

## Notice of Annual General Meeting

InvestSMART Group Limited ACN 111 772 359

(ASX:INV)

**IMPORTANT INFORMATION REGARDING COVID-19:** Due to the COVID-19 pandemic, the InvestSMART Annual General Meeting will be held as a virtual meeting.

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

**Important Notes:** Shareholders should read this Notice of Meeting and Explanatory Memorandum in full. This Notice of Meeting does not take into account the individual investment objectives, financial situation or particular needs of any person. If you are in any doubt about the action you should take, please consult your stockbroker, solicitor, accountant or other professional adviser without delay.

Notice is given that the 2020 Annual General Meeting of InvestSMART Group Limited ACN 111 772 359 (**Company**) will be held by way of a virtual meeting:

<b>Participation</b>	Shareholders and proxyholders are encouraged to participate in the Annual General Meeting online. There are a number of ways to participate in the Annual General Meeting: <ul style="list-style-type: none"><li>• <b>online:</b> shareholders and proxyholders are encouraged to participate in the Annual General Meeting online, by following this link:  <a href="https://web.lumiagm.com/399331415">https://web.lumiagm.com/399331415</a></li></ul>
<b>Date</b>	Wednesday, 11 November 2020
<b>Time</b>	10.00am (AEDT)

## Ordinary Business

### Financial Statements and Reports

To consider and receive the financial report, the Directors' report and the auditor's report for the year ended 30 June 2020.

### Resolution 1: Directors' Remuneration Report

To consider and, if in favour, pass the following resolution as an ordinary resolution in accordance with section 250R(2) Corporations Act:

- 1 'That the Remuneration Report be adopted.'

Note: This resolution shall be determined under section 250R(2) Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and Closely Related Parties in contravention of section 250R or 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

**Voting Exclusion Statement:** The Company will disregard votes cast by a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to resolution 1.

### Resolution 2: Appointment of auditor

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 2 'That, for the purposes of section 327B (1) of the Corporations Act 2001 and for all other purposes, BDO Audit Pty Ltd of Level 11, 1 Margaret Street, Sydney, 2000 having been nominated by a shareholder and consented in writing to act as auditor of the Company, be appointed auditor of the Company, effective immediately.'

The Directors unanimously recommend that you vote in favour of resolution 2.

### Resolution 3: Re-election of Mr Kevin Moore

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 3 'That Mr Kevin Moore, who retires in accordance with the Company's Constitution and Listing Rule 14.5 and being eligible, be re-elected as a Director of the Company.'

Note: Information about the candidate appears in the Explanatory Memorandum.

The Directors (with Mr Moore abstaining) unanimously recommend that you vote in favour of resolution 3.

## Special Business

### Resolution 4: Approval to issue new EDSPs to the Company's employees

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 4 'That for the purposes of sections 259B and 260C of the Corporations Act and Listing Rule 7.1 and Listing Rule 7.2 (exception 13) and for all other purposes, Shareholders approve:
- (a) the cancellation of all shares issued to date, to the Company's employees who are not Directors, under the Company's existing Employee Share Ownership Plan and Long-Term Incentive Plan; and
  - (b) the Company's EDSP (a summary of which is set out in the Explanatory Memorandum) and the issue of new EDSP shares, to the Company's employees who are not Directors, in accordance with the terms set out in the Explanatory Memorandum.'

Resolution 4 is subject to the passing of Resolutions 5 and 6.

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is eligible to participate in the EDSP or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors unanimously recommend that you vote in favour of resolution 4.

## **Resolution 5: Approval to issue new EDSPs to Mr Paul Clitheroe**

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 5 'That for the purposes of sections 259B and 260C of the Corporations Act, exception 14 of Listing Rule 7.2, Listing Rule 10.14 and for all other purposes, Shareholders approve:
- (a) the cancellation of all shares issued to date to Mr Paul Clitheroe under the Company's existing Long-Term Incentive Plan; and
  - (b) the issue of new EDSP shares to Mr Paul Clitheroe in accordance with the terms set out in the Explanatory Memorandum.'

Resolution 5 is subject to the passing of Resolutions 4 and 6.

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this resolution by:

- Mr Clitheroe or an associate of Mr Clitheroe; and
- a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EDSP and any associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors (with Mr Clitheroe abstaining) unanimously recommend that you vote in favour of resolution 5.

## **Resolution 6: Approval to issue new EDSPs to Mr Ron Hodge**

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 6 'That for the purposes of sections 259B and 260C of the Corporations Act, exception 14 of Listing Rule 7.2, Listing Rule 10.14 and for all other purposes, Shareholders approve:
- (a) the cancellation of all shares issued to date to Mr Ron Hodge under the Company's existing Long-Term Incentive Plan;
  - (b) the cancellation of all shares issued to date to Mr Ron Hodge under the Company's existing Employee Share Option Plan; and

- (c) the issue of new EDSP shares to Mr Ron Hodge in accordance with the terms set out in the Explanatory Memorandum.'

Resolution 6 is subject to the passing of Resolutions 4 and 5.

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this resolution by:

- Mr Hodge or an associate of Mr Hodge; and
- a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EDSP and any associate of those persons.

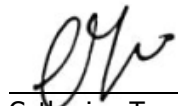
However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors (with Mr Hodge abstaining) unanimously recommend that you vote in favour of resolution 6.

Dated: 12 October 2020

By order of the Board



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Catherine Teo  
Company Secretary

## HOW TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

The InvestSMART Group Limited (the **Company**) Annual General Meeting will be held at 10.00am on Wednesday 11 November 2020 as a virtual meeting.

The Board encourages all Shareholders to participate in the Annual General Meeting, which will be webcast live via the Lumi online platform. You will be able to listen to the proceedings, view the presentations, ask questions of the Board and vote in real-time.

You can attend the Annual General Meeting online using your computer, mobile phone or other online capable device.

- **Computer:** If you use your computer to attend the Meeting, you should use the Lumi platform by entering this link in your browser: <https://web.lumiagm.com/399331415>
- **Mobile:** If you use your mobile phone or device to attend the Meeting, you should use the Lumi AGM app (which you can download from the Apple App or Google Play stores by searching Lumi AGM).
- **Further assistance:** If you require further information on how to participate in the Annual General Meeting, please contact Boardroom at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

More information about how to participate in the InvestSMART Annual General Meeting can also be found here: <https://www.investsmart.com.au/events/investsmart-group-limited-2020-AGM>

## VOTING

Voting on each of the proposed resolutions at the Meeting will be conducted by poll.

## VOTING EXCLUSIONS

Certain resolutions in the Notice of Meeting are subject to voter exclusions. The voter exclusions are set out below each resolution in the Notice of Meeting.

## DETERMINATION OF ENTITLEMENT TO VOTE

The Company has determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 9 November 2020 at 10.00am (AEDT) (being 48 hours before the Meeting).

## NOTES

- Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meaning given to them in the Explanatory Memorandum.
- Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form to the Company's share registry Boardroom Pty Ltd, GPO Box 3993, Sydney, NSW 2001.
- To be effective, proxy forms must be received by the Company at its registered office or deposited at or faxed to the share registry no later than 48 hours prior to the Meeting.
- If you have any queries, including how to cast your votes, please contact 02 9223 3866 (within Australia) or +61 2 9223 3866 (outside Australia) during business hours.

## VOTING INTENTIONS OF THE CHAIRMAN

The Chairman intends to vote undirected proxies on, and in favour of, all the proposed resolutions.

# Explanatory Memorandum

InvestSMART Group Limited ACN 111 772 359 (Company)

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This Explanatory Memorandum accompanies the notice of Annual General Meeting of the Company to be held at 10.00am (AEDT) on Wednesday 11 November 2020 by way of virtual meeting.

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

## Ordinary Business

### Financial Statements and Reports

- 1 The Corporations Act requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- 3 Shareholders will be given a reasonable opportunity at the meeting to raise questions and make comments on these reports.
- 4 In addition to asking questions at the Meeting, Shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor, BDO, if the question is relevant to:

(a) the content of the auditor's report; or

(b) the conduct of its audit of the annual financial report to be considered at the Meeting.

Note: Under section 250PA(1) Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

- 5 Written questions for the auditor must be delivered by 5:00pm on Wednesday, 4 November 2020. Please send any written questions for BDO to:

The Company Secretary  
Ms Catherine Teo  
PO Box 744  
Queen Victoria Building  
NSW 1230

or via email to: [c.teo@investsmart.com.au](mailto:c.teo@investsmart.com.au)

### Resolution 1: Directors' Remuneration Report

- 6 The Remuneration Report is contained in the Annual Report. A copy is available on the Company's website.
- 7 The Corporations Act requires that the Remuneration Report be put to a vote of Shareholders.

- 8 The resolution of Shareholders is advisory only and not binding on the Company. The Board will take the discussion at the Meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.
- 9 The Remuneration Report:
  - (a) reports and explains the remuneration arrangements in place for non-executive Directors, executive Directors and senior management; and
  - (b) explains Board policies in relation to the nature and value of remuneration paid to non-executive Directors, executives and senior managers within the Company.
- 10 The Chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.

### **Directors' recommendation**

- 11 As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) Corporations Act, makes no recommendation regarding this resolution.

### **Resolution 2: Appointment of Auditor**

- 12 As announced on the ASX on 31 January 2020, BDO Audit Pty Ltd (**BDO**) was appointed auditor of the Company following the resignation of Ernst & Young and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act.
- 13 The Board's decision to change auditors was made following a consultative process. The Board selected BDO on the basis of their reputation, expertise and suitability to the stage of development of the Company and its business.
- 14 As a result of the timing of the change, BDO filled a casual vacancy in accordance with s327C(1) of the Corporations Act. Under section 327C(2) of the Corporations Act, an auditor who has been appointed under s327C(1) of the Corporations Act only holds office until the Company's next annual general meeting. The Company is required to appoint an auditor to fill any vacancy at each annual general meeting (after its first annual general meeting) pursuant to s327B(1)(b) of the Corporations Act.
- 15 Pursuant to section 328B of the Corporations Act, the Company received a valid notice of nomination of auditor that nominated BDO to be appointed as the auditor of the Company. A copy of the nomination is attached as Schedule 1 to this Notice of Meeting.
- 16 BDO has provided the Company with its written consent to act, subject to shareholders' approval being granted, as the Company's auditor in accordance with s328A(1) of the Corporations Act.
- 17 In accordance with s327B(1)(b) of the Corporations Act, an ordinary resolution is required at this Annual General Meeting to appoint BDO as the Company's auditor and shareholders' approval is sought to that appointment.

### **Resolution 3: Re-election of Mr Kevin Moore FAICD, MCIM, JP**

- 18 Mr Kevin Moore is retiring from office in accordance with Listing Rule 14.4 and Rule 18.3(a) of the Company's Constitution and stands for re-election.



- 19 Kevin Moore has multinational board and governance experience, specialising in digital marketing, and is a Growth Director with a focus on \$10 million to \$100 million businesses.
- 20 Mr Moore has a corporate career with director level marketing and general management experience across 30 countries, with success in launching and growing Australian and Global brands. Mr Moore's private company career saw him build a small technology based retail marketing business into the sector leader in ANZ, and clients that include Apple, Woolworths and Coles.
- 21 Mr Moore is a fellow of the Australian Institute of Company Directors and a Member of the Chartered Institute of Marketing. He holds a Diploma in International and Export Marketing from Henley, The Management College, at The University of Reading. Mr Moore is Chairman of NowComms Asia Pte.

**Directors' recommendation**

- 22 The Directors (with Mr Moore abstaining) unanimously recommend the election of Mr Moore to the Board.

## Special Business

### Resolution 4: Approval to issue new EDSPs to the Company's employees

#### Background

- 23 Resolution 4 seeks Shareholder approval for the purposes of sections 259B and 260C of the Corporations Act, Listing Rule 7.1, exception 13 of Listing Rule 7.2 and for all other purposes.
- 24 The Company currently has in place an Employee Share Ownership Plan (**ESOP**), which was first approved by Shareholders on 29 November 2016, and subsequently amended with Shareholder approval on 21 November 2018. In addition, the Company has in place a Long Term Incentive Plan (**LTIP**) which is open to key personnel, which was introduced in 2013.
- 25 The purposes of the ESOP and LTIP are to incentivise recipients to improve the Company's performance and to align the interests of ESOP and LTIP recipients with those of shareholders.
- 26 The Company currently has the following ESOP shares on issue, excluding ESOP shares that have been issued to Mr Ron Hodge which are separately discussed in resolution 6:

Current ESOP shares on issue	Number	Maturity	Allocation Price
ESOP Dec 2016	2,345,000	March 2023	0.31
ESOP Sep 2017	400,000	March 2024	0.255
ESOP Dec 2018	1,060,000	March 2025	0.255
<b>Total</b>	<b>3,805,000</b>		

\*Not all the ESOP shares in the table above have vested

- 27 In addition, the Company has the following LTIP shares on issue to key personnel other than directors:

Security	Balance at 30 June 2020	Estimated or actual vesting date	Maturity date	Unvested balance at 30 June 2020	Allocation Price
<b>Nigel Poole</b>					
LTIP Tranche 1	1,388,888	8/09/2016	8/09/2021	-	0.25
LTIP Tranche 2	1,388,888	8/09/2017	8/09/2022	-	0.25
LTIP Tranche 3	1,388,889	8/09/2018	8/09/2023	-	0.25
<b>Alastair Davidson</b>					
LTIP Tranche 1	1,388,888	8/09/2016	8/09/2021	-	0.25
LTIP Tranche 2	1,388,888	8/09/2017	8/09/2022	-	0.25
LTIP Tranche 3	1,388,889	8/09/2018	8/09/2023	-	0.25
<b>Alan Kohler</b>					
LTIP Tranche 1	1,333,333	11/04/2020		1,333,333	0.25
LTIP Tranche 2	1,333,333	11/04/2021		1,333,333	0.25
LTIP Tranche 3	1,333,334	11/04/2020		1,333,334	0.25
<b>Total</b>	<b>12,333,330</b>			<b>4,000,000</b>	

- 28 As at 6 October 2020, at the 3 month average share price of \$0.0751, the LTIP and ESOP share allocation prices, described in paragraphs 26 and 27, are out-of-the-money and do not serve their

purposes of appropriately incentivising participants or aligning their interests with that of shareholders.

- 29 In addition, the current LTIP plan allows employees to retain the loan terms after they leave the Company, which does not incentivise LTIP participants to stay with the Company. The new EDSP requires employees to repay the loan within 7 days or forfeit the EDSP shares. The Company believes this will act as a deterrent to employees leaving the Company prematurely.
- 30 If resolution 4 is approved, then:
- (a) the Company's existing ESOP and LTIP plans will be terminated and all ESOP shares and LTIP shares issued to date under those plans will be bought back by the Company and cancelled; and
  - (b) the Company will adopt the EDSP as its new employee incentive scheme under ASIC Class Order [CP/14/1000] and issue new EDSP shares as set out in this Explanatory Memorandum. A summary of the key terms of the EDSP is set out in Schedule 2.
- 31 Resolution 4 is conditional on resolutions 5 and 6 also being approved. If either resolution 4, resolution 5 or resolution 6 is not approved, then the ESOP and LTIP plans and all shares issued under those plans will remain in place and no EDSP shares will be issued.
- 32 Given that the EDSP is a new equity incentive plan, this is the first time the Company has sought Shareholder approval in respect of the EDSP (and the issue of EDSP shares under it). As at the date of the Annual General Meeting, no EDSP shares have been granted under the EDSP.

### **Cancellation of existing ESOP/LTIP shares and issue of new EDSP shares to employees**

- 33 Resolution 4 contemplates that:
- (a) 3,805,000 ESOP shares and 12,333,330 LTIP shares issued to employees (excluding Mr Ron Hodge), as described in paragraphs 26 and 27, will be bought back by the Company and cancelled. No funds will be expended by the Company in the buyback of these shares;
  - (b) 10,000,000 new EDSP shares may be issued in lieu of the cancelled ESOP shares to employees of the Company; and
  - (c) 12,333,330 new EDSP shares will be issued in lieu of the cancelled LTIP shares as follows:

	<b>Balance at 30 June 2020</b>	<b>Vesting date</b>	<b>Maturity date</b>	<b>Allocation Price</b>
<b>Nigel Poole</b>				
Tranche 1	1,388,888	30/11/2020	30/11/2025	0.15
Tranche 2	1,388,888	30/11/2021	30/11/2026	0.20
Tranche 3	1,388,889	30/11/2022	30/11/2027	0.30
<b>Alastair Davidson</b>				
Tranche 1	1,388,888	30/11/2020	30/11/2025	0.15
Tranche 2	1,388,888	30/11/2021	30/11/2026	0.20
Tranche 3	1,388,889	30/11/2022	30/11/2027	0.30
<b>Alan Kohler</b>				
Tranche 1	1,333,333	30/11/2020	30/11/2025	0.15

Tranche 2	1,333,333	30/11/2021	30/11/2026	0.20
Tranche 3	1,333,334	30/11/2022	30/11/2027	0.30

## Listing Rules and Corporations Act requirements

- 34 Listing Rule 7.1 provides that a company must not, without shareholder approval, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.
- 35 Listing Rule 7.2 provides a number of exceptions to Listing Rule 7.1. Exception 13 to Listing Rule 7.2 provides that equity securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% limit for Listing Rule 7.1 purposes, if the employee incentive scheme and the issue of equity securities under it have been approved by shareholders within the three year period prior to the issue of equity securities.
- 36 Resolution 4 seeks Shareholder approval, for the purpose of Exception 13 and for all other purposes, for the EDSP and the issue of fully paid ordinary shares in the Company under the EDSP from time to time.
- 37 Shareholders are advised of the following particulars in relation to the issue of EDSPs:
- (a) recipients of EDSP shares to be issued under resolution 4 will be selected from the current employees of the Company with the quantum to be approved by the Board based on their relative salary and seniority;
  - (b) the maximum number of EDSP shares to be issued under this resolution 4 is 22,333,330 fully paid ordinary shares in the Company;
  - (c) the Company will issue the EDSP shares under this resolution 4 no later than three months after the date of this Annual General Meeting;
  - (d) a summary of the key terms of the EDSP are outlined in Schedule 2; and
  - (e) the purpose of issue is to appropriately incentivise employees of the Company by aligning their remuneration to the performance of the Company and the share price of the Company. No funds will be raised by the issue of EDSP shares.
- 38 The EDSP involves the Company providing non-recourse loans to eligible participants for the sole purpose of acquiring shares. The Corporations Act restricts a company from financially assisting a person to acquire shares in the company without shareholder approval. Accordingly, as part of resolution 4, the Company is seeking Shareholder approval for the purposes of section 260C Corporations Act to provide loans to eligible participants in connection with the issue of Shares under the EDSP.
- 39 Section 259B(1) Corporations Act prohibits a company taking security over its own shares, except as permitted by section 259B(2) Corporations Act, which authorises a company to take security over shares in itself under an employee share scheme which has been approved by shareholders. When a loan is made to an eligible employee under the EDSP, until that loan is repaid, the Company will have a lien over the Shares to which the loan relates. As part of resolution 4 the Company is seeking Shareholder approval for the purposes of section 259B Corporations Act to take security over its own shares as part of the loan arrangements for eligible participants in connection with the issue of Shares under the EDSP.

## Voting Exclusion Statement

- 40 The Company will disregard any votes cast in favour of this resolution by or on behalf of any person who is eligible to participate in the EDSP or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the resolution by:
- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
  - (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
  - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
    - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Directors' recommendation

- 41 The Directors unanimously recommend that you vote in favour of this resolution 4.

## Resolution 5: Approval to issue new EDSPs to Mr Paul Clitheroe

### Background

- 42 Resolution 5 seeks Shareholder approval for the purposes of sections 259B and 260C of the Corporations Act, exception 14 of Listing Rule 7.2, Listing Rule 10.14 and for all other purposes.
- 43 Mr Paul Clitheroe currently holds the following LTIP shares:

Security	Balance at 30 June 2020	Estimated or actual vesting date	Maturity date	Unvested balance at 30 June 2020	Allocation Price
<b>Paul Clitheroe</b>					
LTIP Tranche 1	1,333,333	30/05/2016	30/05/2021	-	0.25
LTIP Tranche 2	1,333,333	N/A		1,333,333	0.25
LTIP Tranche 3	1,333,334	N/A		1,333,334	0.25

- 44 As set out above, 1,333,333 of these shares vested on 30 May 2016, when the share price reached \$0.33 per share. The second tranche will vest when the share price reaches \$0.42 per share. The final tranche will vest when the share price reaches \$0.50 per share. There is no time limit for the share price to reach the vesting price.
- 45 At the allocation price described in paragraph 43, the LTIP shares are out-of-the-money and do not appropriately serve their purpose of aligning Mr Clitheroe's interests with that of shareholders.
- 46 If resolution 5 is approved, then:

- (a) the LTIP shares currently issued to Mr Paul Clitheroe described in paragraph 43 will be bought back by the Company and cancelled; and
  - (b) the Company will issue new EDSP shares to Mr Paul Clitheroe in accordance with paragraph 48.
- 47 Resolution 5 is conditional on resolutions 4 and 6 also being approved. If either resolution 4, resolution 5 or resolution 6 is not approved, then the ESOP and LTIP plans and all shares issued under those plans will remain in place and no EDSP shares will be issued.

### **Cancellation of existing LTIP shares and issue of new EDSP shares**

48 Resolution 5 contemplates that:

- (a) all LTIP shares that are currently issued to Mr Paul Clitheroe and described in paragraph 43 will be bought back by the Company and cancelled. No funds will be expended in the buyback of the LTIP shares; and
- (b) new EDSP shares will be issued in lieu of the cancelled LTIP shares to Mr Paul Clitheroe, in accordance with the following table:

	Number of EDSP shares	Vesting date	Maturity date	Allocation Price
<b>Paul Clitheroe</b>				
Tranche 1	1,333,333	30/11/2020	30/11/2025	0.15
Tranche 2	1,333,333	30/11/2021	30/11/2026	0.20
Tranche 3	1,333,334	30/11/2022	30/11/2027	0.30

### **Listing Rules and Corporations Act requirements**

- 49 Listing Rule 7.1 provides that a company must not, without shareholder approval, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Under exception 14 of Listing Rule 7.2, Listing Rule 7.1 does not apply to issues of securities made with the approval of Shareholders under Listing Rule 10.11.
- 50 Listing Rule 10.11 provides that a company must not, without shareholder approval, issue or agree to issue equity securities to certain related parties, including directors of the company, unless an exception applies. One of the exceptions to Listing Rule 10.11 is where the relevant equity securities are issued with shareholder approval under Listing Rule 10.14. Listing Rule 10.14 requires a company to obtain shareholder approval for the issue of equity securities to directors of the company under an employee incentive scheme.
- 51 The Board has also considered Chapter 2E Corporations Act. The Board has determined that the reasonable remuneration exemption under section 211 Corporations Act applies to resolutions 5(a) and 5(b) on the basis that:
- (a) the terms of the EDSP apply equally to all employees and eligible directors;
  - (b) Mr Clitheroe will be receiving the same number of EDSP shares as he currently has in LTIP shares; and
  - (c) the issue of EDSP shares to Mr Paul Clitheroe is otherwise reasonable in the circumstances and for the reasons stated in this Explanatory Memorandum.

52 In accordance with Listing Rule 10.15, Shareholders are advised of the following particulars:

- (a) Mr Paul Clitheroe is a director of the Company and as such falls within Listing Rule 10.14.1;
- (b) 4,000,000 new fully paid ordinary shares under the EDSP, as set out in the table in paragraph 48, will be issued to Mr Paul Clitheroe, no later than three months after the date of this Annual General Meeting;
- (c) for the year ended 30 June 2020, Mr Clitheroe received \$87,000 (including superannuation) in director's fees;
- (d) to date, no equity securities have been issued under the EDSP;
- (e) the 4,000,000 new EDSP shares will be issued at the allocation price and will vest in accordance with the vesting dates set out in the table in paragraph 48;
- (f) a summary of the key terms of the EDSP are outlined in Schedule 2;
- (g) Mr Clitheroe will receive a loan from the Company in connection with the issue of EDSP shares to him under resolution 5. The material terms of the loan are as follows:
  - (i) the loan is an interest free, non-recourse loan for \$866,666.75 from the Company for the sole purpose of acquiring EDSP shares in the Company as described in paragraph 48;
  - (ii) any unvested shares surrendered are forfeited in full settlement of the loan balance and no benefit accrues to Mr Clitheroe;
  - (iii) Mr Clitheroe will be required to repay the loan or forfeit shares (vested or unvested) relating to a specific tranche of shares within five years of the vesting of each tranche of shares;
  - (iv) if Mr Clitheroe retires as a director or is removed as a director of the Company, then:
    - (A) where EDSP shares have vested, he may choose to either repay the loan or forfeit shares; and
    - (B) where EDSP shares have not vested, he must forfeit the shares in full satisfaction of the loan;
  - (v) Mr Clitheroe will be entitled to any dividends paid on the shares (whether the shares have vested or remain unvested);
  - (vi) the shares are restricted until the end of the vesting period and while the loan remains outstanding;
- (h) details of any equity securities issued to any director under the EDSP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (i) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of equity securities under the EDSP after resolutions 5 and 6 are approved and who are not named in this notice of meeting will not participate until shareholder approval is obtained under Listing Rule 10.14.

- 53 The Corporations Act restricts a company from financially assisting a person to acquire shares in the company without shareholder approval. Accordingly, as part of resolution 5, the Company is seeking Shareholder approval for the purposes of section 260C Corporations Act to provide loans to eligible participants in connection with the issue of Shares under the EDSP.
- 54 Section 259B(1) Corporations Act prohibits a company taking security over its own shares, except as permitted by section 259B(2) Corporations Act, which authorises a company to take security over shares in itself under an employee share scheme which has been approved by shareholders. When a loan is made to an eligible employee under the EDSP, until that loan is repaid, the Company will have a lien over the Shares to which the loan relates. As part of resolution 5 the Company is seeking Shareholder approval for the purposes of section 259B Corporations Act to take security over its own shares as part of the loan arrangements for eligible participants in connection with the issue of Shares under the EDSP.

### **Voting Exclusion Statement**

- 55 The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) Mr Paul Clitheroe or an associate of Mr Paul Clitheroe; and
- (b) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EDSP and any associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Directors' recommendation**

- 56 The Directors (Mr Paul Clitheroe abstaining) unanimously recommend that you vote in favour of this resolution 5.



## Resolution 6: Approval to issue new EDSPs to Mr Ron Hodge

### Background

- 57 Resolution 6 seeks Shareholder approval for the purposes of sections 259B and 260C of the Corporations Act, exception 14 of Listing Rule 7.2, Listing Rule 10.14 and for all other purposes.
- 58 Mr Ron Hodge, as Managing Director of the Company, currently holds the following LTIP shares. These LTIP shares have no performance conditions:

Security	Balance at 30 June 2020	Estimated or actual vesting date	Maturity date	Unvested balance at 30 June 2020	Allocation Price
<b>Ron Hodge</b>					
LTIP Tranche 1	1,388,888	8/09/2016	8/09/2021	-	0.25
LTIP Tranche 2	1,388,888	8/09/2017	8/09/2022	-	0.25
LTIP Tranche 3	1,388,889	8/09/2018	8/09/2023	-	0.25

- 59 As Managing Director, Mr Hodge is eligible to participate in the Company's ESOP and received 400,000 shares at 31 cents per share and a corresponding limited recourse loan on 28 December 2016, as approved by shareholders. The first tranche of 133,333 shares vested on 28 December 2017, the second tranche of 133,333 shares vested on 28 December 2018 and the third tranche of 133,334 shares vested on 28 December 2019.
- 60 At the allocation prices described in paragraphs 58 and 59, the LTIP shares and ESOP shares held by Mr Ron Hodge are out-of-the-money and do not appropriately serve their purpose of aligning Mr Hodge's interests with that of shareholders.
- 61 If resolution 6 is approved, then:
- (a) the ESOP and LTIP shares currently issued to Mr Ron Hodge described in paragraphs 58 and 59 will be bought back by the Company and cancelled; and
  - (b) the Company will issue new EDSP shares to Mr Ron Hodge in accordance with paragraph 63.
- 62 Resolution 6 is conditional on resolutions 4 and 5 also being approved. If either resolution 4, resolution 5 or resolution 6 is not approved, then the ESOP and LTIP plans and all shares issued under those plans will remain in place and no EDSP shares will be issued.

### Cancellation of existing LTIP shares and issue of new EDSP shares

- 63 Resolution 6 contemplates that:
- (a) all LTIP shares and ESOP shares that are currently issued to Mr Ron Hodge and described in paragraphs 58 and 59 will be bought back by the Company and cancelled. No funds will be expended in the buyback of the LTIP and ESOP shares; and
  - (b) new EDSP shares will be issued in lieu of the cancelled LTIP shares and ESOP shares to Mr Ron Hodge, in accordance with the following table:

	Number of EDSP shares	Vesting date	Maturity date	Allocation Price

<b>Ron Hodge</b>				
Tranche 1	1,522,221	30/11/2020	30/11/2025	0.15
Tranche 2	1,522,221	30/11/2021	30/11/2026	0.20
Tranche 3	1,522,223	30/11/2022	30/11/2027	0.30

## **Listing Rules and Corporations Act requirements**

- 64 Listing Rule 7.1 provides that a company must not, without shareholder approval, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Under exception 14 of Listing Rule 7.2, Listing Rule 7.1 does not apply to issues of securities made with the approval of Shareholders under rule 10.11.
- 65 Listing Rule 10.11 provides that a company must not, without shareholder approval, issue or agree to issue equity securities to certain related parties, including directors of the company, unless an exception applies. One of the exceptions to Listing Rule 10.11 is where the relevant equity securities are issued with shareholder approval under Listing Rule 10.14. Listing Rule 10.14 requires a company to obtain shareholder approval for the issue of equity securities to directors of the company under an employee incentive scheme.
- 66 The Board has also considered Chapter 2E Corporations Act. The Board has determined that the reasonable remuneration exemption under section 211 Corporations Act applies to resolutions 5(a) and 5(b) on the basis that:
- (a) the terms of the EDSP apply equally to all employees and eligible directors; and
  - (b) the issue of EDSP shares to Mr Ron Hodge is otherwise reasonable considering he is the Managing Director of the Company and in the circumstances and for the reasons stated in this Explanatory Memorandum.
- 67 In accordance with Listing Rule 10.15, Shareholders are advised of the following particulars:
- (a) Mr Ron Hodge is the Managing Director of the Company and as such falls within Listing Rule 10.14.1;
  - (b) 4,566,665 new fully paid ordinary shares under the EDSP, as set out in the table in paragraph 63, will be issued to Mr Ron Hodge, no later than three months after the date of this Annual General Meeting;
  - (c) for the year ended 30 June 2020, Mr Hodge received \$281,943 (including superannuation, accrued annual leave, accrued long service leave and LTIP and ESOP expenses) in director's fees;
  - (d) to date, no equity securities have been issued under the EDSP
  - (e) the 4,566,665 new EDSP shares will be issued at the allocation price and will vest in accordance with the vesting dates set out in the table in paragraph 63;
  - (f) a summary of the key terms of the EDSPs are outlined in Schedule 2;
  - (g) Mr Hodge will receive a loan from the Company in connection with the issue of EDSP shares to him under resolution 6. The material terms of the loan are as follows:

- (i) the loan is an interest free, non-recourse loan for \$989,444.25 from the Company for the sole purpose of acquiring EDSP shares in the Company as described in paragraph 63;
- (ii) any unvested shares surrendered are forfeited in full settlement of the loan balance and no benefit accrues to Mr Hodge;
- (iii) Mr Hodge will be required to repay the loan or forfeit shares (vested or unvested) relating to a specific tranche of shares within five years of the vesting of each tranche of shares;
- (iv) if Mr Hodge retires as a director or is removed as a director of the Company, then:
  - (A) where EDSP shares have vested, he may choose to either repay the loan or forfeit shares; and
  - (B) where EDSP shares have not vested, he must forfeit the shares in full satisfaction of the loan;
- (v) Mr Hodge will be entitled to any dividends paid on the shares (whether the shares have vested or remain unvested);
- (vi) the shares are restricted until the end of the vesting period and while the loan remains outstanding;
- (h) details of any equity securities issued to any director under the EDSP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (i) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of equity securities under the EDSP after resolutions 5 and 6 are approved and who are not named in this notice of meeting will not participate until shareholder approval is obtained under Listing Rule 10.14.

68 The Corporations Act restricts a company from financially assisting a person to acquire shares in the company without shareholder approval. Accordingly, as part of resolution 6, the Company is seeking Shareholder approval for the purposes of section 260C Corporations Act to provide loans to eligible participants in connection with the issue of Shares under the EDSP.

69 Section 259B(1) Corporations Act prohibits a company taking security over its own shares, except as permitted by section 259B(2) Corporations Act, which authorises a company to take security over shares in itself under an employee share scheme which has been approved by shareholders. When a loan is made to an eligible employee under the EDSP, until that loan is repaid, the Company will have a lien over the Shares to which the loan relates. As part of resolution 6 the Company is seeking Shareholder approval for the purposes of section 259B Corporations Act to take security over its own shares as part of the loan arrangements for eligible participants in connection with the issue of Shares under the EDSP.

### **Voting Exclusion Statement**

70 The Company will disregard any votes cast in favour of this resolution by or on behalf of

- (a) Mr Ron Hodge or an associate of Mr Ron Hodge; and

- (b) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EDSP and any associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Directors' recommendation**

The Directors (Mr Ron Hodge abstaining) unanimously recommend that you vote in favour of this resolution 6.

# Glossary

## InvestSMART Group Limited ACN 111 772 359

Capitalised terms in this Notice of Meeting and Explanatory Memorandum have the meaning set out below:

Definition	Meaning
<b>Annual General Meeting or Meeting</b>	means the Company's annual general meeting the subject of this Notice of Meeting.
<b>Annual Report</b>	means the 2020 annual report of the Company.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>Board</b>	means the board of directors of the Company.
<b>Closely Related Parties</b>	has the meaning given to the term in the Corporations Act.
<b>Company or InvestSMART Group Limited</b>	means InvestSMART Group Limited ACN 111 772 359.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of the Company.
<b>EDSP</b>	Employee and Director Share Plan
<b>ESOP</b>	the InvestSMART Employee Share Ownership Plan which was first approved by Shareholders on 29 November 2016, and subsequently amended with Shareholder approval on 21 November 2018.
<b>Explanatory Memorandum</b>	means the explanatory memorandum attached to the Notice of Meeting.
<b>Key Management Personnel</b>	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Listing Rules</b>	means the listing rules of ASX.
<b>LTIP</b>	the InvestSMART Long Term Incentive Plan ( <b>LTIP</b> ) which is open to key personnel, which was introduced in 2013.
<b>Notice of Meeting</b>	means this notice of meeting and includes the Explanatory Memorandum.
<b>Related Parties</b>	the meaning given to that term under ASX Listing Rule 19.
<b>Remuneration Report</b>	means the section of the Directors' report for the 2020 financial year that is included under section 300A(1) Corporations Act.
<b>Shareholder</b>	means a person who is the registered holder of Shares.
<b>Shares</b>	means the existing fully paid ordinary shares in the Company.

# Schedule 1

## Nomination of BDO as the auditor of the Company

The Directors  
InvestSMART Group Limited  
Suite 2, Level 2  
66 Clarence Street  
Sydney NSW 2000

25 September 2020

Dear Directors

The undersigned being a member of Company Name hereby nominates BDO Audit Pty Ltd. for appointment as auditor of the company at the forthcoming annual general meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alastair Davidson', with a stylized initial 'A' and a long, sweeping underline.

Alastair Davidson  
Head of Funds Management

# Schedule 2

## Summary of the InvestSMART Employee and Director Share Plan Rules

Who is eligible to participate?	All full time and part time employees and all Directors of the Company are eligible to participate in the EDSP.
How will Shares under the EDSP be allocated?	<p>The Board may determine the number of Shares that are to be allocated to each eligible participant under the EDSP in its absolute discretion, having regard to the participant's:</p> <ul style="list-style-type: none"> <li>length of service;</li> <li>position and remuneration; and</li> <li>any other matters considered relevant by the Board.</li> </ul> <p>The number and the terms of Shares that are to be allocated to Mr Paul Clitheroe and Mr Ron Hodge (as Directors and therefore Related Parties of the Company) under the EDSP are described in the Explanatory Memorandum.</p>
What are the rights attaching to Shares issued under the EDSP?	Shares issued under this Plan will, from the date of allotment, rank equally with all other issued Shares in all respects including with respect to voting rights and entitlements to participate in dividends, future rights and bonus issues. These rights apply even if the Shares are subject to the holding lock.
How does the EDSP work?	<ol style="list-style-type: none"> <li>Participants will be invited to participate in the EDSP by the Board.</li> <li>The invitation will describe the number of Shares and the terms attaching to those Shares, including the application price at which the Shares are to be issued to the participant.</li> <li>The Company will provide a loan to the participant equivalent to the application price multiplied by the number of Shares issued to the participant.</li> <li>All Shares issued under the EDSP are subject to a holding lock, meaning that the Shares cannot be traded, until the applicable vesting date.</li> <li>After the holding lock period expires, participants may elect to transfer their Shares. The loan must be repaid by the participant within 7 days of transfer of the Shares.</li> </ol>
What happens if a participant ceases to work for the Company?	<ol style="list-style-type: none"> <li>While the Shares are subject to a holding lock and the loan remains unpaid: <ol style="list-style-type: none"> <li>if a participant is dismissed by the Company for cause or resigns from service of the Company, then that participant automatically forfeits all interest in the Shares and the Company is entitled to buy back and cancel the Shares held by that participant;</li> <li>if a participant is made redundant by the Company, then the participant is able to retain the Shares and the loan remains in place.</li> </ol> </li> </ol>