 2021, the Directors stated their intention to declare a fully franked dividend of 5.0 cents per share, representing a 25% increase on the FY20 fully franked final dividend. This resulted in a 3.0 cent increase in the share price on 22 July 2021, the stock now trades cum-dividend.

VWAP - WGB	Low	High	VWAP
<b>Prior to 23 Jul 2021</b>			
1 day	2.640	2.700	2.668
5 day	2.610	2.700	2.661
<b>Prior to 15 Jul 2021</b>			
1 day	2.640	2.660	2.651
5 day	2.640	2.660	2.651
10 day	2.580	2.660	2.637
1 month	2.540	2.660	2.601
2 month	2.500	2.660	2.587
3 month	2.500	2.660	2.593
4 month	2.500	2.660	2.575
5 month	2.500	2.750	2.591
6 month	2.350	2.750	2.572
9 month	2.100	2.750	2.454
<b>Prior to 01 Jul 2021</b>			
1 day	2.560	2.620	2.587
5 day	2.550	2.620	2.574
10 day	2.540	2.620	2.570
1 month	2.500	2.620	2.552
2 month	2.500	2.640	2.580
3 month	2.500	2.650	2.577
4 month	2.500	2.750	2.583
5 month	2.380	2.750	2.580
6 month	2.350	2.750	2.559
9 month	2.100	2.750	2.428

Sources: S&P Global and GTCF analysis.

Based on the analysis above, we have assessed the fair market value of the Consideration based on WGB's trading price of between A\$2.65 and A\$2.70 per share on a minority basis. Given that we have relied on the share price after the dividend announcement on 22 July 2021, the share price is cum dividend and hence the dividend is captured in the price<sup>43</sup>. We note the sharp reduction in WGB trading prices in mid-March 2021 to c. A\$2.54 corresponds to the date that 212,491,576 WGB Options began trading on the ASX. The WGB Options have an exercise price of A\$2.54 per option.

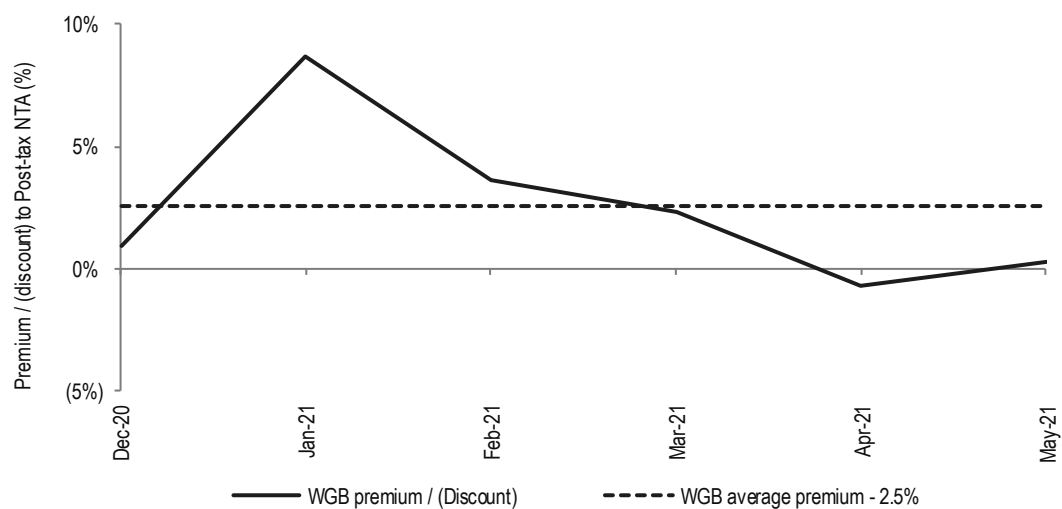
<sup>43</sup> We note that TGG Shareholders receiving the Scrip Consideration will be entitled to receive the dividend.

**WGB trading price and GT selected price range**

Source: S&P Global and GTCF analysis.

Note: 29 June 2021 was the announcement date for the Proposed Transaction.

In assessing the WGB trading price to value the Scrip Consideration, we have mostly relied on WGB's recent trading prices given that we have assessed the Scrip Consideration assuming that TGG Shareholders will dispose of the WGB Shares and WGB Options in the short term. In addition, we note the significant impact that COVID-19 had on equity markets during 2020 and accordingly we have placed less reliance on WGB's share price during this time. As shown in the chart below, over the last six months WGB has been trading broadly in line with—or at a slight premium to—reported post-tax NTA. On average, over this time period, the premium has averaged 2.5% to post-tax NTA.

**Historical WGB discount / premium over NTA (post-tax)**

Sources: WGB monthly investor updates; S&P Global.

In our valuation assessment of the Consideration, we have considered it appropriate to rely on WGB's trading price rather than the post-tax NTA of WGB as at 30 June 2021 due to the following:

- As outlined in the graph above, since December 2020 WGB has been trading at a slight premium or substantially in line with post-tax NTA. Accordingly, the trading price closely represents the underlying value of the WGB portfolio and therefore it is reasonable to rely on WGB's trading price to assess the market value of the Consideration received by TGG Shareholders.
- There is sufficient liquidity in WGB trading prices to allow TGG Shareholders to realise the WGB Shares received as consideration at market value. Accordingly, the trading price of WGB Shares represents a reasonable proxy of the value that accepting TGG Shareholders could expect to realise from their investment if they decide to sell the WGB Shares received as consideration. However we note that depending on the level of participation in the Buy-Back, TGG Shareholders (excluding WGB and related entity controlled TGG Shares), could end up owning up to c. 105.0 million WGB Shares (assuming 0% participation in the Buy-Back) based on the Exchange Ratio. This is significantly higher than the daily average trading volume of WGB of c. 0.2 million over the last six months. Accordingly, if all TGG Shareholders seek to sell WGB Shares immediately after they receive them, it may create an overhang effect and depress WGB trading prices. Under those circumstances, the price that TGG Shareholders will be able to realise from the sale of WGB Shares may be significantly lower than our valuation assessment. In the table below we present TGG Shareholder's interest in the Enlarged Entity depending on the level of participation in the Buy-Back. We have not considered the WGB Options in the analysis as it is unknown when or if they will be converted to WGB Shares:

TGG Shareholders interest in Enlarged Group	Buy back participation				
	0%	20%	40%	60%	80%
TGG Shares remaining after the Buy-Back (including WAM interest)	198,097,061	158,477,649	118,858,237	79,238,824	39,619,412
Exchange Ratio	0.621	0.621	0.620	0.619	0.617
WAM WGB Shares from WAM-held TGG Shares <sup>1</sup>	18,059,483	18,059,483	18,030,402	18,001,320	17,943,158
WAM WGB Shares from non WAM-held TGG Shares	104,958,792	80,355,137	55,661,705	31,047,512	6,502,020
Existing WGB Shares at 30 June 2021	236,334,452	236,334,452	236,334,452	236,334,452	236,334,452
<b>Total Enlarged Entity Ordinary Shares (undiluted)</b>	<b>359,352,727</b>	<b>334,749,072</b>	<b>310,026,559</b>	<b>285,383,284</b>	<b>260,779,629</b>
TGG Shareholders interest (excluding WAM interest) in Enlarged Entity	29.2%	24.0%	18.0%	10.9%	2.5%
WGB interest in Enlarged Entity (including WAM TGG interest)	70.8%	76.0%	82.0%	89.1%	97.5%

Source: Scheme Booklet, GTCF analysis.

- We note that if the Scheme is approved and WGB acquires 100% of the issued capital of TGG (i.e. 0% participation in the Buy-Back), TGG Shareholders will collectively hold approximately 29.2% of the Enlarged Entity share capital of WGB on an undiluted basis. Accordingly, they will not be able to influence and change the strategic direction of WGB which is consistent with the portfolio value reflected in WGB's trading price.

#### 8.1.2 Exchange ratio

The Exchange Ratio determines the number of new WGB Shares and WGB Options which will be issued to each TGG Shareholder who elects to participate in the Scrip Consideration. It is calculated as the post-tax TGG NTA before deferred taxes' and after Transaction Costs, as a proportion of the post-tax WGB NTA (but before deferred taxes) adjusted for transaction costs, multiplied by the number of shares<sup>44</sup> using values as at the Calculation Date which is expected to be 30 September 2021. The Exchange Ratio is unknown at the time of this Report as it depends on the level of participation in the Buy-Back and the NTA as at the Calculation Date. In the table below, we provide an illustrative Exchange Ratio, based on the

<sup>44</sup> Any fractional entitlements of a Scrip Consideration will be rounded up or down to the nearest whole number of New WGB Shares of WGB Options.

NTA per share values for each of TGG and WGB as at 30 June 2021 and a 40% participation in the Buy-Back.

Exchange ratio		
\$	TGG	WGB
NTA (after estimated tax) per share as at 30 June 2021	1.666	2.671
Adjustments for deferred tax assets	(0.002)	(0.003)
<b>NTA per share as at 30 June 2021</b>	<b>1.664</b>	<b>2.667</b>
Less: Transition costs per share	(0.011)	(0.002)
<b>Adjusted NTA (after estimated tax) per share<sup>1</sup></b>	<b>1.653</b>	<b>2.666</b>
<b>Implied exchange ratio</b>		<b>0.620</b>

Sources: Source: TGG Management and GTCF analysis.

Note: Assumes 40% participation in the Buy-Back.

As participation in the Buy-Back increases, the Exchange Ratio decreases, resulting in a lower Consideration for TGG Shareholders. This variance arises primarily as a result of the TGG deferred tax liability balance, which reduces the TGG NTA proportionally more as the participation of the Buy-Back increases. In the table below, we provide a sensitivity to highlight the impact on the Value of the Consideration to changes in the level of participation in the Buy-Back.

Sensitivity on the Buy-Back participation %				
\$	20%	40%	60%	80%
TGG NTA	1.654	1.653	1.651	1.644
<b>Exchange ratio</b>	<b>0.621</b>	<b>0.620</b>	<b>0.619</b>	<b>0.617</b>
WGB Adjusted Share Price <sup>1</sup>	1.661	1.659	1.656	1.650
WGB Adjusted Option Value <sup>1</sup>	0.075	0.074	0.074	0.074
<b>TGG Scrip Consideration value</b>	<b>1.736</b>	<b>1.733</b>	<b>1.730</b>	<b>1.725</b>
<b>Premium / (discount) to TGG NTA(\$)</b>	<b>0.082</b>	<b>0.080</b>	<b>0.079</b>	<b>0.080</b>
<b>Premium / (discount) to TGG NTA (%)</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>4.9%</b>

Sources: Source: TGG Management and GTCF analysis.

Note (1): Calculated using the midpoint of the GT assessed range of WGB Shares and WGB Options in Section 8.1. The Share and Option price have then been multiplied by the Exchange Ratio to provide the Adjusted Price.

Whilst the Exchange Ratio is unknown as it depends on the level of participation in the Buy-Back and the NTA at the Calculation Date, we have considered the impact to the Exchange Ratio based on varying levels of participation in the Buy-Back of between 0% to 80% of eligible TGG Shareholders. We note as participation in the Buy-Back increases, the TGG NTA and Exchange Ratio decrease. We note that WGB and its related entities control a 14.58% interest in TGG and is expected to opt for the Scrip Consideration. From the table above we observe that the Exchange Ratio varies between 0.621 and 0.617 assuming a 0% and 80% participation in the Buy-Back respectively. This represents a less than 1% movement in the Exchange Ratio. For simplicity we have adopted a 0.620 Exchange Ratio for our value assessment, based on a 40% participation in the Buy-Back based on discussions with Management and their advisers as a proxy for the Exchange Ratio at Valuation Date.

### 8.1.3 WGB Options

In addition to WGB Shares, TGG Shareholders will be eligible to receive one New WGB Option<sup>45</sup> over every WGB Share that is issued to them. The newly issued WGB Options are issued on the same terms, and will rank equally with all existing WGB Options. The call options have an expiry date of 12 September

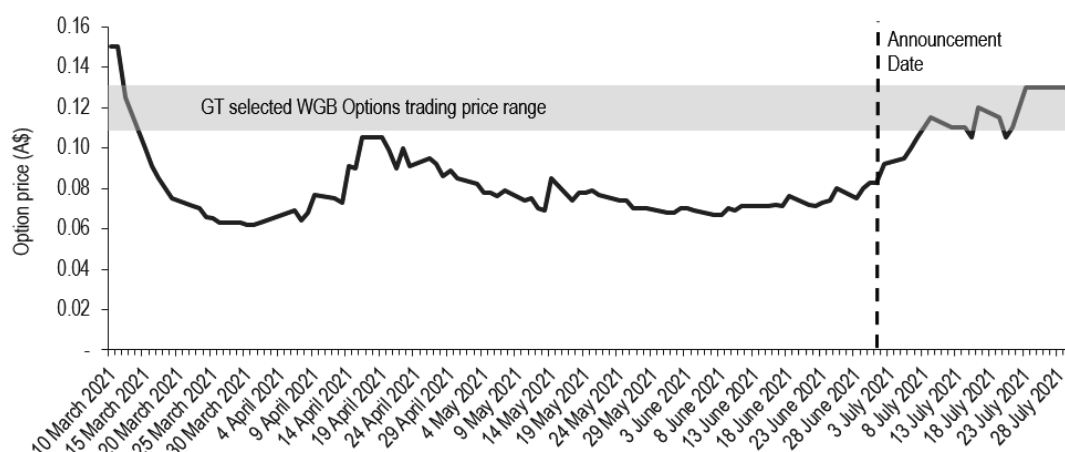
<sup>45</sup> The newly issued WGB Options will rank equally with all existing WGB Options.



2022, are exercisable at any time, have an exercise price of A\$2.54 and do not incur brokerage costs. The WGB Options began trading on the ASX under the code WGB0 from 15 March 2021.

We have also relied on the Quoted Security Pricing Method to ascertain the value of the WGB Options. We note in the chart below the option price<sup>46</sup> since its initial listing in March. During this period, the lowest trade price was A\$0.062 and the highest trade was at the opening price of A\$0.15, the average daily volume was c. 428K.

#### Historical WGB Option trading prices



Sources: Commonwealth Securities Limited and GTCF analysis.  
Note: 29 June 2021 was the announcement date for the Proposed Transaction.

We also highlight the date the Proposed Transaction was announced on the 29th June 2021, with the closing price increasing 7% on the day. We have assessed the fair market value by selecting a Low to High range of A\$0.11 and A\$0.13, based on the closing prices throughout this period from 28 June 2021 to 27 July 2021. We have then applied the Exchange ratio on a per share basis to derive a value for the WGB Options.

WGB Bonus Options		
\$	Low	High
WGB options expiring 12 September 2022	0.110	0.130
Exchange ratio	0.620	0.620
Implied WGB Bonus Options	0.068	0.081

Sources: Commonwealth Securities Limited and GTCF analysis.

We have also sought to cross check the market price of the WGB Options by adopting the Cox-Ross-Rubenstein Binomial Model ("Binomial Model"), refer to Appendix D for details. We utilised the following assumptions:

- Underlying share price: based on our valuation assessment of WGB using the QSP methodology, we assessed a Low to High range of A\$2.65 to A\$2.70 per share.
- Volatility: based on a benchmark undertaken of comparable companies and WGB over a time horizon matching the Option expiry dates, we have selected a volatility of 20%.

<sup>46</sup> Based on daily close prices.

- Exercise price and Expiry dates: As per the SIA, the WGB Options have an exercise price of A\$2.54 and maturity date of 12 September 2022.
- We have also tax effected the WGB Options to reflect the tax paid by the participating TGG Shareholders. We have utilised a 40% and 30% marginal tax rate for the Low and High ranges respectively.
- We have selected a dividend yield of 3.4% based on the most recent dividends and the midpoint of our assessed WGB value range per share.

We have then applied the Exchange Ratio of 0.62 on a per option basis to derive a cross check range for the WGB Options of A\$0.078 to A\$0.119. We note this aligns to high end of our range such that the above analysis supports our valuation assessment of the WGB Options of A\$0.068 to A\$0.081 per option.

## 8.2 Cash Consideration

Under the Proposed Transaction, TGG has also offered to buy-back shares from TGG Shareholders who elect to participate in the Buy-Back for a Cash Consideration based on the 30 September 2021 NTA of TGG after accounting for all current and deferred taxes and associated TGG transaction costs.

We note that any deemed dividends are expected to be partially franked and attributable to capital gains, the effect of which will vary between individual TGG Shareholders. As such, we have considered in our reasonableness considerations but not included in the fairness assessment any potential changes to the value given that the franking credits, LIC capital gains deductions and CGT consequences are based on each individual TGG Shareholders unique circumstances.

For illustrative purposes, in the table below we have assessed the value of the Cash Consideration based on the 30 June 2021 accounts based on a 40% Buy-Back:

Cash Consideration \$	Section Reference	
NTA (after estimated tax) per TGG Share as at 30 June 2021	7.1.1	1.554
Number of TGG Shares as at 30 June 2021		198,097,061
<b>NTA (after estimated tax) as at 30 June 2021</b>		<b>307,863,853</b>
Transaction costs after tax	Note (2)	(1,621,900)
<b>Total Cash Consideration</b>		<b>306,241,953</b>
Number of TGG Shares as at 30 June 2021		198,097,061
<b>Total Cash Consideration per TGG Share</b>		<b>1.546</b>

Sources: GTCF analysis

Note (1): Assumes 40% Buy-Back Scenario.

Note (2): Transaction costs have been provided by Management and have not been accrued for in the 30 June 2021 financial statements. The costs relate to regulatory, legal and other advisory and consulting fees. We have then applied the 30 June 2021 TGG effective tax rate of 30% to derive the balance for post-tax transaction costs.

Whilst we are unable to forecast the NTA as at 30 September 2021, we note TGG has not traded above its NTA in recent years. Given the reasons outlined in Section 8.1.1, we consider it unlikely that TGG will trade above or in line with NTA.

## 9 Sources of information, disclaimer and consents

### 9.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Explanatory Statement.
- Annual reports/ consolidated accounts of TGG and WGB for FY18 to FY21.
- TGG and WGB Management Accounts for the year ended 30 June 2021
- Minutes of Board meetings.
- Investment Management Agreements for TGG and WGB.
- Press releases and announcements by TGG and WGB on the ASX.
- Monthly net asset valuation for TGG and WGB as at 30 June 2021.
- S&P Global.
- IBISWorld.
- Various industry and broker reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of TGG and its advisers.

### 9.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to assist the Directors of TGG in advising the TGG Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is in the best interests of TGG Shareholders.

TGG has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services



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contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 9.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Explanatory Statement to be sent to TGG Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

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## **Appendix A – Valuation methodologies**

### **Capitalisation of future maintainable earnings**

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### **Discounted future cash flows**

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### **Orderly realisation of assets**

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### **Market value of quoted securities**

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### **Comparable market transactions**

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Glossary

A\$	Australian Dollar
APES	Accounting Professional and Ethical Standards
APES110	Code of ethics for Professional Accounting
ASA	Administration Services Agreement between TGG and Franklin Templeton dated 24 September 2014
ASIC	Australian Securities and Investments Commission
AUM	Assets Under Management
Consideration	Combined Scrip and Option Consideration
Corporations Act	Corporations Act 2001
DCF Method	Discounted Cash Flow
Directors	The Directors of TGG
Exchange Ratio	Number of WGB Shares and WGB Options for every 1 TGG Share
FOFA	Future of Financial Advice
Franklin Templeton or the TGG Manager	Franklin Templeton Investments Australia Limited
FSG	Financial Service Guide
FY	Financial year ended 30 June
GFC	Global Financial Crisis
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
IER or Report	Independent Expert Report
LIC	Listed investment company
LIT	Listed investment trust
Management Fees	Management fees to be paid by TGG Shareholders to Franklin Templeton calculated as 0.75% per annum of the specified market capitalisation
MER	Management expense ratio
NRV Method	Net realisable method
NTA	Net tangible assets
Performance Fee	Franklin Templeton is entitled to a performance based on a three-year rolling period, commencing 1 November 2019 to 30 September 2021.
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of Experts"
RG74	ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders"
VWAP	Volume weighted average price
TGG or the Company	Templeton Global Growth Fund Limited
TGG Benchmark	MSCI AC World (Net Dividends) Index
TGG Management	Senior management and directors of TGG
TGG IMA	Investment Management Agreement between TGG and Franklin Templeton dated 18 October 2019
TGG Share	1 outstanding ordinary share in TGG
TGG Shareholder	An individual/ entity beneficially holding TGG Share(s)
Wilson Asset Management, WAM or WGB Manager	Wilson Asset Management (International) Pty Limited
WGB	WGB Capital Limited
WGB Dividend	The WGB fully franked dividend of 5 cents per WGB Share announced by WGB on 22 July 2021.
WGB IMA	The investment management agreement between WGB and the WGB Manager dated 20 April 2018
WGB Option	WGB Bonus options with an exercise price of A\$2.54 and maturity date of 12 September 2022.
WGB Portfolio	WGB's investments portfolio
WGB Share	1 outstanding ordinary share in WGB

## Appendix C – TGG Liquidity and VWAP Analysis

### Assessment of Liquidity

In accordance with the requirements of RG111, we have analysed the liquidity of TGG Securities before relying on them for the purpose of our valuation assessment. The following table sets out the monthly trading volume of TGG Securities since June 2020 as a percentage of the total securities outstanding as well as free float securities outstanding.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares	Volume traded as % of total shares	Cumulative Volume traded as % of total shares
Jun 2020	2,212	1.1522	2,548	1.2%	14.3%	1.1%	13.4%
Jul 2020	3,402	1.1395	3,877	1.8%	16.1%	1.7%	15.1%
Aug 2020	2,165	1.2058	2,610	1.2%	17.2%	1.1%	16.2%
Sep 2020	2,513	1.1801	2,966	1.4%	18.6%	1.3%	17.4%
Oct 2020	7,664	1.2616	9,668	4.1%	22.7%	3.9%	21.3%
Nov 2020	2,838	1.3318	3,779	1.5%	24.3%	1.4%	22.7%
Dec 2020	2,092	1.3913	2,911	1.1%	25.4%	1.1%	23.8%
Jan 2021	1,769	1.4047	2,485	1.0%	26.3%	0.9%	24.7%
Feb 2021	2,770	1.4308	3,963	1.5%	27.8%	1.4%	26.1%
Mar 2021	3,605	1.4184	5,114	1.9%	29.8%	1.8%	27.9%
Apr 2021	1,827	1.4817	2,707	1.0%	30.8%	0.9%	28.8%
May 2021	2,087	1.4820	3,093	1.1%	31.9%	1.1%	29.9%
Jun 2021	2,025	1.5108	3,059	1.1%	33.0%	1.0%	30.9%
<b>Min</b>				<b>1.0%</b>		<b>0.9%</b>	
<b>Average</b>				<b>1.5%</b>		<b>1.4%</b>	
<b>Median</b>				<b>1.2%</b>		<b>1.1%</b>	
<b>Max</b>				<b>4.1%</b>		<b>3.9%</b>	

Sources: S&P Global, GTCF analysis.

Based on the above table, we note the following:

- The level of free float for TGG is high at c. 93.66%. From June 2020 to June 2021, c. 31.7% of the free float shares were traded with an average monthly volume of 1.6% of the total free float shares.
- In the absence of a takeover or alternative transactions, the trading prices represent the value at which minority shareholders could realise their portfolio investment.
- TGG complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of TGG.
- TGG provides updates to the market on a regular monthly basis with information regarding the investment strategy and the performance of the TGG portfolio in its various investment sectors. As a result, there is extensive analysis provided to the market not only about TGG's performance and market standing, but also regarding industry trends.

Based on the above analysis, we note that the liquidity in TGG Shares is low but not inconsistent with other small LICs.

#### Assessment of VWAP

Set out below is a summary of the share market prices at which TGG Shares traded on the ASX before the announcement of the Proposed Transaction on the 29<sup>th</sup> June 2021.

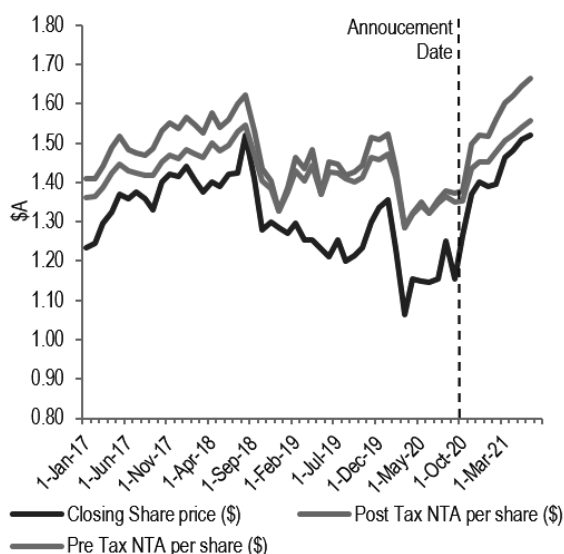
VWAP - TGG	Low	High	VWAP
<b>Prior to 29/06/2021</b>			
1 day	1.515	1.530	1.517
5 day	1.510	1.530	1.517
10 day	1.505	1.530	1.515
1 month	1.480	1.580	1.510
2 month	1.460	1.580	1.495
3 month	1.445	1.580	1.490
4 month	1.360	1.580	1.464
5 month	1.360	1.580	1.456
6 month	1.360	1.580	1.449
9 month	1.150	1.580	1.377

Source: S&P Global and GTCF calculations.

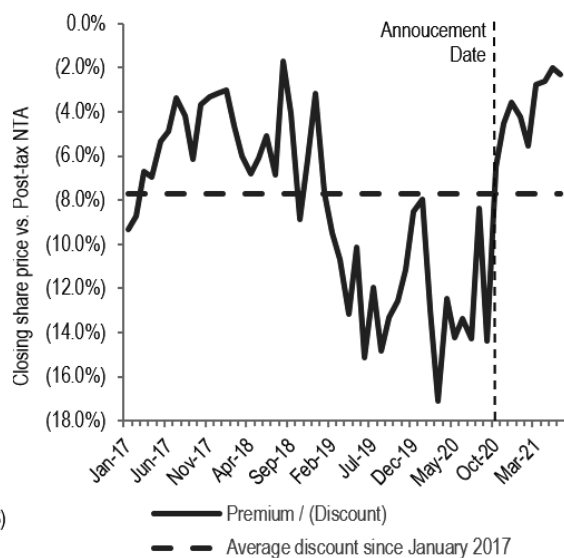
We observe that the Volume Weighted Average Price ("VWAP") of TGG's Shares has consistently increased over the last 9 month period from A\$1.38 to A\$1.52. The VWAP has remained below the post-tax NTA per share of A\$1.554 prior to the announcement of the merger.

The following chart shows the movements of TGG's share price and that of TGG's NTA since January 2017.

**TGG Share Price<sup>1</sup> vs. NTA per share**



**TGG Premium / (discount) to Post-tax NTA**



Source: S&P Global, Monthly TGG NTA Reports.





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*Note: (1) Closing Share Price as at the last day of each month.*

*Note: (2) 6 October 2020 is when TGG announced its Strategic Review.*

As shown above, the company has traded at a discount to its post-tax NTA per share since the beginning of 2017, and has traded at an average discount of c.7.7% to its reported post-tax NTA over the same time period. We note that despite historically trading at a significant discount to post-tax NTA, TGG has managed to reduce this discount since announcing a Strategic Review on 6 October 2020. Actions taken included a reduction in management fees from 1.0% of Net Asset Value to 0.75% of market capitalisation and the continuation of the on-market share buy-back program. Prior to the announcement of the Strategic Review the share price was trading at a 14.4% discount to NTA (post-tax) which has since reduced to 2.3% discount to NTA (post-tax) per share at the end of June 2021.

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## Appendix D – Option valuation methodologies

There are a number of methodologies available to value options issued over securities in a company. The three most commonly used methodologies are summarised below:

- *Black-Scholes-Merton Valuation Model ("BS Model")* – typically used to value plain European<sup>47</sup> options based on the fundamental assumption that security prices follow a geometric Brownian motion with constant drift and volatility. The model can also be used to value American<sup>48</sup> options in the specific circumstance where the value of holding the call option is greater than the value of immediately exercising the option at a given point in time (i.e. for companies which are not expected to pay dividend).
- *Cox-Ross-Rubenstein Binomial Model ("Binomial Model")* – widely recognised method of valuing both American and European style options. The model uses an iterative procedure to estimate a mathematical valuation of the Warrants and Options at numerous specified points in time during the maturity period based on a volatility and timing factor, which is then discounted back to present day to determine a value for the Warrants and Options.
- *Monte Carlo Simulation Model ("Monte Carlo Model")* – a widely used class of computational algorithms for simulating the behaviour of various physical and mathematical systems (such as security prices). They can be used to find solutions to complex mathematical problems with many variables by applying a large number of trials (using random numbers generated in accordance with a defined distribution and probability assumptions) in order to converge on the average result.

IFRS 2 requires that the valuation technique used to value the options should be "consistent with generally accepted valuation methodologies for pricing financial instruments". It is important to emphasise that there is no perfect model for calculating fair values for the options. The valuation models outlined above are based upon several simplifying assumptions. None of them produce results which are definitively right or wrong and it is this subjectivity which precludes us from proclaiming any model as giving the correct value. However, each model has different features which may or may not apply to the options in question and so the choice of model can be of considerable importance in ensuring accurate results. We have adopted the Binomial Model in our valuation assessment of the WGB Options, see Section 8.1 for detailed explanations of the inputted assumptions.

<sup>47</sup> European options: derivatives which are not exercisable prior to maturity date.

<sup>48</sup> American options: derivatives which can be exercised at any time prior to or at maturity date.

## **Annexure B – Scheme of Arrangement**

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# **Scheme of Arrangement under Section 411 of the Corporations Act**

Templeton Global Growth Fund Limited  
(ACN 006 558 149) (**TGG**)

Scheme Participants

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## Details

Date	2021	
Parties	TGG and Scheme Participants	
TGG	Name	Templeton Global Growth Fund Limited
	ACN	006 558 149
	Address	Level 19, 101 Collins Street, Melbourne VIC 3000
	Email	enquiries@templeton.com
	Attention	Mat Sund, General Manager
<b>Scheme Participants</b>	Each person who is a TGG Shareholder at the Record Date, other than WAM Global.	
<b>Governing law</b>	New South Wales, Australia	

# 1 Definitions and Interpretation

## 1.1 Definitions

In this Scheme:

**AIFMD UK Regulation** means *The Alternative Investment Fund Managers Regulations 2013* (UK).

**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).

**Boardroom** means WAM Global's share registry, Boardroom Pty Limited (ACN 003 209 836).

**Business Day** has the meaning given in the Listing Rules.

**Buy-Back** means TGG's offer to eligible TGG Shareholders to buy-back Buy-Back TGG Shares in accordance with Chapter 2J.1 Division 2 of the Corporations Act, subject to and conditional on the Scheme becoming Effective and in accordance with the terms outlined in section 3.5 ("Outline of Buy-Back") of the Explanatory Memorandum.

**Buy-Back Accepting TGG Shareholder** means a Scheme Participant at the Record Date who elected to participate in the Buy-Back for all of their applicable TGG Shares by completing and submitting a valid Buy-Back Election Form which was received by Computershare by 7.00pm on the Buy-Back Election Date (and who did not submit a Buy-Back Withdrawal Form which was received by Computershare by 7.00pm on the Buy-Back Election Date) and in accordance with the terms outlined in section 3.5 ("Outline of Buy-Back") of the Explanatory Memorandum.

**Buy-Back Agreement** means the agreement that TGG and each Buy-Back Accepting TGG Shareholder will be deemed to enter into at 7:00pm on the Buy-Back Election Date for TGG to buy-back from each relevant Buy-Back Accepting TGG Shareholder their Buy-Back TGG Shares subject to the terms outlined in section 3.5 ("Outline of Buy-Back") of the Explanatory Memorandum.

**Buy-Back Documents** means the Explanatory Memorandum, the Buy-Back Election Form and the Buy-Back Withdrawal Form.

**Buy-Back Election Date** means 7.00pm on the date that is five Business Days following the date of the Scheme Meeting (being Wednesday, 6 October 2021) or such other time and date as TGG and WAM Global agree in writing.

**Buy-Back Election Form** means the form titled "Buy-Back Election Form", under which TGG Shareholders may elect to participate in the Buy-Back on the terms and conditions of the Buy-Back Documents. The following will also constitute a Buy-Back Election Form: (a) an electronic version of the "Buy Back Election Form" available at [www.tggfttransaction.com.au](http://www.tggfttransaction.com.au) in accordance with the Explanatory Memorandum; or (b) an election to participate in the Buy-Back via a controlling participant or as a CHESS participant in accordance with the Explanatory Memorandum.

**Buy-Back General Meeting** means the meeting of TGG Shareholders to be convened by TGG to consider the Buy-Back Resolution to be held immediately after the Scheme Meeting and includes any adjournment of such meeting.



**Buy-Back Resolution** means a resolution to approve the Buy-Back in accordance with Division 2 of Chapter 2J of the Corporations Act to be put to TGG Shareholders for approval at the Buy-Back General Meeting.

**Buy-Back TGG Shares** means the number of TGG Shares held by Buy-Back Accepting TGG Shareholders as at 7.00pm on the Buy-Back Election Date (and which for the avoidance of doubt a Scheme Participant continues to hold at 7.00pm on the Record Date).

**Buy-Back Withdrawal Form** means the form titled "Buy-Back Withdrawal Form", under which TGG Shareholders may withdraw their election to participate in the Buy-Back. A withdrawal of a TGG Shareholder's election to participate in the Buy-Back via a controlling participant or as a CHESS participant in accordance with section 3.5.14 "Can I withdraw or amend my Buy-Back Election Form?" of the Explanatory Memorandum will also constitute a Buy-Back Withdrawal Form.

**Calculation Date** means 30 September 2021 or such other time and date as TGG and WAM Global agree in writing.

**Cash Consideration** means the amount of the TGG NTA after all current and deferred tax balances and Transaction Costs, presented on a per TGG Share basis of TGG's 198,097,061 outstanding shares. This is to be calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations. The income or capital components and any LIC capital gains attribution or franking credits to be attached to the Cash Consideration on a per share basis will be determined by the TGG Board following the Buy-Back Election Date.

**CHESS** means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

**Computershare** means TGG's share registry, Computershare Investor Services Pty Limited (ABN 48 078 279 277).

**Conditions Precedent** means the conditions precedent in clause 3.1 of the Scheme Implementation Agreement.

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

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

**Court** means the Supreme Court of New South Wales, or any other court of competent jurisdiction under the Corporations Act agreed by TGG and WAM Global in writing.

**Deed Poll** means the deed poll dated on or about the date of this Scheme executed by WAM Global, under which WAM Global 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) and 411(6) in relation to the Scheme, but not before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which the Scheme becomes Effective.

**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 *Personal Property Securities Act 2009* (Cth) or any agreement to create any of them or allow them to exist.

**End Date** means 28 February 2022 or such other date agreed by WAM Global and TGG in writing.

**Explanatory Memorandum** means the information booklet to be approved by the Court and despatched to TGG Shareholders which includes this Scheme, the Explanatory Statement, the Deed Poll, the Independent Expert’s report, the notices of the Scheme Meeting and Buy-Back General Meeting and the respective proxy forms, and which also includes the Buy-Back Documents.

**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 Explanatory Memorandum.

**GST** has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation Date** means the 5<sup>th</sup> Business Day following the Record Date or such other date that TGG and WAM Global agree in writing.

**Independent Expert** means Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987).

**Ineligible Overseas Shareholder** means:

- (a) for the purposes of the Scheme, any person who:
  - (i) holds TGG Shares and to whom WAM Global would be prohibited from issuing New WAM Global Shares and New WAM Global Options pursuant to any act, rule or regulation of Australia which prohibits WAM Global from issuing New WAM Global Shares and New WAM Global Options to foreign persons;
  - (ii) holds TGG Shares and does not have a registered address in Australia, the United Kingdom (or, if the registered address is in the United Kingdom, the TGG Shareholder is not a “professional investor” within the meaning of the AIFMD UK Regulation) or the United States or such other jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such registered shareholder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; or
  - (iii) is acting on behalf of or for the account of a person who holds TGG Shares beneficially and resides in a jurisdiction outside of Australia or the United Kingdom (or, if the person resides in the United Kingdom, such person is not a “professional investor” within the meaning of the AIFMD UK Regulation) except, with the consent of TGG and WAM Global, such a beneficial shareholder residing in another jurisdiction where TGG and WAM Global may determine it would be lawful and practicable for such beneficial holder to receive an offer under or to participate in the Scheme and receive Scrip Consideration in compliance with applicable laws; and
- (b) for the purposes of the Buy-Back, any person who:

- (i) holds TGG Shares and to whom TGG would be prohibited from paying money pursuant to any act, rule or regulation of Australia which prohibits TGG from making payments to foreign persons;
- (ii) holds TGG Shares and does not have a registered address in Australia, the United Kingdom or the United States and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back); or
- (iii) is acting on behalf of or for the account of a person who holds TGG Shares beneficially and resides in a jurisdiction outside of Australia, the United Kingdom or the United States where it would be illegal under the law of that jurisdiction to permit such persons residing in that jurisdiction to receive an offer under or to participate in the Buy-Back (or which has laws which TGG determines would be impractical for it to comply with in order to permit TGG Shareholders residing in that jurisdiction to receive the offer under or to participate in the Buy-Back).

**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.

**Manager Agreements** means:

- (a) the administrative services agreement between TGG and the TGG Manager dated 24 September 2014, as amended on 10 May 2016; and
- (b) the investment management agreement between TGG and the TGG Manager dated 18 October 2019.

**New WAM Global Options** means the WAM Global Options to be issued to Scrip Participants as part of the Scrip Consideration, pursuant to the terms of this Scheme.

**New WAM Global Shares** means the WAM Global Shares to be issued to Scrip Participants as part of the Scrip Consideration, pursuant to the terms of this Scheme.

**NTA** means the net tangible asset backing of TGG or WAM Global (as the context requires) per TGG Share or WAM Global Share (as the case may be) after excluding all 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 not include any deferred tax balances and will reflect the pro-forma impact of any:

- (a) TGG Permitted Dividend (in respect of TGG);
- (b) WAM Global Permitted Dividend (in respect of WAM Global); or
- (c) non-Buy-Back related distribution payable in accordance with the Scheme Implementation Agreement,

with a record date scheduled to fall between the Calculation Date and the Record Date.

**Record Date** means 7.00pm on the 2<sup>nd</sup> Business Day following the Effective Date or such other time and date as TGG and WAM Global agree in writing.

**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.

**Regulatory Authority** 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.

**Sale Agent** means the agent appointed in relation to the Scheme by WAM Global and TGG to sell the Scrip Consideration that would have otherwise been issued to Ineligible Overseas Shareholders.

**Sale Facility** means the facility described in clause 5.7 of this Scheme.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document, subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by WAM Global and TGG in writing.

**Scheme Implementation Agreement** means the document titled "Scheme Implementation Agreement" between WAM Global and TGG dated 28 June 2021, as amended by the amending deed dated 22 August 2021.

**Scheme Meeting** means the meeting to be convened by the Court at which TGG Shareholders will vote on the Scheme.

**Scheme Participant** means each person who is a TGG Shareholder at the Record Date other than WAM Global.

**Scheme Share** means a TGG Share held by a Scheme Participant at the Record Date.

**Scrip Consideration** means:

- (a) for each Scheme Share (other than Buy-Back TGG Shares), that number of New WAM Global Shares determined by dividing the TGG NTA (as calculated in accordance with clause 5.2(v) of the Scheme Implementation Agreement) by the WAM Global NTA; plus
- (b) one New WAM Global Option for every New WAM Global Share received by a Scrip Participant.

**Scrip Participant** means a Scheme Participant who is not a Buy-Back Accepting TGG Shareholder.

**Second Court Date** means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard (as agreed between TGG and WAM Global) or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard (as agreed between TGG and WAM Global).

**Share Register** means the register of holders of TGG Shares maintained by or on behalf of TGG.

**Subsidiary** has the meaning given to that term in the Corporations Act.

**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.

**TGG Board** means the board of directors of TGG.

**TGG Manager** means Franklin Templeton Investments Australia Limited (ACN 006 972 247) or another person appointed as the investment manager of TGG from time to time.

**TGG NTA** means the NTA of TGG on the Calculation Date, as determined in accordance with clauses 5.2(v) and 5.3(g) of the Scheme Implementation Agreement.

**TGG Permitted Dividend** has the meaning given in the Scheme Implementation Agreement.

**TGG Share** means a fully paid ordinary share in the capital of TGG.

**TGG Shareholder** means each person who is registered in the Share Register from time to time as the holder of a TGG Share.

**Transaction** means the Scheme and the Buy-Back.

**Transaction Costs** means, unless otherwise agreed in the Scheme Implementation Agreement, all of TGG's costs associated with implementing the Transaction (including portfolio transaction costs, payment of any taxes relevant to or payable in connection with the Buy-Back, fees for TGG's financial, taxation, legal and other professional advisers, counsel fees, fees of the Independent Expert, all fees payable to TGG Manager (including any termination payments and costs and expenses under the Manager Agreements), all claims arising in relation to or under the Manager Agreements, costs associated with the D&O Run-Off Insurance, and including GST paid on such costs to the extent not reduced by an input tax credit) referable in any way to the Transaction or the period up to the Calculation Date that remain unpaid as at the Calculation Date.

**WAM Global** means WAM Global Limited (ACN 624 572 925).

**WAM Global NTA** means the NTA of WAM Global as at the Calculation Date, as determined in accordance with clauses 5.3(f) and 5.2(w) of the Scheme Implementation Agreement.

**WAM Global Option** means a listed bonus option over one unissued WAM Global Share that is granted for nil consideration, has an expiry date of 12 September 2022 and is exercisable at a price of \$2.54 per WAM Global Option, which is on the same terms as existing options issued by WAM Global, ASX: WGBO.

**WAM Global Permitted Dividend** has the meaning given in the Scheme Implementation Agreement.

**WAM Global Register** means the register of members of WAM Global and the register of optionholders of WAM Global (as the context requires) maintained in accordance with the Corporations Act and **WAM Global Registry** has a corresponding meaning.

**WAM Global Share** means a fully paid ordinary share in the capital of WAM Global.

## 1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect 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 clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;
- (e) headings (including those in brackets at the beginning of paragraphs) 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**

### **2.1 TGG**

- (a) TGG is a public company limited by shares, incorporated in Australia and registered in Victoria.
- (b) As at the date of the Scheme Implementation Agreement, TGG’s issued securities were 198,097,061 TGG Shares.
- (c) The TGG Shares are officially quoted on ASX.

### **2.2 WAM Global**

- (a) WAM Global 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 Global's issued securities were 236,334,452 WAM Global Shares and 189,409,888 WAM Global Options.
- (c) The WAM Global Shares and WAM Global Options are officially quoted on ASX.

## 2.3 Scheme summary

If this Scheme becomes Effective, then:

- (a) subject to TGG Shareholders approving the Buy-Back Resolution by the requisite majority in accordance with the Corporations Act, TGG will complete the Buy-Back on the Implementation Date, immediately before the transfer of the Scheme Shares (other than Buy-Back TGG Shares) to WAM Global in accordance with this Scheme, and for the avoidance of doubt before TGG's de-listing from the ASX, by:
  - (i) paying the Cash Consideration (which is on a per TGG Share basis) to the Buy-Back Accepting TGG Shareholders; and
  - (ii) registering a transfer of the Buy-Back TGG Shares to TGG and then immediately cancelling the Buy-Back TGG Shares;
- (b) immediately following the completion of the Buy-Back and on the Implementation Date, all Scheme Shares (other than Buy-Back TGG Shares) will be transferred to WAM Global in accordance with this Scheme;
- (c) WAM Global must provide or procure the provision of the Scrip Consideration to each Scrip Participant in accordance with this Scheme and the Deed Poll (other than Ineligible Overseas Shareholders, who will be dealt with in accordance with clause 5.7 below); and
- (d) on the transfer of the Scheme Shares (other than Buy-Back TGG Shares) to WAM Global, TGG will become a wholly owned Subsidiary of WAM Global.

## 2.4 Buy-Back conditional on Scheme

- (a) The Buy-Back is subject to and conditional on the Scheme becoming Effective, and TGG will not undertake the Buy-Back unless the Scheme becomes Effective.
- (b) The Scheme and the Buy-Back are to be implemented on the Implementation Date.

## 2.5 Implementation

- (a) WAM Global and TGG have agreed, by executing the Scheme Implementation Agreement, to implement this Scheme.
- (b) This Scheme attributes actions to WAM Global but does not itself impose an obligation on WAM Global to perform those actions. WAM Global has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including to provide the Scrip Consideration.

# 3 Conditions precedent and Effectiveness

## 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(e) 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 Global and TGG 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.

### **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) TGG and WAM Global 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 clause 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 Global and TGG otherwise agree in writing.

## **4 Implementation**

### **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, TGG 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 Global.

#### **4.2 Buy-Back and cancellation of Buy-Back TGG Shares**

TGG must, subject to TGG Shareholders approving the Buy-Back Resolution by the requisite majority in the Buy-Back General Meeting and the Scheme becoming Effective, complete the Buy-Back in accordance with the Buy-Back Agreement on the Implementation Date, immediately before the transfer of the Scheme Shares (other than Buy-Back TGG Shares) to WAM Global in accordance with this Scheme, and for the avoidance of doubt before TGG's de-listing from the ASX, by:

- (a) paying the Cash Consideration (which is on a per TGG Share basis) to the Buy-Back Accepting TGG Shareholders;
- (b) registering a transfer of the Buy-Back TGG Shares to TGG; and
- (c) then immediately cancelling the Buy-Back TGG Shares.

#### **4.3 Transfer and registration of Scheme Shares**

On the Implementation Date, subject to and immediately following TGG performing its obligations to complete the Buy-Back under clause 4.2, and subject to WAM Global issuing the Scrip Consideration under clause 5.4 and providing TGG with written confirmation that this has occurred:

- (a) the Scheme Shares (other than Buy-Back TGG Shares) must, without the need for any further act by a Scrip Participant other than acts performed as attorney and agent for the relevant Scrip Participant by TGG under clause 9.6, be transferred to WAM Global by:
  - (i) TGG executing and delivering to WAM Global, under the authority in clause 9.6, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares (other than Buy-Back TGG Shares) to WAM Global;
  - (ii) WAM Global executing and delivering that share transfer form or those forms to TGG; and
  - (iii) where Scheme Shares (other than Buy-Back TGG Shares) are held in a CHESS holding, TGG causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares (other than Buy-Back TGG Shares) held by the relevant Scrip Participant from the CHESS sub-register to the issuer sponsored subregister operated by TGG, and subsequently completing a proper instrument of transfer of those Scheme Shares (other than Buy-Back TGG Shares) to WAM Global under clauses 4.3(a)(i) and 4.3(a)(ii) above; and
- (b) immediately upon receipt of the executed share transfer form or forms, TGG must enter the name and address of WAM Global in the Share Register as the holder of all Scheme Shares (other than Buy-Back TGG Shares).

## **5 Consideration**

### **5.1 Entitlement to consideration**

Subject to the terms of this Scheme, on the Implementation Date:

- (a) each Buy-Back Accepting TGG Shareholder will be entitled to and will receive the Cash Consideration in respect of each of their Buy-Back TGG Shares in accordance with the Buy-Back Agreement; and
- (b) each Scrip Participant will be entitled to and will receive the Scrip Consideration in respect of each of their Scheme Shares in accordance with this clause 5 of this Scheme.

## **5.2 Buy-Back election**

- (a) A Scheme Participant is a Buy-Back Accepting TGG Shareholder only if they submitted a valid Buy-Back Election Form and that Buy-Back Election Form was received by Computershare by 7.00pm on the Buy-Back Election Date (and did not submit a Buy-Back Withdrawal Form that was received by Computershare by 7.00pm on the Buy-Back Election Date), in accordance with the instructions in, and subject to the terms of, the Buy-Back Documents.
- (b) TGG may determine, after having consulted with WAM Global in good faith, all questions as to the valid submission of a Buy-Back Election Form or Buy-Back Withdrawal Form, and time of receipt of an Buy-Back Election Form or Buy-Back Withdrawal Form. TGG is not required to communicate with any Scheme Participant prior to making this determination. TGG's determination, after having consulted with WAM Global in good faith as to whether a Scheme Participant is a Buy-Back Accepting TGG Shareholder, is final and binding on the Scheme Participant.

## **5.3 Provision of Cash Consideration**

TGG must pay or procure payment of the Cash Consideration to each Buy-Back Accepting TGG Shareholder and execute all other obligations in accordance with the Buy-Back Agreement and as otherwise detailed in the Explanatory Memorandum.

## **5.4 Provision of Scrip Consideration**

Subject to clauses 5.6 and 5.7, WAM Global 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 Global under clause 8.3, by causing the name and Registered Address of that Scrip Participant to be entered into the WAM Global Register as the holder of the New WAM Global Shares and New WAM Global Options 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 TGG Shares held in joint names:

- (a) any Cash Consideration payable or cash payable to an Ineligible Overseas Shareholder in accordance with clause 5.7(b) to the joint holders and any cheque required to be sent under the Buy-Back or 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 Global

Register must take place in the same order as the holders' names appear in the 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

Any fractional entitlement of a Scrip Participant to a part of a New WAM Global Share or a New WAM Global Option will be rounded up or down to the nearest whole number of New WAM Global Shares or New WAM Global Options (as applicable) and, for the avoidance of doubt, fractional entitlements of 0.5 of a New WAM Global Share or a New WAM Global Option will be rounded up.

## 5.7 Ineligible Overseas Shareholders

- (a) WAM Global 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 Global to the Sale Agent;
  - (ii) WAM Global 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(a)(i) on a "best endeavours" basis (and at the risk of the Ineligible Overseas Shareholders); and
  - (iii) WAM Global must procure that the Sale Agent remits to Computershare the net proceeds of sale generated by the Sale Agent under clause 5.7(a)(ii) (after deducting any applicable brokerage and other selling costs, Taxes and charges).
- (b) TGG must, promptly after the net proceeds of sale generated by the Sale Agent under clause 5.7(a)(ii) are remitted to Computershare under clause 5.7(a)(iii), procure Computershare 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 Global Shares and New WAM Global Options 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 Global Shares and New WAM Global Options that would otherwise have been issued to all Ineligible Overseas Shareholders and which are issued to the Sale Agent; and

D = the net proceeds of sale generated by the Sale Agent under clause 5.7(a)(ii) (after deducting any applicable brokerage and other selling costs, Taxes and charges),

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 (as defined in the *Banking Act 1959* (Cth)) ("**ADI**") in Australia notified by that Ineligible Overseas Shareholder to TGG as recorded in or for the purposes of the 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 TGG.
- (c) 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.
  - (d) Each Ineligible Overseas Shareholder appoints TGG 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.
  - (e) Neither TGG nor WAM Global 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 TGG and WAM Global 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) TGG may cancel a cheque issued under this clause 5 if the cheque:
  - (i) is returned to TGG; 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, TGG must reissue a cheque that was previously cancelled under clause 5.1(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 TGG (or Computershare) 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 TGG Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme

Participant as Cash Consideration or Scrip Consideration in accordance with this clause 5, TGG may, if that Scheme Participant is a:

- (i) Buy-Back Accepting TGG Shareholder, make payment (or procure that payment is made) of the Cash Consideration in accordance with that order; or
  - (ii) Scrip Participant, direct WAM Global 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, TGG may, if that Scheme Participant is a:
- (i) Buy-Back Accepting TGG Shareholder, retain an amount, in Australian dollars, equal to the Cash Consideration; and
  - (ii) Scrip Participant, direct WAM Global 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 or Scrip Consideration in accordance with this clause 5 is permitted by that order or otherwise by law.

## **6 Dealings in TGG Shares**

### **6.1 Determination of Scheme Participants**

To establish the identity of Scheme Participants, TGG will only recognise dealings in Scheme Shares if:

- (a) in the case of dealings of a type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the TGG 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 Computershare on or before the Record Date. TGG must register those registrable transfers or transmission applications received on or before the Record Date.

### **6.2 No issue**

TGG must not issue any TGG 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 or in accordance with the Buy-Back, and any such disposal will be void and of no legal effect whatsoever; and
- (b) TGG must not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of TGG Shares received after the Record Date, other than a transfer to WAM Global, or to itself, in accordance with this Scheme and the Buy-Back.

**6.4 Statements of holding**

Subject to provision of the Scrip Consideration and registration of the transfer to WAM Global contemplated in clause 4.3, 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), TGG 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, TGG must make available to WAM Global the details of the names, Registered Addresses and holdings of TGG Shares for each Scheme Participant as shown in the Share Register as at the Record Date, in the form WAM Global reasonably requires.

**7 Quotation of TGG Shares****7.1 Suspension of trading**

TGG must apply to ASX for TGG 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 Global, TGG must apply for termination of the official quotation of TGG Shares and to have itself removed from the official list of ASX.

**8 WAM Global's obligations and ancillary matters****8.1 Status of New WAM Global Shares and New WAM Global Options**

The Scrip Consideration to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid (for the avoidance of doubt, any person wishing to exercise the New WAM Global Options must still pay the corresponding exercise price);
- (c) be free from any Encumbrance; and
- (d) rank equally in all respects with all existing WAM Global Shares and WAM Global Options, as relevant, then on issue (other than in respect of any dividend already declared or determined and not yet paid by WAM Global, where the record date for entitlement to that dividend occurred prior to the Record Date).

**8.2 Quotation of Scrip Consideration**

WAM Global will do everything reasonably necessary to ensure that trading in the New WAM Global Shares and New WAM Global Options commences by the first Business Day after the Implementation Date.

### **8.3 Appointment of WAM Global as attorney and agent**

On the Effective Date, each Scrip Participant, without need for any further act, irrevocably appoints WAM Global 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 Scrip Participants bound**

Each Scrip Participant agrees, for all purposes including section 231 of the Corporations Act, to:

- (a) become a member of WAM Global and to accept the Scrip Consideration issued to them in accordance with this Scheme subject to, and to be bound by, WAM Global's constitution and other constituent documents; and
- (b) have their name and address entered into the WAM Global Register.

## **9 General Scheme provisions**

### **9.1 Consent to Court amendments to this Scheme**

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) TGG 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 TGG has consented.

### **9.2 Further action by TGG**

Each Scheme Participant irrevocably consents to TGG 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 Warranties by Scheme Participants**

- (a) Each Scheme Participant acknowledges that this Scheme binds TGG 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 Scrip 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 Global, destroy any share certificates relating to their Scheme Shares.
- (c) Each Scheme Participant is taken to have warranted to WAM Global, and appointed and authorised TGG as its attorney and agent to warrant to WAM Global, that it has no existing rights to be issued any TGG Shares, TGG options, TGG convertible notes or any other TGG securities.
- (d) Each Scrip Participant is taken to have warranted to WAM Global, and appointed and authorised TGG as its attorney and agent to warrant to WAM Global, that:

- (i) all of its Scheme Shares transferred to WAM Global 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 Global together with any rights and entitlements attaching to those shares under the Scheme.
- (e) TGG undertakes that it will provide the warranties in clauses 9.3(c) and 9.3(d) to WAM Global as agent and attorney of each relevant Scheme Participant.

#### **9.4 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (other than Buy-Back TGG Shares) (including all rights and entitlements) transferred under this Scheme to WAM Global will, at the time of transfer to WAM Global, vest in WAM Global free from all:
  - (i) Encumbrances; and
  - (ii) restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scrip Consideration to each Scrip Participant in the manner contemplated in clause 5, WAM Global is beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by TGG of WAM Global in the Share Register as the holder of those Scheme Shares.

#### **9.5 Appointment of sole proxy**

Immediately upon the Scrip Consideration being issued by WAM Global to each Scrip Participant under clause 5 and until TGG registers WAM Global as the holder of all Scheme Shares (other than Buy-Back TGG Shares) in the Share Register:

- (a) each Scrip Participant is deemed to have appointed WAM Global as attorney and agent (and to have directed WAM Global in that capacity) to appoint any director, officer, secretary or agent nominated by WAM Global as its sole proxy and where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares (other than Buy-Back TGG Shares) registered in their name and sign any shareholders' resolution whether in person, by proxy or by corporate representative;
- (b) no Scrip 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 9.5(a));
- (c) each Scrip Participant must take all other actions in the capacity of a registered holder of Scheme Shares (other than Buy-Back TGG Shares) as WAM Global reasonably directs; and
- (d) each Scrip Participant acknowledges and agrees that in exercising the powers conferred by clause 9.5(a), WAM Global and any director, officer, secretary or agent nominated by WAM Global under that clause may act in the best interests



of WAM Global as the intended registered holder of the Scheme Shares (other than Buy-Back TGG Shares).

#### **9.6 Authority given to TGG**

Each Scheme Participant, without the need for any further act, irrevocably appoints TGG and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against WAM Global;
- (b) 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 TGG accepts that appointment.

TGG, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 9.6 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **9.7 Scheme binding**

Each of the Scheme Participants:

- (a) irrevocably consents to TGG and WAM Global doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds TGG 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 TGG.

### **10 General**

#### **10.1 Stamp duty**

- (a) WAM Global 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 Global need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of TGG's 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 TGG, 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 TGG's registered office or at the office of Computershare.
- (b) The accidental omission to give notice of the Scheme Meeting or Buy-Back General Meeting or the non-receipt of such a notice by any TGG 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**

TGG 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 TGG, WAM Global 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.

## Annexure C – Deed Poll

For personal use only

## **Scheme Deed Poll**

WAM Global Limited (ACN 624 572 925)  
**(WAM Global)**

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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<b>Date</b>	22 August 2021
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<b>BY</b>	WAM Global Limited (ACN 624 572 925) of Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 ( <b>WAM Global</b> )
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<b>IN FAVOUR OF</b>	Each person who is a TGG Shareholder at the Record Date, other than WAM Global ( <b>Scheme Participants</b> )
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## Recitals

- A. WAM Global and TGG have entered into the Scheme Implementation Agreement, under which WAM Global has agreed to enter into this deed.
- B. TGG 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 Scrip Participants will be transferred to WAM Global for the Scrip Consideration.
- D. WAM Global 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.

**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 agreement); 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.

**Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between TGG and the Scheme Participants in respect of all Scheme Shares in the form agreed in writing between TGG and WAM Global, subject to any amendment or modification made under section 411(6) of the Corporations Act and agreed to in writing by TGG and WAM Global.

**TGG Directors** means the directors of TGG.

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 Global 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 TGG and any of the TGG Directors (jointly and each of them severally) as its agent and attorney to enforce this deed against WAM Global.

## **2 Condition precedent and termination**

### **2.1 Condition**

WAM Global's 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 Global's obligations under this deed automatically terminate and the terms of this deed are of no further force or effect, unless WAM Global and TGG 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 Global or the Scheme Participants:

- (a) WAM Global 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 Global in respect of any breach of this deed by WAM Global that occurred before termination of this deed.

## **3 Obligations and Scrip Consideration**

### **3.1 Performance of obligations generally**

- (a) WAM Global 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 Global 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 Scrip Consideration**

Subject to clause 2, WAM Global undertakes in favour of each Scheme Participant to:

- (a) provide or procure the provision of the Scrip Consideration to each Scrip 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**

WAM Global 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 Global Shares and New WAM Global Options to be issued as Scrip Consideration under the Scheme will:

- (i) be validly issued;
- (ii) be fully paid (for the avoidance of doubt, any person wishing to exercise the New WAM Global Options must still pay the corresponding exercise price);
- (iii) be free from any Encumbrance;
- (iv) rank equally in all respects with all existing WAM Global Shares and WAM Global Options, as relevant, on issue as at the Implementation Date (other than in respect of any dividend already declared or determined and not yet paid by WAM Global, 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 Global and TGG, 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**

This deed is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) WAM Global has completely performed its obligations under this deed; or
- (b) the earlier termination of this deed under clause 2.2.

## **6 Variation and assignment**

### **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) TGG and WAM Global 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 Global agrees to a variation in writing as approved by the Court,

in any of which events, WAM Global 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 Global, and any purported dealing in contravention of this clause 6.2 is invalid.



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**7 General**

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**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 Global 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 Global 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 (other than Buy-Back TGG Shares) to WAM Global 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 Global need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of TGG's delay.

**7.5 Cumulative rights**

The rights, powers and remedies of WAM Global 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 Global consents to TGG producing this deed to the Court.

**7.8 Further assurances**

WAM Global 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.

## Execution page

EXECUTED as a deed poll

**SIGNED, SEALED AND DELIVERED** by  
**WAM GLOBAL LIMITED (ACN 624 572 925)**  
in accordance with section 127 of the  
*Corporations Act 2001 (Cth)*:

  
\_\_\_\_\_  
Signature of Director

Geoff Wilson  
\_\_\_\_\_  
Name of Director  
(Please print)

  
\_\_\_\_\_  
Signature of ~~Director~~ Company Secretary  
(delete as applicable)

JESSE HAMILTON  
\_\_\_\_\_  
Name of ~~Director~~ Company Secretary  
(Please print)

# Annexure D – Notice of Scheme Meeting

Templeton Global Growth Fund Limited  
(ACN 006 558 149)  
("TGG")

## Notice of Scheme Meeting

Notice is hereby given that by an order of the Supreme Court of New South Wales made on 25 August 2021 pursuant to section 411(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**") a meeting of the holders of ordinary shares of TGG will be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary and virtually at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) on Wednesday, 29 September 2021 at 11.00am (Sydney time).

### Accessing the Scheme Meeting online, voting and shareholder questions

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting will be held entirely virtually. TGG will update the market if this is required.

**TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend the physical Scheme Meeting.** TGG Shareholders wishing to participate in the Scheme Meeting must do so via the online platform at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) and are encouraged to submit questions to TGG in advance of the Scheme Meeting by sending their questions to Ms Elizabeth McGregor, Company Secretary ([elizabeth.mcgregor@automicgroup.com.au](mailto:elizabeth.mcgregor@automicgroup.com.au)). Questions submitted in advance of the Scheme Meeting need to be received by no later than 11.00am (Sydney time) on Monday, 27 September 2021. Details on how TGG Shareholders can participate in the Scheme Meeting via our online platform and how to ask questions are contained in the Explanatory Notes to this Notice of Scheme Meeting and in the Virtual Meeting Online Guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without any alterations or conditions agreed to in writing between TGG and WAM Global Limited (ACN 624 572 925) ("**WAM Global**") or any alterations or conditions required by the Court to which TGG and WAM Global agree) to a scheme of arrangement proposed to be made between TGG and the holders of its ordinary shares ("**Scheme**").

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Explanatory Memorandum of which this Notice of Scheme Meeting forms part.

The Scheme Meeting will be asked to consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*"That, in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth) the members agree to the scheme of arrangement proposed between TGG and the holders of its ordinary shares, as contained in and more particularly described in the Explanatory Memorandum accompanying the notice convening this meeting (with or without any alterations or conditions agreed to in writing between the TGG and WAM Global or any alterations or conditions required by the Court to which TGG and WAM Global agree)."*

By order of the Court

*EM McGregor*

.....  
Elizabeth McGregor, Company Secretary

Date: 26 August 2021

## Explanatory Notes:

These notes should be read in conjunction with this Notice of Scheme Meeting.

## Terminology

Capitalised terms which are defined in section 10 of the Explanatory Memorandum which accompanies this Notice of Scheme Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

## Chair

The Court has ordered that Christopher Freeman act as Chair of the Scheme Meeting or, failing him, Joanne Dawson and has ordered that the Chair report the result of the Scheme Meeting to the Court.

## Requisite Majority required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution contained in this Notice of Scheme Meeting must be passed by:

- (a) a majority in number (more than 50%) of those TGG Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative); and
- (b) at least 75% of the total votes cast on the resolution contained in this Notice of Scheme Meeting by TGG Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative).

The vote will be conducted by poll.

## Entitlement to vote

For the purposes of the Scheme Meeting, TGG Shares will be taken to be held by the persons who are registered as TGG Shareholders in the Register at 7.00pm (Sydney time) on Monday, 27 September 2021. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

## How to vote

In order to minimise health risks created by the COVID-19 pandemic, the Scheme Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the Scheme Meeting virtually. If public health orders do not permit the conduct of the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the Scheme Meeting will be held entirely virtually. TGG will update the market if this is required.

The Scheme Meeting is being arranged to ensure all TGG Shareholders have a reasonable opportunity to participate and question the TGG Board, and have their views and opinions put forward on this important decision for TGG Shareholders. TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

The Scheme Meeting is to be held at 11.00am (Sydney time) on Wednesday, 29 September 2021. TGG Shareholders and their proxies, attorneys or corporate representatives will be entitled to attend and vote at the Scheme Meeting to be held via an online platform at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) which will enable participants to listen to the Scheme Meeting live, vote on the resolution in real time and ask questions online. Registration will commence from 10.30am (Sydney time).

TGG Shareholders may vote by either joining the Scheme Meeting virtually, or by proxy.

- (a) **Voting using the online platform.** We recommend logging in to the online platform at least 30 minutes prior to the scheduled start time for the Scheme Meeting using the instructions below:
  - Enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your computer or online device;

- TGG Shareholders will need their SRN or HIN and postcode (or country code, if outside Australia) to vote at the Scheme Meeting. Please note this includes the 'X' or the 'I' which precedes the number; and
- Proxyholders will need their username and password issued by Computershare, to register to vote at the Scheme Meeting. If you have not received confirmation of your username and password prior to the Scheme Meeting, please call Computershare on +61 3 9415 4024 on the day of the Scheme Meeting.

Unless otherwise determined by the Chair, online voting will be open from when the Chair declares the poll to be open at the Scheme Meeting, until the time at which the Chair closes the voting.

- (b) **Voting by proxy.** TGG Shareholders can appoint a proxy to vote on their behalf at the Scheme Meeting electronically by following the instructions below OR if you received a paper copy proxy form, by following the instructions below.

If you wish to appoint a proxy electronically, you must: lodge the proxy form online by going to [www.investorvote.com.au](http://www.investorvote.com.au) or by scanning the QR Code, found on the proxy form, with your mobile device

If you wish to appoint a proxy using the paper copy proxy form, you must:

- **Deliver** the completed proxy form to Computershare located at GPO Box 1282 Melbourne, Victoria, 3001. TGG encourages TGG Shareholders to return their proxy forms electronically or by fax or by mail (see details below).
- **Mail** the completed proxy form to Computershare using the reply paid envelope. Should a TGG Shareholder choose to return their paper copy proxy form via mail, please be aware of the current postal timeframes, including the possibility of delays due to COVID-19 regulations and reduced frequency of deliveries. If a proxy form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must be received by Computershare at least 48 hours before the Scheme Meeting unless the power of attorney or other authority has previously been received by Computershare.
- **Fax** the completed proxy form to Computershare on 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia).

Proxies must be received by Computershare by no later than 11.00am (Sydney time) on Monday, 27 September 2021. Proxy forms received after this time will be invalid.

A TGG Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a TGG Shareholder appoints two proxies and does not specify the percentage of votes each proxy may exercise, each proxy may exercise 50 per cent of the votes. Fractions of votes are to be disregarded.

If TGG Shares are jointly held, either shareholder may sign the proxy form.

A proxy need not be a TGG Shareholder. A body corporate appointed as a TGG Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Scheme Meeting (see "Voting by corporate representative" below).

TGG Shareholders who have appointed a proxy prior to the Scheme Meeting can still attend and take part in the Scheme Meeting. If the TGG Shareholder votes on a resolution during the Scheme Meeting, the proxy is not entitled to vote and must not vote as the TGG Shareholder's proxy on that resolution.

TGG encourages you to direct your proxy how to vote. As the Scheme will be voted on by a poll, if you direct your proxy how to vote at the Scheme Meeting, your proxy must vote as directed. The Chair intends to vote all undirected proxies in favour of the Scheme.

If you return your proxy form with a proxy identified on it but your proxy does not attend the Scheme Meeting or does not vote as directed, the Chair will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

It is important that you vote or instruct your proxy, attorney or corporate representative to vote in favour of the Scheme and the Buy-Back Resolution (see the Notice of General Meeting) if you want the Transaction to proceed.

### **Technical difficulties**

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether, and how, the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of TGG Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected.

In these circumstances, where the Chair considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, TGG Shareholders are encouraged to lodge a proxy form that accompanies this Explanatory Memorandum by no later than 11.00am (Sydney time) on Monday, 27 September 2021, even if they plan to attend the Scheme Meeting.

### **Jointly held securities**

If the TGG Shares are jointly held, only one of the joint TGG Shareholders is entitled to vote. If more than one joint TGG Shareholder votes, only the vote of the TGG Shareholder whose name appears first in the Register will be counted.

### **Voting by attorney**

A TGG Shareholder entitled to attend and vote at the Scheme Meeting may appoint an attorney to virtually attend and vote at the Scheme Meeting on his/her behalf. For an appointment to be effective for the Scheme Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### **Voting by corporate representative**

A body corporate which is a TGG Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act 2001.

The representative should provide a certified copy of the original form of appointment, a certified copy of appointment, or a certificate of the body corporate evidencing the appointment which must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### **Other approvals**

If the resolution contained in this Notice of Scheme Meeting is approved at the Scheme Meeting by the Requisite Majority, the implementation of the Scheme (with or without modification) will be subject to, among other things, the approval of the Buy-Back Resolution contained in the Notice of General Meeting at the General Meeting by the Requisite Majority, the subsequent approval of the Court and the Scheme becoming Effective upon lodgement of an office copy of the Court orders with ASIC.

### **Further information**

For further details on how to vote, appointing a proxy, or any other Scheme Meeting related queries, please refer to the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide), the FAQ page at [www.tggfrtransaction.com.au](http://www.tggfrtransaction.com.au), or please call the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between Monday and Friday from 8.30am to 5.30pm (Sydney time).



# Annexure E – Notice of General Meeting

Templeton Global Growth Fund Limited  
ACN 006 558 149  
("TGG")

## Notice of General Meeting

Notice is hereby given that a meeting of the holders of ordinary shares of TGG will be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary and virtually at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) on Wednesday, 29 September 2021 at 11.30am (Sydney time) (or as soon thereafter as the Scheme Meeting has concluded or been adjourned).

### Accessing the General Meeting online, voting and shareholder questions

In order to minimise health risks created by the COVID-19 pandemic, the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the General Meeting virtually. If public health orders do not permit the conduct of the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the General Meeting will be held entirely virtually. TGG will update the market if this is required.

**TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend the physical General Meeting.** TGG Shareholders wishing to participate in the General Meeting must do so via the online platform at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) and are encouraged to submit questions to TGG in advance of the General Meeting by sending their questions to Ms Elizabeth McGregor, Company Secretary ([elizabeth.mcgregor@automicgroup.com.au](mailto:elizabeth.mcgregor@automicgroup.com.au)). Questions submitted in advance of the General Meeting need to be received by no later than 11.00am (Sydney time) on Monday, 27 September 2021. Details on how TGG Shareholders can participate in the General Meeting via our online platform and how to ask questions are contained in the Explanatory Notes to this Notice of General Meeting and in the Virtual Meeting Online Guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### Business of the General Meeting

The purpose of the General Meeting is to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"For the purpose of section 257C(1) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for TGG to conduct an equal access buy-back of all ordinary shares in the issued share capital of TGG with the consideration for ordinary shares being bought back by TGG being determined in accordance with the formula disclosed in the Explanatory Memorandum sent to TGG Shareholders with the notice of meeting."*

By order of the TGG Board



.....  
Elizabeth McGregor, Company Secretary

Date: 26 August 2021

## Explanatory Notes:

These notes should be read in conjunction with this Notice of General Meeting.

## Terminology

Capitalised terms which are defined in section 10 of the Explanatory Memorandum which accompanies this Notice of General Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

## Chair

Christopher Freeman will as Chair of the General Meeting or, failing him, Joanne Dawson.

## Requisite Majority required

The resolution contained in this Notice of General Meeting must be passed by at least 50% of the total votes cast on the resolution contained in this Notice of General Meeting by TGG Shareholders present and voting at the General Meeting (either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative).

The vote will be conducted by poll.

## Entitlement to vote

For the purposes of the General Meeting, TGG Shares will be taken to be held by the persons who are registered as TGG Shareholders at the Register at 7.00pm (Sydney time) on Monday, 27 September 2021. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the General Meeting.

## How to vote

In order to minimise health risks created by the COVID-19 pandemic, the General Meeting will be conducted at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 by certain of TGG's directors and company secretary. TGG Shareholders are able to attend the General Meeting virtually. If public health orders do not permit the conduct of the General Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, the General Meeting will be held entirely virtually. TGG will update the market if this is required.

The General Meeting is being arranged to ensure all TGG Shareholders have a reasonable opportunity to participate and question the TGG Board, and have their views and opinions put forward on this important decision for TGG Shareholders. TGG Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

The General Meeting is to be held at 11.30am (Sydney time) on Wednesday, 29 September 2021 (or as soon thereafter as the Scheme Meeting has concluded or been adjourned). TGG Shareholders and their proxies, attorneys or corporate representatives will be entitled to attend and vote at the General Meeting to be held via an online platform at [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) which will enable participants to listen to the General Meeting live, vote on the resolution in real time and ask questions online. Registration will commence from 10.30am (Sydney time).

TGG Shareholders may vote by either joining the General Meeting virtually, or by proxy.

(a) **Voting using the online platform.** We recommend logging in to the online platform at least 30 minutes prior to the scheduled start time for the General Meeting using the instructions below:

- Enter [web.lumiagm.com/315943316](http://web.lumiagm.com/315943316) into a web browser on your computer or online device;
- TGG Shareholders will need their SRN or HIN and postcode (or country code, if outside Australia) to vote at the General Meeting. Please note this includes the 'X' or the 'I' which precedes the number; and
- Proxyholders will need their username and password issued by Computershare, to register to vote at the General Meeting. If you have not received confirmation of your username and

password prior to the General Meeting, please call Computershare on +61 3 9415 4024 on the day of the General Meeting.

Unless otherwise determined by the Chair, online voting will be open from when the Chair declares the poll to be open at the General Meeting, until the time at which the Chair closes the voting.

- (b) **Voting by proxy.** TGG Shareholders can appoint a proxy to vote on their behalf at the General Meeting electronically by following the instructions below OR if you received a paper copy proxy form, by following the instructions below.

If you wish to appoint a proxy electronically, you must: lodge the proxy form online by going to [www.investorvote.com.au](http://www.investorvote.com.au) or by scanning the QR Code, found on the proxy form, with your mobile device

If you wish to appoint a proxy using the paper copy proxy form, you must:

- **Deliver** the completed proxy form to Computershare located at GPO Box 1282 Melbourne, Victoria, 3001. TGG encourages TGG Shareholders to return their proxy forms electronically or by fax or by mail (see details below).
- **Mail** the completed proxy form to Computershare using the reply paid envelope. Should a TGG Shareholder choose to return their paper copy proxy form via mail, please be aware of the current postal timeframes, including the possibility of delays due to COVID-19 regulations and reduced frequency of deliveries. If a proxy form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must be received by Computershare at least 48 hours before the General Meeting unless the power of attorney or other authority has previously been received by Computershare.
- **Fax** the completed proxy form to Computershare on 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia).

Proxies must be received by Computershare by no later than 11.00am (Sydney time) on Monday, 27 September 2021. Proxy forms received after this time will be invalid.

A TGG Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a TGG Shareholder appoints two proxies and does not specify the percentage of votes each proxy may exercise, each proxy may exercise 50 per cent of the votes. Fractions of votes are to be disregarded.

If TGG Shares are jointly held, either shareholder may sign the proxy form.

A proxy need not be a TGG Shareholder. A body corporate appointed as a TGG Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the General Meeting (see "Voting by corporate representative" below).

TGG Shareholders who have appointed a proxy prior to the General Meeting can still attend and take part in the General Meeting. If the TGG Shareholder votes on a resolution during the General Meeting, the proxy is not entitled to vote and must not vote as the shareholder's proxy on that resolution.

TGG encourages you to direct your proxy how to vote. As the Buy-Back Resolution will be voted on by a poll, if you direct your proxy how to vote at the General Meeting, your proxy must vote as directed. The Chair intends to vote all undirected proxies in favour of the Buy-Back.

If you return your proxy form with a proxy identified on it but your proxy does not attend the General Meeting or does not vote as directed, the Chair will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

It is important that you vote or instruct your proxy, attorney or corporate representative to vote in favour of the Scheme (see the Notice of Scheme Meeting) and the Buy-Back Resolution if you want the Transaction to proceed.

### **Technical difficulties**

Technical difficulties may arise during the course of the General Meeting. The Chair has discretion as to whether, and how, the General Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of TGG Shareholders impacted and the extent to which participation in the business of the General Meeting is affected.

In these circumstances, where the Chair considers it appropriate, the Chair may continue to hold the General Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, TGG Shareholders are encouraged to lodge a proxy form that accompanies this Explanatory Memorandum by no later than 11.00am (Sydney time) on Monday, 27 September 2021, even if they plan to attend the General Meeting.

### **Jointly held securities**

If the TGG Shares are jointly held, only one of the joint TGG Shareholders is entitled to vote. If more than one joint TGG Shareholder votes, only the vote of the TGG Shareholder whose name appears first in the Register will be counted.

### **Voting by attorney**

A TGG Shareholder entitled to attend and vote at the General Meeting may appoint an attorney to virtually attend and vote at the General Meeting on his/her behalf. For an appointment to be effective for the General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### **Voting by corporate representative**

A body corporate which is a TGG Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act 2001.

The representative should provide a certified copy of the original form of appointment, a certified copy of appointment, or a certificate of the body corporate evidencing the appointment which must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Sydney time) on Monday, 27 September 2021.

### **Other approvals**

If the resolution contained in this Notice of General Meeting is approved at the General Meeting by the Requisite Majority, the implementation of the Buy-Back will be subject to, among other things, the approval of the resolution contained in the Notice of Scheme Meeting at the Scheme Meeting by the Requisite Majority, the subsequent approval of the Court of the Scheme and the Scheme becoming Effective upon lodgement of an office copy of the Court orders with ASIC.

### **Further information**

For further details on how to vote, appointing a proxy, or any other General Meeting related queries, please refer to the "Virtual Meeting Online Guide" available online at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide), the FAQ page at [www.tggtransaction.com.au](http://www.tggtransaction.com.au), or please call the Shareholder Information Line on 1300 145 831 (within Australia) or +61 3 9415 4832 (outside Australia) between Monday and Friday from 8.30am to 5.30pm (Sydney time).

## CORPORATE DIRECTORY

### **Templeton Global Growth Fund Limited**

ABN 44 006 558 149

Level 19, 101 Collins Street

Melbourne VIC 3000 Phone: +61 3 9603 1200

Website: [www.tggf.com.au](http://www.tggf.com.au)

### **Financial adviser**

Deloitte Corporate Finance Pty Ltd

477 Collins Street

Melbourne VIC 3000

### **Legal adviser**

King & Wood Mallesons

Level 27, Collins Arch

447 Collins Street

Melbourne VIC 3000

### **Tax adviser**

Deloitte Tax Services Pty Ltd

477 Collins Street

Melbourne VIC 3000

### **Share registry**

Computershare Investor Services Pty Limited

Yarra Falls 452 Johnston Street

Abbotsford VIC 3067

Website: [www.computershare.com.au](http://www.computershare.com.au)

### **Stock exchange listing**

TGG ordinary shares are quoted on the Australian Securities Exchange (ASX: TGG)

