



HEARTS AND MINDS INVESTMENTS LIMITED
ACN 628 753 220

NOTICE OF ANNUAL GENERAL MEETING

TAKE NOTICE that the Annual General Meeting of Shareholders of the Company will be held at the time, date and place specified below:

Time: 2.30pm (AEDT)

Date: Tuesday 26 November 2019

Place: Offices of Boardroom Pty Limited, Level 12, 225 George St Sydney NSW 2000

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive the Financial Statements, Directors' Report and Auditor's Report for the Company for the period from 12 September 2018 to 30 June 2019.

Resolution 1 Adoption of the Remuneration Report

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

"That the Company adopt the Remuneration Report for the period from 12 September 2018 to 30 June 2019 in accordance with Section 250R(2) of the Corporations Act."

Note: This Resolution is advisory only and does not bind the Company or the Directors.

Voting Exclusion Statement:

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company, details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Company at the date of the Meeting acting as proxy or a Closely Related Party of any such member may vote on Resolution 1.

However, in accordance with the Corporations Act, a person described above may vote on Resolution 1 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form how to vote; or*
- it is cast by the Chair of the Meeting as proxy for a person who is permitted to vote, in accordance with an express direction specified on the Proxy Form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.*

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of Resolution 1.

Resolution 2 Re-election of Director – Mr Christopher Cuffe

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

"That, Mr Christopher Cuffe, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."

Resolution 3 Re-election of Director – Ms Lorraine Berends

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

"That, Ms Lorraine Berends, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."

Resolution 4 Re-election of Director – Mr David Wright

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

"That, Mr David Wright, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."

Resolution 5 Re-election of Director – Mr Michael Traill

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

"That, Mr Michael Traill, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company."

Resolution 6 Re-election of Director – Mr Gary Weiss

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

“That, Mr Gary Weiss, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company.”

Resolution 7 Re-election of Director – Mr Geoff Wilson

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

“That, Mr Geoff Wilson, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company.”

Resolution 8 Re-election of Director – Mr Matthew Grounds

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

“That, Mr Matthew Grounds, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company.”

Resolution 9 Re-election of Director – Mr Guy Fowler

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

“That, Mr Guy Fowler, being a Director, who retires in accordance with clause 6.2(b) of the Constitution and ASX Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company.”

Resolution 10 Variation of Investment Allocation

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

“That the Company, vary its investment allocation as follows:

- *Conference Fund Managers: **approximately 35%** of the Portfolio will be held in securities based on the annual recommendations of Fund Managers who present at the Conference*
- *Core Fund Managers: **approximately 65%** of the Portfolio will be held in securities based on the quarterly recommendations of **six** leading Fund Managers selected by the Company.”*

Please refer to the explanatory memorandum for further information regarding the proposed variation to the investment allocation.

Resolution 11 Appointment of Auditor

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

“That, in accordance with section 327B(1) of the Corporations Act and for all other purposes, Pitcher Partners, having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of the Company and that the Directors of the Company be authorised to fix the fees of the Auditor.”

BY ORDER OF THE BOARD



Tom Bloomfield
Company Secretary

25 October 2019

NOTES

1. Explanatory Memorandum

The Explanatory Memorandum and the annexure accompanying this Notice of Annual General Meeting are incorporated in and comprise part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

2. Who may vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company (as convenor of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 7.00pm (AEDT) on 24 November 2019. This means that any Shareholder registered at 7.00pm (AEDT) on 24 November 2019 is entitled to attend and vote at the Meeting.

3. Proxies

A Shareholder entitled to attend this Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- (a) A proxy need not be a Shareholder.
- (b) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- (c) If the Shareholder appoints only one proxy, that proxy is entitled to vote on a show of hands. If a Shareholder appoints two proxies, only one proxy is entitled to vote on a show of hands.
- (d) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- (e) A Proxy Form accompanies this Notice.
- (f) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting.
- (g) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with the Company.
- (h) The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.
- (i) If any attorney or authorised officer signs the Proxy Form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Proxy Form.
- (j) The Proxy Form (together with any relevant authority) must be received by no later than 2.30pm (AEDT) on 24 November 2019 before the time scheduled for the commencement of the Meeting (or any adjournment of that Meeting).
- (k) The completed Proxy Form may be:
 - Mailed to the address on the Proxy Form; or
 - Faxed to Hearts and Minds Investments Limited, Attention Company Secretary, on facsimile number +61 2 9290 9655.

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority must be sent to the Company and/or registry at least 24 hours in advance of the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Hearts and Minds Investments Limited (**Company**) to be held at 2.30pm (AEDT) on 26 November 2019 at the offices of BoardRoom Pty Limited, Level 12, 225 George St, Sydney NSW 2000.

This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed Resolutions. Both documents should be read in their entirety and in conjunction with each other.

Resolution 1: Adoption of the Remuneration Report

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report (available on the Company's website www.hm1.com.au/annualreports).

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against the adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second annual general meeting (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

The Company was incorporated on 12 September 2018 and admitted to the Official List of ASX on 9 November 2018. Accordingly, this is the Company's inaugural Annual General Meeting and therefore the Spill Resolution is not relevant for this Annual General Meeting.

Voting Restrictions

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a Resolution put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- (a) The Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with specific instructions on how to vote on a Resolution to adopt the Remuneration Report of the Company; or
- (b) the Chairman is appointed in writing (by a Shareholder who is not Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a non-binding Shareholder vote on remuneration, where the Shareholder provides express authorisation for the Chairman to do so.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

Resolution 2 – 9: Election of Directors

Clause 6.2(b) of the Constitution and ASX Listing Rule 14.4, provides that any Director appointed by the Directors, either to fill a casual vacancy or as an addition to the existing Directors, holds office only until the end of the next following general meeting and is eligible for re-election at that meeting.

The Company was incorporated on 12 September 2018 and admitted to the Official List of ASX on 9 November 2018. This is the Company's inaugural Annual General Meeting and therefore all Directors are eligible for re-election.

Information on each of the Directors including their experience, other directorships and interests in the Company can be found in the Directors' Report of the Annual Report (available on the Company's website www.hm1.com.au/annualreports).

Having had regard to the ASX Principles, the Board considers all the Directors to be independent non-executive Directors.

The Board unanimously (with Mr Christopher Cuffe abstaining) supports the re-election of Mr Christopher Cuffe and recommends that Shareholders vote in favour of Resolution 2.

The Board unanimously (with Ms Lorraine Berends abstaining) supports the re-election of Ms Lorraine Berends and recommends that Shareholders vote in favour of Resolution 3.

The Board unanimously (with Mr David Wright abstaining) supports the re-election of Mr David Wright and recommends that Shareholders vote in favour of Resolution 4.

The Board unanimously (with Mr Michael Traill abstaining) supports the re-election of Mr Michael Traill and recommends that Shareholders vote in favour of Resolution 5.

The Board unanimously (with Mr Gary Weiss abstaining) supports the re-election of Mr Gary Weiss and recommends that Shareholders vote in favour of Resolution 6.

The Board unanimously (with Mr Geoff Wilson abstaining) supports the re-election of Mr Geoff Wilson and recommends that Shareholders vote in favour of Resolution 7.

The Board unanimously (with Mr Matthew Grounds abstaining) supports the re-election of Mr Matthew Grounds and recommends that Shareholders vote in favour of Resolution 8.

The Board unanimously (with Mr Guy Fowler abstaining) supports the re-election of Mr Guy Fowler and recommends that Shareholders vote in favour of Resolution 9.

Resolution 10: Variation of investment Allocation

Proposed change to investment Allocation

It is proposed that that the Company vary its investment allocation in relation to its Core Fund Managers as follows:

a) *wof six leading Fund Managers selected by the Company.*

*The definition of Core Fund Managers be amended to mean Caledonia (Private) Investments Pty Limited (ACN 003 977 115), Cooper Investors Pty Limited (ABN 26 100 409 890), Magellan Asset Management Limited (ABN 31 120 593 946), Paradise Investment Management Pty Ltd (ABN 64 090 148 619) and Regal Funds Management Pty Limited (ABN 30 107 576 821), and **TDM Growth Partners Pty Limited (ABN 91 133 246 330)**.*

Reason for change

The Company's existing investment strategy was first adopted in its IPO prospectus in November 2018. At the time of the Company's IPO, the intention was to limit the number of Core Fund Managers to five leading Fund Managers, being Caledonia (Private) Investments Pty Limited (ACN 003 977 115), Cooper Investors Pty Limited (ABN 26 100 409 890), Magellan Asset Management Limited (ABN 31 120 593 946), Paradise Investment Management Pty Ltd (ABN 64 090 148 619) and Regal Funds Management Pty Limited (ABN 30 107 576 821).

It is the view of the Board that TDM Growth Partners (“**TDM**”) meets the criteria to be engaged as a Core Fund Manager and would assist the Company achieve its investment strategy (described below). In reaching this conclusion, the Board has considered TDM’s skill and expertise, performance, investment style, and willingness to provide recommendations without any investment fees. It is clear to the Board that engaging TDM as the sixth Core Fund Manager would be favourable in implementing the Company’s investment strategy.

Overview of the Investment Strategy

As you would be aware, the Company’s investment strategy is to create a concentrated Portfolio of long positions based on the highest conviction ideas from two groups of leading Fund Managers. The current investment allocation is as follows:

- a) Conference Fund Managers: 40% of the investment Portfolio allocated based on the annual recommendations of Fund Managers who present at the Sohn Hearts & Minds Investment Leaders Conference.
- b) Core Fund Managers: 60% of the investment Portfolio allocated based on the highest conviction ideas of five leading Fund Managers.

It is the Board’s view, that the investment strategy offers investors an opportunity to:

- (a) benefit from exposure to the highest conviction ideas, investment approach and expertise of each Fund Manager, a number of whom are not readily accessible to retail investors;
- (b) benefit from having a Portfolio that is not concentrated on the philosophy or investment thesis of just one Fund Manager; and
- (c) access a concentrated Portfolio of Australian and international listed securities which the Company believes provides an opportunity to maximise shareholder returns over the long term (being five years or more).

As outlined above, the Board believes that TDM will further these aims and their inclusion is consistent with the Company’s investment strategy. To include TDM as a Core Fund Manager, Resolution 10 proposes to vary the investment allocation to:

- a) *Conference Fund Managers: approximately 35% of the Portfolio will be held in securities based on the annual recommendations of Fund Managers who present at the Conference.*
- b) *Core Fund Managers: approximately 65% of the Portfolio will be held in securities based on the quarterly recommendations of six leading Fund Managers selected by the Company.*

TDM Growth Partners – Overview

TDM Growth Partners is a global investment firm with offices currently in Sydney and New York. TDM invests in fast growing companies run by passionate management teams. TDM’s unique and flexible mandate allows it to invest in public and private companies globally. TDM operates on long-term time horizons, fully aligned incentives, and a commitment to help scale businesses they are proud of. TDM has a highly focused approach to investing, with a portfolio of no more than 15 investments globally.

See www.tdmgrowthpartners.com

Proposed Renounceable Entitlement Offer

If Shareholders approve the proposed variation to the Company’s investment allocation (Resolution 10), the Company proposes to raise additional funds to allocate to TDM. The existing Core Portfolio has been performing very well and we do not believe it would be prudent to sell any portion of it to fund TDM’s allocation. Selling from the existing Portfolio would result in the potential crystallisation of taxation liabilities, and it would reduce the allocation of funds from the current Core Fund Managers who have been providing strong returns.

Accordingly, if Resolution 10 is duly passed, the Company proposes to raise an additional \$62,500,000 by completing a 1 for 8 renounceable entitlement offer of 25,000,000 ordinary shares at the original IPO price of \$2.50 per share (“**Renounceable Entitlement Offer**”). As mentioned, the proceeds from the Renounceable Entitlement Offer will be allocated to TDM.

The proposed Renounceable Entitlement Offer will be fully renounceable, and should Shareholders not wish to invest more money in the Company, they can trade their entitlements (“rights”) on the ASX or let their rights lapse and be sold through the Shortfall Bookbuild and therefore realise value for their rights. If Resolution 10 is approved, the record date for the proposed Renounceable Entitlement Offer will be announced after the Annual General Meeting.

Please note that the Company is not required to seek Shareholder approval for the variation of investment allocation or the proposed Renounceable Entitlement Offer, but the Board has decided to seek this approval for transparency and good governance.

The Board recommends Resolution 10 as it provides access to a very credible fund manager in TDM in a tax efficient way. It also provides the benefit of increasing the size of the Portfolio and therefore helps the Company's philanthropic purpose of generating funds for medical research.

Resolution 11: Appointment of Auditor

Resolution 11 seeks shareholder approval to appoint Pitcher Partners as the auditor of the Company, whose tenure as auditor ceases at the meeting of members being the first annual general meeting of the Company.

Section 327A(2) of the Corporations Act requires that the initial auditor of a public company hold office only until the Company's first annual general meeting. Under Section 327B(1) of the Corporations Act, the Company must appoint an auditor at its first annual general meeting.

The Company has received a nomination for Pitcher Partners to act as its auditor. A copy of the nomination is annexed to this Explanatory Memorandum. The Company confirms that Pitcher Partners has been given and not withdrawn its consent to act as auditor as at the date of the Notice.

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 11.

GLOSSARY

Throughout this Explanatory Memorandum the following various words and phrases are capitalised and the definitions of these capitalised words and phrases are set out below:

"**Annual General Meeting**" means the meeting convened by the Notice of Meeting;

"**Annual Report**" means the annual financial report for the period from 12 September 2018 to 30 June 2019;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means ASX Limited (ACN 008 624 691);

"**ASX Listing Rules**" or "**Listing Rules**" means the Official Listing Rules of the ASX;

"**ASX Principles**" means the ASX Corporate Governance Principles and Recommendations (3rd edition);

"**Board**" means the board of Directors of the Company;

"**Chairman**" means chairman of the annual general meeting;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependant of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporation Regulations

"**Company**" or "**HM1**" means Hearts and Minds Investments Limited ACN 628 753 220;

"**Conference**" means the Sohn Hearts & Minds Investment Leaders Conference;

"**Constitution**" means the Company's constitution;

"**Conference Fund Managers**" means approximately 10 Fund Managers who present recommendations at the Conference;

"**Core Fund Managers**" means Caledonia (Private) Investments Pty Limited (ACN 003 977 115), Cooper Investors Pty Limited (ABN 26 100 409 890), Magellan Asset Management Limited (ABN 31 120 593 946), Paradice Investment Management Pty Ltd (ABN 64 090 148 619) and Regal Funds Management Pty Limited (ABN 30 107 576 821), and **TDM Growth Partners Pty Limited (ABN 91 133 246 330)**;

"**Corporations Act**" means the *Corporations Act 2001* (Cth);

"**Corporations Regulations**" means the *Corporations Regulations 2001* (Cth);

"**Directors**" means the current Directors of the Company;

"**Explanatory Memorandum**" means this Explanatory Memorandum as modified or varied by any supplementary Memorandum issued by the Company from time to time;

"**Fund Manager**" means those selected by the Company who recommend an investment idea, for use in the Company's Portfolio;

"**IPO**" means initial public offering;

"**Key Management Personnel**" or "**KMP**" has the same meaning as in the accounting standards and broadly includes 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) of the Company;

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting convened by this Notice;

"**Notice**" or "**Notice of Meeting**" means the notice convening the annual general meeting of the Company to be held on 26 November 2019 which accompanies this Explanatory Memorandum;

"**Portfolio**" means the Company's concentrated portfolio of long positions;

"**Proxy Form**" means the proxy form that is enclosed with and forms part of this Notice;

"**Remuneration Report**" means the remuneration report set out in the Directors' Report section of the Company's Annual Report for the period from 12 September 2018 to 30 June 2019;

"**Resolution**" means a resolution in the form proposed in the Notice of Meeting;

"**Shareholder**" means a registered holder of a Share in the Company;

"**Shortfall Bookbuild**" means a bookbuild for the Renounceable Entitlement Offer, through which entitlements which are not taken up by the closing date for the Renounceable Entitlement Offer and entitlements of ineligible Shareholders, will be sold following the closing of the Renounceable Entitlement Offer; and

"**TDM**" means TDM Growth Partners.

Annexure – Nomination of Auditor

21 October 2019

The Directors
Hearts and Minds Investments Limited
Level 12, 225 George Street
Sydney, NSW 2000

Dear Directors,

Auditor Nomination

Pursuant to section 328B(1) of the Corporations Act 2001 (Cth), Mr Paul Rayson of PO Box 4356 Castlecrag, NSW 2068, being a member of Hearts and Minds Investments Limited nominates Pitcher Partners of Level 16, Tower 2 Darling Park, 201 Sussex Street, Sydney NSW 2000 for appointment of the position of Auditor of the company at the next annual general meeting.



Mr Paul Rayson