

Dear Shareholder,

On behalf of the Directors of Wealth Defender Equities Limited (**WDE**), I am pleased to invite you to attend the 2016 Annual General Meeting (**AGM**) of WDE. Enclosed is the Notice of Meeting setting out the business of the AGM.

WDE's 2016 AGM will be held on Wednesday, 9 November 2016 commencing at 1:00pm (Sydney time) at DEXUS Place, Level 5, 1 Margaret Street, Sydney.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 1:00pm (Sydney time) on Monday, 7 November 2016, in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of WDE unanimously recommend that shareholders vote in favour of all resolutions.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of WDE and I look forward to your attendance and the opportunity to meet with you.

Yours sincerely,



**Alan Schoenheimer**

Chairman

Wealth Defender Equities Limited

# NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Wealth Defender Equities Limited (**WDE** or **Company**) will be held:

Date: Wednesday, 9 November 2016

Time: 1:00pm (Sydney time)

Venue: DEXUS Place  
Level 5  
1 Margaret Street  
Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and Proxy Form are part of this Notice of Meeting.

## A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2016.

All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2016 on the Company's website at [www.wealthdefenderequities.com.au](http://www.wealthdefenderequities.com.au).

## B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements;  
and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the Meeting.

## C. ITEMS FOR APPROVAL

### Resolution 1. Re-election of Director – Paul Clitheroe

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Paul Clitheroe, who retires in accordance with clause 6.7 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company.”*

### Resolution 2. Re-election of Director – Richard Morath

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Richard Morath, who retires in accordance with clause 6.7 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company.”*

### Resolution 3. Remuneration Report

To consider and, if thought fit, pass the following as an advisory resolution of the Company:

*“That the Company’s Remuneration Report for the financial year ended 30 June 2016, as set out in the Directors’ Report, is adopted.”*

The Remuneration Report is contained in the 2016 Annual Report (available at [www.wealthdefenderequities.com.au](http://www.wealthdefenderequities.com.au)). Please note that, in accordance with section 250R(3) of the Corporations Act 2001 (Cth) (the **Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

### VOTING EXCLUSION STATEMENT

A vote on Resolution 3 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2016 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 3 as a proxy if the vote is not cast on behalf of a person described above and either:

- a. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- b. the vote is cast by the chair of the Meeting and the appointment of the chair as proxy:
  - i. does not specify the way the proxy is to vote on the resolution; and
  - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act 2001 (Cth).

### Resolution 4. Capital Management Policy

To consider and, if thought fit, pass the following as an advisory resolution of the Company:

*“That the Company’s Capital Management Policy, as described in the Explanatory Memorandum, is adopted.”*

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

**By order of the Board**



**Sarah Prince**  
Company Secretary  
7 October 2016

## ENTITLEMENT TO ATTEND AND VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on Monday, 7 November 2016 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### *Appointment of Proxy*

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 1:00pm (Sydney time) on Monday, 7 November 2016. Proxies must be received before that time by one of the following methods:

By post:

Wealth Defender Equities Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

By facsimile:

(02) 9287 0309 (within Australia)  
+61 2 9287 0309 (from outside Australia)

By delivery in person:

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

Online:

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

### *Power of Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 1:00pm (Sydney time) on Monday, 7 November 2016, being 48 hours before the AGM.

### *Corporate Representatives*

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IMPORTANT:** If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on resolution 3, then by submitting the proxy form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

## SHAREHOLDER QUESTIONS

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select 'Voting' then click 'Ask a Question'.

To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (Sydney time) on Wednesday, 2 November 2016. Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

## ENCLOSURES

Enclosed are the following documents:

- proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on WDE's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to ensure the timely and cost effective receipt of your proxy;
- a reply paid envelope for you to return the proxy form.

# EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's AGM to be held on Wednesday, 9 November 2016.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1 and 2 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution. Resolution 3 and Resolution 4 are advisory and do not bind the Directors or the Company.

## Resolution 1. Re-election of Director – Paul Clitheroe

The Board appointed Paul Clitheroe as an independent Non-executive Director of the Company pursuant to clause 6.1 of the Constitution on 27 January 2015. In accordance with clause 6.7 of the Constitution, Paul Clitheroe retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

Paul Clitheroe has had an extensive career within the financial services industry as a company director, key practitioner and also educator. In 1983 along with four partners, he established Ipac Securities Limited, one of Australia's first fee for service advisory groups. Ipac today manages \$17 billion.

*The Directors, with Paul Clitheroe abstaining, unanimously recommend Shareholders vote in favour of this Resolution.*

## Resolution 2. Re-Election of Director – Richard Morath

Richard Morath was appointed as an independent Non-executive Director of the Company on 27 January 2015. In accordance with clause 6.7 of the Constitution, Richard Morath retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

Richard Morath is the Chairman of the Audit & Risk Committee.

Richard Morath has over 40 years' experience in life insurance, funds management, banking and financial planning including senior and leadership roles at MLC and Lend Lease.

Richard is currently non executive director and chairman of the Advice & Licences Boards of all Financial Planning companies in NAB/MLC and Chairman of National Australia Trustees. He is also a director of a number of BNZ companies and ASX listed Platinum Capital Limited (as well as being Chair of its audit committee).

*The Directors, with Richard Morath abstaining, unanimously recommend Shareholders vote in favour of this Resolution.*

## Resolution 3. Remuneration Report

Section 250R(2) of the Corporations Act 2001 (Cth) (the **Act**) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- o explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- o sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- o discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on WDE's website at [www.wealthdefenderequities.com.au](http://www.wealthdefenderequities.com.au).

Following consideration of the Remuneration Report, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors of the Company. However the Board will take the outcome of the vote into account in setting remuneration policy for future years.

#### Resolution 4. Capital Management Policy

The Directors of the Company are asking shareholders to vote on a capital management policy proposal. The votes are advisory only and do not bind the Directors or the Company.

The Company notes that, if adopted, the Policy will guide the Board to consider capital management issues within the parameters set out below, it will not act as an automatic trigger for a capital management programme.

#### Background

The Board of Directors (the **Board**) has been concerned that the relatively small size of the Company places it at risk of diminishing relevance to shareholders, especially during periods of financial market weakness. In particular, relatively low daily trading volumes can make acquiring and disposing of the Company's shares problematic.

The Board has considered a number of approaches to increasing the size of the Company and has formulated a possible capital management programme outlined below. It is expected that over time the programme will:

- allow the Company to gradually increase in size and benefit through economies of scale;
- improve the underlying trading volumes to provide shareholders with greater liquidity for their investment; and
- reduce share price volatility and encourage the Company's shares to trade closer to their net asset value.

#### Proposed Policy

When the share price of the Company has traded at a significant premium (of the order of 10 - 15% or more) to the underlying net asset value of the shares for a period of time, the Company would consider raising additional capital through a renounceable rights issue and possibly a placement at the same time. It is intended that the acquisition price under the rights issue be (approximately) at the underlying net asset value per share. The Board would consider having the issue underwritten.

Conversely, where the share price is trading at a discount to the net asset value of the shares (of the order of 10 - 15% or more for a period of time), the Company would consider entering into an on-market buy back of its shares, subject to requirements of the Corporations Act 2011 (Cth). On-market buy backs are limited to 10% of total shares outstanding within a 12 month period (known as the "10/12 limit"), without seeking shareholder approval.

#### Purpose of the Policy

Through using renounceable rights issues, shareholders who do not wish to participate would be able to realise any value held in those rights by selling them on market. In addition, by having the rights priced at the net asset value, shareholders not taking up the issue would not experience a dilution (of any significance), in net asset value per share as a result of any rights shares being taken up.

Furthermore, the intention to buy back shares when trading at a discount should provide some additional trading volumes in shares during periods of market weakness.

The Board would expect that, in all but exceptional circumstances, the proposed approach to capital management, will result in the Company's shares trading in a band between a 15% premium and a 15% discount to net asset value per share. As such, the performance of the shares should more closely track the underlying performance of the Company than may have been the case in the past.

### **Consideration of the Policy**

Following consideration of the Capital Management Policy, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Policy. A resolution that the Policy be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors of the Company. However the Board will take the outcome of the vote into account when adopting the Policy.

### **Conflicts of Interest**

Management fees that would be earned by the Company's Manager, Perennial Value Management, may increase (in the case of a rights issue) or decrease (in the case of a share buy back) as a result of the Policy being implemented.

*The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.*