



Monday, 27 April 2020

Company Announcements  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
Sydney NSW 2000

### **Bonus and Loyalty Options Offer**

The Directors of Glennon Small Companies Limited (ASX: GC1) are pleased to offer all Eligible Shareholders a Bonus Options for nil consideration, and the potential to be granted a further Loyalty Option also for nil consideration.

GC1 is conducting this Offer with the objective of providing long-term shareholders a benefit of greater exposure in the Company and exposure to the potential future success of the Company, at a time where market have been oversold. The Offer will also support the Company's objective to increase the size of the Company's investment portfolio in line with its investment strategy and objectives.

Key Details of the Offer are as below:

- Issue price per Bonus Option - Nil
- Bonus Options Exercise Price - \$0.75
- Bonus Options Expiry Date – 5.00pm on Friday, 29 October 2021
- Issue price per Loyalty Option – Nil
- Loyalty Options Exercise Price - \$0.95
- Loyalty Options Expiry Date – 5.00pm on Friday, 28 April 2023

Shareholders are eligible to participate in this offer if they have a registered address in Australia or New Zealand at the time of the Record Date. Shareholders eligible for the Loyalty Option will be subject to a Holding Condition, as defined in the Glossary in the Prospectus.

The Offer is subject to the terms and conditions set out in the Prospectus below, which will be sent to all Eligible Shareholders on Wednesday, 6 May 2020. Eligible Shareholders are encouraged to read the Prospectus carefully, and if in any doubt about whether or not to exercise the offer, to consult with a financial or other professional adviser.

Shareholders with questions in relation to how to exercise the offer may contact GC1's Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).



### Indicative Timetable

Lodgement of Prospectus with ASIC and ASX	Monday, 27 April 2020
Shares trade ex-Bonus Option entitlements	Thursday, 30 April 2020
Record Date	6:00pm on Friday, 1 May 2020
Intended date for issue and entry of Bonus Options on the options register	Monday, 4 May 2020
Prospectus and holding statement despatched to Eligible Shareholders	Wednesday, 6 May 2020
Bonus Options Expiry Date	5:00pm on Friday, 29 October 2021
Loyalty Options Expiry Date	5:00pm on Friday, 28 April 2023

The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law.

For further information, please contact:

Anushuka Ray  
Company Secretary  
Glennon Small Companies Limited

Email: [info@glennon.com.au](mailto:info@glennon.com.au)  
Phone: (02) 8027 1000  
Website: [www.glennon.com.au](http://www.glennon.com.au)

**Glennon Small Companies Limited**  
**ABN: 52 605 542 229**  
**ASX: GC1**

# Prospectus

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## **Bonus Options Offer**

Glennon Small Companies Limited (**Company**) makes a pro-rata offer to Eligible Shareholders, for no consideration, of one (1) Bonus Option for every five (5) fully paid ordinary shares held at 6:00 pm on Friday, 1 May 2020 (**Record Date**). Each Bonus Option confers upon the holder the right to subscribe for one (1) Share at an exercise price of \$0.75 (**Bonus Option Exercise Price**), exercisable on or before 5:00pm on Friday, 29 October 2021 (**Bonus Option Expiry Date**)

## **Loyalty Options Offer**

The Company also makes an offer, for no consideration, of one (1) Loyalty Option to each Eligible Shareholder for each Bonus Option exercised by it on or before the Bonus Options Expiry Date, subject to it holding, at the time of the exercise of the Bonus Options, at least the same number of Shares it held as at the Record Date (excluding any Shares issued or to be issued following the exercise of the Bonus Options) (**Holding Condition**). Each Loyalty Option confers upon the holder the right to subscribe for one (1) Share at an exercise price of \$0.95 (**Loyalty Options Exercise Price**), exercisable on or before 5:00pm on Friday, 28 April 2023 (**Loyalty Options Expiry Date**).

**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.**  
**IF YOU DO NOT UNDERSTAND ITS CONTENTS, YOU SHOULD CONSULT YOUR**  
**PROFESSIONAL ADVISER WITHOUT DELAY.**

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## Important Information

### About this Prospectus

This Prospectus is issued in relation to a pro-rata issue of Bonus Options and Loyalty Options to Eligible Shareholders.

This Prospectus is a transaction-specific prospectus for an issue of Options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus does not contain the same level of disclosure as contained in an initial public offering prospectus and is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. It may not contain, by itself, all information relevant to a decision to invest in the Company. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers with whom investors may consult.

### Lodgement

This Prospectus is dated 27 April 2020 and a copy of this Prospectus was lodged with ASIC on that date.

### Expiry Date

No securities (other than Shares to be issued on the exercise of the Options) will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### ASX and ASIC

Neither the ASX, ASIC nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the Offer to which this Prospectus relates.

### No Investment Advice

The information contained in this Prospectus is not investment or financial product advice and does not consider your particular investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### No Issue or Offer Where Issue or Offer Would be Illegal

This Prospectus does not constitute an offer or invitation or issue in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus outside Australia and New Zealand (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### Notice to New Zealand Investors

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exception Notice 2016. This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement for the purpose of New Zealand law, and

may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **Statements of Past Performance**

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors or any other person in connection with the Offer. You should rely only on information in this Prospectus (and incorporated by reference).

### **Forward Looking Statements**

This Prospectus contains forward looking statements which may be identified by words such as “anticipates”, “may”, “should”, “could”, “likely”, “believes”, “estimates”, “expects”, “targets”, “predicts”, “projects”, “forecasts”, “intends”, “guidance”, “plan” and other similar words that involve risks and uncertainties.

These forward looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, the Directors and the Company’s management.

### **Electronic Prospectus**

This Prospectus will be made available in electronic form on the following website: [www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au). The Offer constituted by this Prospectus in electronic form is available only to persons within Australia or New Zealand. Any other information or documents included on the Company’s website at [www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au) are for convenience only, and none of the documents or other information available on the Company’s website is incorporated into this Prospectus by reference.

### **Time**

All references to time in this Prospectus refer to Sydney time unless stated otherwise.

### **Data**

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

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## Key Details and Important Dates

### Key Details

Company	Glennon Small Companies Limited
ASX code of Shares	GC1
Issued capital at the date of this Prospectus	43,897,511
Securities to be issued	Bonus Options and Loyalty Options
Number of Bonus Options offered under this Prospectus	Approximately 8,765,482
Issue price per Bonus Option	Nil
Bonus Options Exercise Price	\$0.75 per Bonus Option
Bonus Options Expiry Date	5:00pm on Friday, 29 October 2021
Number of Loyalty Options offered under this Prospectus	One Loyalty Option for each Bonus Option exercised on or before the Bonus Options Expiry Date subject to the Eligible Shareholder meeting the Holding Condition, being a maximum of approximately 8,765,482
Issue price per Loyalty Option	Nil
Loyalty Options Exercise Price	\$0.95 per Loyalty Option
Loyalty Options Expiry Date	5:00pm on Friday, 28 April 2023

### Indicative Timetable

Lodgement of Prospectus with ASIC and ASX	Monday, 27 April 2020
Shares trade ex-Bonus Option entitlements	Thursday, 30 April 2020
Record Date	6:00pm on Friday, 1 May 2020
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Prospectus and holding statement despatched to Eligible Shareholders	Wednesday, 6 May 2020
Bonus Options Expiry Date	5:00pm on Friday, 29 October 2021
Loyalty Options Expiry Date	5:00pm on Friday, 28 April 2023

The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law.

## Chairman's Letter

27 April 2020

Fellow Shareholder,

The Board and I are appreciative of the supportive and loyal shareholder base we have. On behalf of the Directors, I am pleased to offer you as an Eligible Shareholder a free Bonus Option and the potential to be granted a further Loyalty Option. There are several beneficial reasons for the Company to issue shareholders with the Options. The Company is one of the smaller listed investment companies and has been trading with a share price that is below the NTA, while this is common to most listed investment companies the discount does seem to be larger the smaller the company is. Larger LICs trade closer to their net assets, so with this in mind the Board has decided to undertake this Offer to grow the size of the Company and at the same time reward shareholders who meet the Holding Condition with a Loyalty Option upon exercising their Bonus Option.

With an increased capital base the expenses of the Company will be spread over a wider base and become a smaller percentage of the overall costs of the Company.

Some of the benefits of the Options are:

- There is no brokerage paid on exercise
- The minimum quantity of Options that can be exercised is only 2,000 and you can exercise your options in as many tranches as you like free of brokerage before they expire
- For every Bonus Option you exercise, you will receive one free Loyalty Option, provided you satisfy the Holding Condition
- Growing the size of the Company is a positive initiative towards trading closer to NTA
- Tiered exercise prices reduce potential NTA dilution
- The 1 for 5 ratio is not an excessive quantum in terms of growth

Many of our shareholders have been long term supporters of the Company since IPO and several have been investors with Glennon Capital since inception in 2008 in various different products.

I believe that this Offer is the best and fairest was to reward shareholders, grow the Company and have a deal that is in the best interests of all shareholders.

It is important that Shareholders read this Prospectus in its entirety and seek professional advice where necessary. The Company is subject to a range of risks and an investment in the Company should be considered as speculative. Please see section 5 of this Prospectus for details of the key risks of investing in the Company.

On behalf of the Board, I look forward to your continued support and on updating you on the Company's progress.

Yours faithfully



**Michael Glennon**  
Chairman



## 1. Investment Overview

This section contains an introduction and overview of the Offer and the Company only. It is intended to highlight key information in relation to the Offer and should be read in conjunction with the more detailed information appearing elsewhere in the Prospectus. Eligible Shareholders should read this Prospectus in full.

Question	Answer	Further Information
Who is the Issuer?	<p>The issuer of the Options is Glennon Small Companies Limited ABN: 52 605 542 229.</p> <p>The Company is a listed investment company that was established in 2015 and its Shares are listed on the ASX (ASX:GC1). The Company predominately invests in listed companies outside the S&amp;P/ASX 100.</p> <p>The Company's investment portfolio is managed on behalf of the Company by its investment manager, Glennon Capital Pty Limited (<b>Manager</b>). The Manager is a well established company, established in 2008.</p>	
What is the Offer?	<p>Each Eligible Shareholder will receive, at no cost, one (1) Bonus Option for every five (5) Shares that it holds at the Record Date. Fractional entitlements will be rounded up to the nearest whole number.</p> <p>No money will be raised from the issue of the Bonus Options.</p> <p>Each Eligible Shareholder, subject to it meeting the Holding Condition, will also receive, at no cost, one (1) Loyalty Option for every Bonus Option that it exercises.</p>	Section 2
What is the purpose of the Offer?	<p>The Company is conducting this Offer with the objective of providing all long term supportive shareholders a benefit of greater exposure in the Company and to the potential future success of the Company. In the near term, the Offer will also support the Company's objective to increase the size of the Company's investment portfolio in line with its investment strategy and objectives.</p>	Section 3
Who is an Eligible Shareholder?	<p>A registered holder of a Share on the Record Date with a registered address in Australia or New Zealand is an Eligible Shareholder.</p>	Section 2
What does an Eligible Shareholder need to do to receive their Bonus Options?	<p>Eligible Shareholders do not need to take any action to receive the Bonus Options.</p> <p>The number of Bonus Options issued to each Eligible Shareholder will be shown on the Option Holding Statement which will be posted to Eligible Shareholders shortly after the date of this Prospectus.</p>	Sections 2 and 4

<b>Question</b>	<b>Answer</b>	<b>Further Information</b>
Do Eligible Shareholders need to pay anything to receive their Bonus Options?	No, Eligible Shareholders do not need to pay anything to receive their Bonus Options.	Sections 2 and 4
How do Eligible Shareholders exercise their Bonus Options?	Bonus Options may be exercised wholly or in part by delivery to the Registry of a duly completed Bonus Options Exercise Notice, signed by the registered holder of the Bonus Option, together with the applicable payment of the Bonus Option Exercise Price to the Registry.	Sections 2 and 4
When must the Bonus Options be exercised by?	Bonus Options may be exercised at any time from their date of issue and before the Bonus Options Expiry Date.	Sections 2 and 4
What does an Eligible Shareholder need to do to receive Loyalty Options?	The Company is offering each Eligible Shareholder that satisfies the Holding Condition one Loyalty Option for every Share acquired and held as a result of a Bonus Option being exercised on or before the Bonus Option Expiry Date.	Sections 2 and 4
Do Eligible Shareholders need to pay anything to receive Loyalty Options?	Subject to the exercise of a Bonus Option and the payment of the exercise price in respect of that Bonus Option, no, Eligible Shareholders do not need to pay anything to receive their Loyalty Options.	Sections 2 and 4
How do Eligible Shareholders exercise their Loyalty Options?	Loyalty Options may be exercised wholly or in part by delivery to the Registry of a duly completed Loyalty Options Exercise Notice, signed by the registered holder of the Loyalty Option, together with the applicable payment of the Loyalty Options Exercise Price to the Registry.	Sections 2 and 4
When must the Loyalty Options be exercised by?	Loyalty Options may be exercised at any time from their date of issue and before the Loyalty Options Expiry Date.	Sections 2 and 4
Will the Options be listed on the ASX?	The Company will not apply for Official Quotation of the Options offered pursuant to this Prospectus.  The Company will apply for Official Quotation of the Shares issued upon the exercise of the Options.	Sections 2 and 4
Are the Options transferable?	No. The Options issued under the Offer are not able to be sold, traded or transferred. Any Options that are not exercised by the Bonus Options Expiry Date and Loyalty Options Expiry Date respectively will lapse.	Sections 2 and 4

Question	Answer	Further Information										
<p>What is the maximum amount of money that may be raised if all Bonus Options and Loyalty Options are exercised?</p>	<p>No monies will be raised from the issue of Bonus Options. A holder may exercise its Bonus Options at the Bonus Options Exercise Price at any time prior to the Bonus Options Expiry Date.</p> <p>If the Bonus Options are exercised in full, the Company will raise approximately \$6,574,111.</p> <p>No monies will be raised from the issue of Loyalty Options. A holder may exercise its Loyalty Options at the Loyalty Options Exercise Price at any time prior to the Loyalty Options Expiry Date.</p> <p>Assuming that the Bonus Options are exercised in full and all Eligible Shareholders meet the Holding Condition, the Company will issue approximately 8,765,482 Loyalty Options. If the Loyalty Options are exercised in full, the Company will raise a further approximately \$8,327,208.</p>	<p>Section 3</p>										
<p>What is the effect of the Offer on the Company's financial position?</p>	<p>No funds will be raised from the issue of the Options.</p> <p>Proceeds will be raised by the Company as and when Options are exercised. If all Bonus Options and Loyalty Options issued pursuant to the Offer are exercised, the effect on the Company's financial position will be as follows (based on the number of Shares on issue as at the date of this Prospectus):</p> <ul style="list-style-type: none"> <li>• The number of Shares on issue will increase by 17,530,964 Shares to 61,428,475 Shares; and</li> <li>• The cash reserves of the Company will increase by approximately \$14,901,319.</li> </ul>	<p>Section 3</p>										
<p>What is the effect of the Offer on the Company's capital structure?</p>	<p>The capital structure of the Company as at the date of this Prospectus and assuming completion of the Offer is set out below:</p> <table border="1" data-bbox="486 1451 1214 1980"> <tbody> <tr> <td data-bbox="486 1451 908 1518">Existing Shares on issue</td> <td data-bbox="908 1451 1214 1518">43,897,511</td> </tr> <tr> <td data-bbox="486 1518 908 1608">Bonus Options to be issued under this Prospectus*</td> <td data-bbox="908 1518 1214 1608">8,765,482</td> </tr> <tr> <td data-bbox="486 1608 908 1697">Maximum Loyalty Options to be issued under this Prospectus*</td> <td data-bbox="908 1608 1214 1697">8,765,482</td> </tr> <tr> <td data-bbox="486 1697 908 1839">Shares to be issued if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*</td> <td data-bbox="908 1697 1214 1839">17,530,964</td> </tr> <tr> <td data-bbox="486 1839 908 1980">Total Shares on issue if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*</td> <td data-bbox="908 1839 1214 1980">61,428,475</td> </tr> </tbody> </table> <p>* Subject to rounding and based on the number of Shares on issue as at the Date of this Prospectus.</p>	Existing Shares on issue	43,897,511	Bonus Options to be issued under this Prospectus*	8,765,482	Maximum Loyalty Options to be issued under this Prospectus*	8,765,482	Shares to be issued if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*	17,530,964	Total Shares on issue if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*	61,428,475	<p>Section 3</p>
Existing Shares on issue	43,897,511											
Bonus Options to be issued under this Prospectus*	8,765,482											
Maximum Loyalty Options to be issued under this Prospectus*	8,765,482											
Shares to be issued if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*	17,530,964											
Total Shares on issue if all Bonus Options and all Loyalty Options issued under this Prospectus are exercised*	61,428,475											

Question	Answer	Further Information
Who are the Directors, of the Company?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> <li>• Michael Glennon – Chairman and also the Executive Chairman and sole director of the Manager;</li> <li>• John Larsen – Independent Non-executive Director; and</li> <li>• Garry Crole – Independent Non-executive Director.</li> </ul> <p>Further details regarding the background of the Directors are set out in section 7 of this Prospectus.</p>	Section 7
What are the key risks associated with the Offer?	<p>Eligible Shareholders who choose to exercise Options may be exposed to risks, including those set out below.</p> <p>If an Option is not exercised prior to its relevant expiry date, it will lapse.</p> <p>There are general risks associated with owning securities in publicly listed companies. The price of securities may trade at a discount to the net asset backing or at a premium, based on many factors, some of which are outside the control of the Company. Such risk factors include Australian and worldwide economic and political stability, natural disasters, pandemics, performance of the Australian stock market as a whole, the Australian interest rate, foreign exchange, taxation and labour relations environments.</p> <p>Specific risks associated with an investment in the Company are set out in section 5 of this Prospectus.</p>	Section 5
How can I obtain further information regarding the Offer?	<p>If you have any questions on how to exercise the Options, please contact the Company's Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).</p> <p>Alternatively, you should contact your stockbroker, accountant or other professional adviser.</p>	

## **2. Details of the Offer**

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### **2.1 The Offer**

The Company offers each Eligible Shareholder one (1) Bonus Option for every five (5) Shares held by it as at the Record Date, to be issued for nil consideration. Fractional entitlements will be rounded up to the nearest whole number. Each Bonus Option confers upon the holder the right to subscribe for one (1) Share at the Bonus Options Exercise Price, exercisable on or before the Bonus Options Expiry Date.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 8,765,482 Bonus Options will be issued pursuant to this Offer. No funds will be raised as a result of the issue of Bonus Options.

All of the Bonus Options offered under this Prospectus will be issued on the terms and conditions set out in section 4.1.

The Company also offers each Eligible Shareholder that meets the Holding Condition one (1) Loyalty Option for each Bonus Option exercised by it on or before the Bonus Option Expiry Date, to be issued for nil consideration. Each Loyalty Option confers upon the holder the right to subscribe for one (1) Share at the Loyalty Options Exercise Price, exercisable on or before the Loyalty Options Expiry Date.

Based on the capital structure of the Company as at the date of this Prospectus, up to a maximum of approximately 8,765,482 Loyalty Options will be issued pursuant to this Offer. No funds will be raised as a result of the issue of Loyalty Options.

All of the Loyalty Options offered under this Prospectus will be issued on the terms and conditions set out in section 4.2.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 4.3 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer are set out in section 3 of this Prospectus.

### **2.2 Minimum subscription**

There is no minimum subscription.

### **2.3 ASX Quotation**

The Company will not apply for Official Quotation of the Options offered pursuant to this Prospectus.

### **2.4 No trading of Options**

The Options issued under the Offer are not able to be sold, traded or transferred. Any Options that are not exercised by the Bonus Options Expiry Date and Loyalty Options Expiry Date respectively will lapse.

### **2.5 Issue**

Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and indicative timetable set out on page 1 of this Prospectus. Holding statements for the Options issued under the Offer will be mailed as soon as practicable after their issue.

## **2.6 Prohibition on exceeding 20% voting threshold**

You must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act when exercising Options granted under this Prospectus. The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 of the Corporations Act as a result of the exercise of the Options.

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position of above 20% as a result of the acquisition of Shares following exercise of Options, you should seek professional advice before exercising.

## **2.7 Overseas Shareholders**

This Prospectus does not, and is not intended to, constitute an offer of Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Options may not be offered or sold, in any country outside Australia or New Zealand where it would be unlawful to do so.

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exception Notice 2016. This Prospectus has been prepared in compliance with Australian law and has not been registered, file with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement for the purpose of New Zealand law, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

It is not practicable for the Company to comply with securities laws of overseas jurisdictions (other than New Zealand). The Company has formed this view having considered:

- (a) the number of overseas Shareholders;
- (b) the number and value of the Options that would be offered to those overseas Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Offer is not being extended and Options will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

## **2.8 Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

## **2.9 Risk factors**

An investment in securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in section 5.

## **2.10 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Options. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to

Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Options.

## **2.11 Major activities and financial information**

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2019, can be found in the Company's 2019 Annual Report announced on ASX on 15 August 2019 and, for the half-year ended 31 December 2019, the Half Year Accounts announced on ASX on 14 February 2020. The Company's continuous disclosure notices (i.e. ASX announcements) since the issue of its 2019 Annual Report are listed in section 6. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements.

## **2.12 Enquiries**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (02) 8027 1000.

For general shareholder enquiries, please contact the Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

For personal use only

### 3. Purpose and Effect of the Offer on the Company

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#### 3.1 Purpose of the Offer

The Company is conducting this Offer with the objective of providing all long term supportive shareholders a benefit of greater exposure in the Company and to the potential future success of the Company. In the near term, the Offer will also support the Company's objective to increase the size of the Company's investment portfolio in line with its investment strategy and objectives

No funds will be raised through the issue of the Options pursuant to this Prospectus. However, if all Bonus Options and all Loyalty Options are exercised, the Company will receive approximately \$14,901,319.

#### 3.2 Effect on capital structure

The effect of the Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.

	As at date of this Prospectus	On completion of the issue of issue of Bonus Options <sup>1</sup>	On completion of the issue of Loyalty Options <sup>2</sup>	On exercise of all Bonus Options and Loyalty Options <sup>3</sup>
Shares on issue	43,897,511	43,897,511	52,662,993	61,428,475
Bonus Options on issue	Nil	8,765,482	Nil	Nil
Loyalty Options on issue	Nil	Nil	8,765,482	Nil
Fully diluted capital	43,897,511	52,662,993	61,428,475	61,428,475

<sup>1</sup> Based on the number of Shares on issue on the date of this Prospectus.

<sup>2</sup> Assuming that all Bonus Options are exercised, all Eligible Shareholders meet the Holding Condition and no Loyalty Options have been exercised.

<sup>3</sup> Assuming that all Loyalty Options are exercised.

#### 3.3 Effect on balance sheet

The Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet unless Options are exercised.

#### 3.4 Effect on control of the Company

Given that Bonus Options do not convey ownership in the Company unless exercised, the Offer will have no material effect on the ownership of the Company on the issue of the Bonus Options. The exercise of Bonus Options will be dilutive to Eligible Shareholders who do not exercise their Bonus Options and to non-Eligible Shareholders.

Eligible Shareholders that exercise Bonus Options and meet the Holding Condition will receive Loyalty Options. Given that Loyalty Options do not convey ownership in the Company unless exercised, the issue of Loyalty Options will have no material effect on the ownership of the Company. The exercise of Loyalty Options will be dilutive to Eligible



Shareholders who do not exercise Bonus Options and/or Loyalty Options and to non-Eligible Shareholders.

### **3.5 Use of funds**

No funds will be raised through the issue of the Options pursuant to this Prospectus. However, if all Bonus Options and all Loyalty Options are exercised, the Company will receive approximately \$14,901,319.

Any funds received by the Company as a result of the exercise of any Options will be applied to meeting working capital requirements and for investments in line with the Company's investment strategy and objectives.

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## 4. Rights Attaching to the Securities

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### 4.1 Terms and conditions of Bonus Options

The Company makes an offer to Eligible Shareholders, for no consideration, of one (1) Bonus Option for every five (5) fully paid ordinary shares held at the Record Date. The terms and conditions of the Bonus Options offered under this Prospectus are set out below:

- (a) Each Bonus Option entitles the holder to subscribe for 1 fully paid ordinary Share in the Company.
- (b) The exercise price of each Bonus Option is the Bonus Options Exercise Price and will be payable in full upon exercise.
- (c) Each Bonus Option may be exercised at any time before the Bonus Options Expiry Date. Bonus Options not exercised by the Bonus Option Expiry Date will automatically lapse.
- (d) The Company must issue each holder of a Bonus Option a certificate or Holding Statement stating:
  - (i) the number of Bonus Options issued to the holder;
  - (ii) the Bonus Options Exercise Price; and
  - (iii) the date of issue of the Bonus Options.
- (e) The Bonus Options may not be sold, traded or transferred. Any Bonus Options that are not exercised by the Bonus Options Expiry Date will automatically lapse.
- (f) The Company will not apply for Official Quotation of the Bonus Options. The Company will apply to ASX for Official Quotation of the Shares issued on the exercise of Bonus Options.
- (g) There will be no participating entitlements inherent in the Bonus Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Bonus Options. Prior to any new pro-rata issue of securities to Shareholders, holders of Bonus Options will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
- (h) In the event of a bonus issue of securities to Shareholders after the date of issue of the Bonus Options, the number of Shares over which a Bonus Option is exercisable may be increased by the number of Shares which the holder of the Bonus Option would have received if the Bonus Option had been exercised before the record date for the bonus issue in accordance with the ASX Listing Rules.
- (i) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issued capital of the Company prior to the Bonus Options Expiry Date, all rights of a holder of a Bonus Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.
- (j) There is no right to a change in the Bonus Option Exercise Price or to the number of Shares over which the Bonus Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro-rata issue) during the tenure of the Bonus Options.
- (k) Bonus Options are exercisable by the delivery to the Registry of a notice in writing stating the intention of the Option holder to exercise all or a specified number of the Bonus Options held by the Option holder (where exercised in part, in multiples of at

least 2,000) accompanied by a cheque made payable to the Company by BPAY for the Bonus Options Exercise Price for the number of Bonus Options being exercised (**Bonus Options Exercise Notice**).

That is, Bonus Options do not need to be exercised in one tranche. An Eligible Shareholder may exercise its Bonus Options in as many tranches as it elects provided that it is for a minimum of 2,000 Bonus Options per request and that it is before the Bonus Options Expiry Date. There is no brokerage paid when Bonus Options are converted to Shares.

- (l) Bonus Options will be deemed to have been exercised on the later of the date the Bonus Options Exercise Notice is lodged with the Company and the date the Company receives full payment of the Bonus Options Exercise Price in cleared funds.
- (m) Within 10 Business Days after receiving a Bonus Options Exercise Notice and payment of the Bonus Options Exercise Price in cleared funds, the Company must issue the Option holder the number of Shares specified in the Bonus Options Exercise Notice.
- (n) Shares issued pursuant to the exercise of Bonus Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company.
- (o) These terms and conditions of Bonus Options may be amended as necessary by the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms and conditions of Bonus Options, provided that, subject to compliance with the ASX Listing Rules, the economic and other rights of the Option holder are not diminished or terminated following such amendment.

#### **4.2 Terms and conditions of Loyalty Options**

The Company makes an offer, for no consideration, of one (1) Loyalty Option to each Eligible Shareholder for each Bonus Option exercised by it on or before the Bonus Option Expiry Date subject to that Eligible Shareholder satisfying the Holding Condition. The terms and conditions of the Loyalty Options, which are offered under this Prospectus are set out below:

- (a) Each Loyalty Option entitles the holder to subscribe for 1 fully paid ordinary Share in the Company.
- (b) The exercise price of each Loyalty Option is the Loyalty Options Exercise Price and will be payable in full upon exercise.
- (c) Each Loyalty Option may be exercised at any time before the Loyalty Options Expiry Date. Loyalty Options not exercised by the Loyalty Options Expiry Date will automatically expire.
- (d) The Company must issue each holder of a Loyalty Option a certificate or Holding Statement stating:
  - (i) the number of Loyalty Options issued to the holder;
  - (ii) the Loyalty Options Exercise Price; and
  - (iii) the date of issue of the Loyalty Options.
- (e) The Loyalty Options may not be sold, traded or transferred. Any Loyalty Options that are not exercised by the Loyalty Options Expiry Date will automatically lapse.

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- (f) The Company will not apply for Official Quotation of the Loyalty Options. The Company will apply to ASX for Official Quotation of the Shares issued on the exercise of Loyalty Options.
  - (g) There will be no participating entitlements inherent in the Loyalty Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Loyalty Options. Prior to any new pro-rata issue of securities to Shareholders, holders of Loyalty Options will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
  - (h) In the event of a bonus issue of securities to Shareholders after the date of issue of the Loyalty Options, the number of Shares over which a Loyalty Option is exercisable may be increased by the number of Shares which the holder of the Loyalty Option would have received if the Loyalty Option had been exercised before the record date for the bonus issue in accordance with the ASX Listing Rules.
  - (i) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issued capital of the Company prior to the Loyalty Options Expiry Date, all rights of a holder of a Loyalty Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.
  - (j) There is no right to a change in the Loyalty Options Exercise Price or to the number of Shares over which the Loyalty Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro-rata issue) during the tenure of the Loyalty Options.
  - (k) Loyalty Options are exercisable by the delivery to the Registry of a notice in writing stating the intention of the Option holder to exercise all or a specified number of the Loyalty Options held by the Option holder (where exercised in part, in multiples of at least 2,000) accompanied by a cheque made payable to the Company or by BPAY for the Loyalty Options Exercise Price for the number of Loyalty Options being exercised (**Loyalty Options Exercise Notice**).

That is, Loyalty Options do not need to be exercised in one tranche. An Eligible Shareholder may exercise its Loyalty Options in as many tranches as it elects provided that it is for a minimum of 2,000 Loyalty Options per request and that it is before the Loyalty Options Expiry Date. There is no brokerage paid when Loyalty Options are converted to Shares.

- (l) Loyalty Options will be deemed to have been exercised on the later of the date the Loyalty Options Exercise Notice is lodged with the Company and the date the Company receives full payment of the Loyalty Options Exercise Price in cleared funds.
- (m) Within 10 Business Days after receiving a Loyalty Options Exercise Notice and payment of the Loyalty Options Exercise Price in cleared funds, the Company must issue the Option holder the number of Shares specified in the Loyalty Options Exercise Notice.
- (n) Shares issued pursuant to the exercise of Loyalty Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company.
- (o) These terms and conditions of Loyalty Options may be amended as necessary by the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms and conditions of Loyalty Options, provided that, subject to compliance with the ASX Listing Rules, the economic and other rights of the Option holder are not diminished or terminated following such amendment.

#### **4.3 Terms and conditions of Shares**

Shares issued upon the exercise of Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as the existing shares of the Company.

The rights attaching to the Company's shares are set out in the Company's Constitution, the ASX Listing Rules and the Corporations Act. The Company's Constitution has been lodged with ASIC. The Constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the Constitution from the date of lodgement of the Prospectus to the issue date of the Options, which the Company will provide free of charge.

## 5. Risk Factors

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### 5.1 Introduction

This section describes some of the risks associated with exercising the Options offered under this Prospectus. The Options offered under this Prospectus are considered speculative because of the inherent risks associated with a listed investment company like the Company. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in Shares through the exercise of the Options. The risks identified by the Directors are not exhaustive.

Neither the Company nor any of its Directors nor any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of its Shares or Options will be achieved.

You should carefully consider the risks described below and all of the other information set out in this Prospectus before deciding to exercise any Options. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### 5.2 Risks specific to the Offer

(a) Exercise price of Options

No guarantee can be given that the share price will be greater than the exercise price of the Options during the period up to expiry of the Options. Accordingly, there is a risk that the Options will be out of the money during the exercise period, which may affect the value of the Options.

(b) Value of securities and share market conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general. Market conditions may affect the value of the Company's securities regardless of the Company's performance.

(c) Dilution

If you do not exercise the Options and other investors exercise the Options, your shareholding interest will be diluted.

(d) Taxation consequences

The exercise of an Option may have taxation consequences, depending on your particular circumstances. You should seek your own taxation advice before exercising an Option.

### 5.3 Risks specific to the Company

It is not possible to describe or foresee all the risks that may adversely impact the Company. However, some of the specific risk factors

(a) Risks investing in other companies

The value of the investments selected by the Manager may decline, resulting in a reduction in the value of the Company's Portfolio and its Shares. Securities prices fluctuate and are dependent upon the financial circumstances of the relevant company, its profits earnings and cash-flow. The value of a security issued by a company may also be affected by the size and quality of the company's management, government policy and the outlook of the sector in which it operates.

Given the nature of the Company as a listed investment company, this risk applies both to the Company itself, and also in respect of each investment made by the Company in another company. Any change in the price or value of the underlying securities of the companies in which the Company invests will have an impact on the price or value of the Company's securities.

(b) Discount to net asset value per Share

The Shares of the Company may trade on ASX at a discount to the net asset value of the Portfolio on a per Share basis and the performance of the Shares may not be correlated with the performance of the Portfolio.

(c) Investment strategy risk

There are risks inherent in the investment strategy that the Manager will employ for the Company. These include, but are not limited to, the following:

- (i) the success and profitability of the Company depends on the ability of the Manager to select securities for the Portfolio which generate a return for investors, in accordance with the Company's Investment Strategy and investment guidelines;
- (ii) small companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. The Company predominantly invest in companies outside the S&P/ASX 100 which may therefore be exposed to these risks;
- (iii) the securities of small companies may be less liquid than those of larger companies which may cause higher volatility in the value of the Portfolio;
- (iv) due to the lack of third party research on smaller companies they can be riskier investments than larger companies for which more information may be available;
- (v) the Portfolio may be less diversified than those of other listed investment entities; and
- (vi) the Portfolio may have exposure to unlisted securities (more information on this risk is set out below).

(d) Manager

The Manager is required to hold an AFSL to operate its business and to continue to manage the Portfolio. To the extent that the Manager loses or has restrictions imposed on its AFSL so as to prevent it from continuing to manage the investments

of the Company, the Company will need to identify and engage a suitably qualified and experienced manager to implement the Investment Strategy. If the Management Agreement is terminated for any reason, the Company will need to identify and engage a suitably qualified and experienced manager to implement the Investment Strategy. There can be no guarantee that the Company will be able to identify an appropriately qualified replacement for the Manager or, if such person or entity is appointed, that it will be able to perform its duties as investment manager to the standard required by the Company or to a level that matches or exceeds the performance of the Manager. The Management Agreement is terminable by the Manager on three months' notice after the first anniversary of the date of the agreement.

The Performance Fee may create an incentive for the Manager to make investments on behalf of the Company that are riskier and more speculative than would be the case in the absence of a fee payable to the Manager based on the performance of the Company, which may add to the risk and volatility of the Portfolio's underlying investments.

The Manager also manages other portfolios. It is possible therefore that the Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and therefore may be detrimental to Shareholders. The Manager currently has a policy in place which provides that the Manager will use its best endeavours to treat all clients equally and this will apply in respect of the Manager's role as manager of the Company's Portfolio.

(e) Unlisted securities risk

The Portfolio may have exposure to unlisted securities. In general there is less government regulation and supervision of transactions in the unlisted securities markets than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges may not be available in connection with unlisted securities.

There may be little or no liquidity in unlisted securities (potentially compounded by the Company having only a minority position with little control over the nature or timing of an exit event). Many unlisted securities are relatively illiquid or have low (or no) trading volume. This could enhance the volatility of the price of the unlisted securities and/or make it difficult to sell the unlisted securities.

The valuation of unlisted securities is more difficult to calculate than listed securities. Difficulties in establishing a robust market price or valuation of unlisted securities, coupled with the Performance Fee, which is calculated by reference to the net asset value of the Portfolio (as determined by the Manager), exposes the Company to the risk of a potential misstatement of the fair value of unlisted investments in the Portfolio.

(f) Liquidity risk

The Company is a listed investment company. The ability of a Shareholder to sell securities on ASX will be a function of the turnover or liquidity of the securities at the time of sale. Turnover is a function of a wide variety of factors including the size of a company and the cumulative investment intention of all current and possible investors in the Company at any one point in time.

Given the nature of the Company, and the traditionally lower trading volumes experienced by listed investment companies, it is possible that there will be a low level of liquidity in trading of the securities. As a result, Shareholders may not be able to easily sell their securities at the time and in the volumes or at a price they desire.



(g) Concentration risk

There is potential for volatility due to the lack of diversity within the Portfolio. The lower the number of investments, the higher the concentration and, in turn, the higher potential volatility.

(h) Future capital requirements

There can be no assurance that the Company will not need to raise additional capital to fully exploit the investment opportunities available to it. There can be no assurance that the Company will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently.

If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect the Company, its financial condition and results of operation.

#### 5.4 General risks

The Company is also subject to general risk factors outside the control of the Company which may have a significant impact on the future performance of the Company. It is not possible to identify every general risk associated with investing in the Company, however, the following list sets out the significant general risks associated with investing in the Company. There may be other risks associated with investing in the Company.

(a) Market risk

Investment returns are influenced by general market factors both in Australia and internationally and by factors specific to each security. In particular, the market prices of the shares of many listed entities experience fluctuations which in many cases reflect a diverse range of non-entity specific influences including:

- (i) general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices;
- (ii) variations in the local and global markets for listed securities;
- (iii) domestic and international economic conditions;
- (iv) changes in investor confidence generally and in relation to specific sectors of the market;
- (v) pandemics, natural disasters, global hostilities and acts of terrorism;
- (vi) changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and
- (vii) the inclusion or removal of stocks from major market indices.

This may have a negative effect on the price at which the Shares trade on ASX particularly with regard to investments made by the Company into small capitalisation, microcap and emerging companies.

(b) Geopolitical risk

The Portfolio's return could suffer as a result of political changes or instability in countries (whether the Portfolio is invested in companies in or outside those

countries). This may arise as a result of changes in government, legislative bodies, foreign policies and military control.

(c) Currency and foreign jurisdiction risk

In addition to investments in Australian entities, the Manager may invest in entities outside Australia. Hence the Company may assume currency exposure and there is a risk that adverse movements in exchange rates will reduce their value in Australian dollar terms. In addition, the Company may be exposed to risks relating to its investments in securities of entities which are located in a foreign jurisdiction, where the laws of the foreign jurisdiction offer fewer legal rights and protections to security holders as compared to the laws in Australia.

(d) Dividend risk

The ability of the Company to offer a fully franked dividend is contingent on it making taxable profits. The Company's taxable profits may be volatile, making the reliable forecasting and payment of dividends difficult and unpredictable.

No guarantee can be given concerning the future earnings of the Company, the earnings and capital appreciation of the Company's Portfolio or the return of the capital invested by Shareholders. Specifically, the Manager may make poor investment decisions resulting in the returns being inadequate to pay an annual dividend to Shareholders.

(e) Industry risk

There are a number of industry risk factors that may affect the future operation or performance of the Company that are outside its control. These include increased regulatory and compliance costs and variations in legislation and government policies generally.

(f) Regulatory risk

The Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities. The Company is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on the Company, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.

(g) Changes in taxation laws and policies

Tax laws are in a continual state of change and reform which may affect the Company and its Shareholders. Tax liabilities arising from investing in the Company are the responsibility of each individual Shareholder. There may be tax implications arising from ownership of and upon exercise of the Options. Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by Shareholders.

The Company is not responsible for either taxation or penalties incurred by Shareholders. You should carefully consider these tax implications and obtain advice from a professional tax adviser in relation to the application of the tax legislation to your investment in the Company.

## 6. Continuous Disclosure Documents

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### 6.1 Continuous disclosure obligations

This is a prospectus for the offer of options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a 'transaction specific prospectus'. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus. Investors should therefore have regard to the other publicly available information in relation to the Company before deciding whether or not to invest.

The Company is a 'disclosing entity' for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the ASX Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
  - (ii) the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

### 6.2 Company announcements

Investors may view a record of the Company's ASX announcements on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on the Company's website at [www.glennonsmalcompanies.com.au](http://www.glennonsmalcompanies.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with information previously publicly disclosed by the Company.

The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2019, being the last financial statements for a financial year of the Company lodged with ASX on 15 August 2019;
- (b) the half year report of the Company for the half year ended 31 December 2019 as lodged with ASX on 14 February 2020; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date	Description of ASX Announcement
17/04/2020	Interim NTA Estimate - 16 April 2020
15/04/2020	Glennon Capital Quarterly Webinar Presentation
14/04/2020	Event Announcement for Shareholders & Guests
9/04/2020	Net Tangible Asset Backing - March 2020
9/04/2020	Change of Director's Interest Notice - M Glennon
1/04/2020	Becoming a substantial holder - M Glennon
1/04/2020	Change of Director's Interest Notice - M Glennon
30/03/2020	Change of Director's Interest Notice - M Glennon
27/03/2020	Change of Director's Interest Notice - M Glennon
24/03/2020	Interim NTA Estimate - 23 March 2020
24/03/2020	Change of Director's Interest Notice - M Glennon
19/03/2020	Form 484 lodged with ASIC - Buyback
19/03/2020	Final share buy-back notice - Appendix 3F
12/03/2020	Change of Director's Interest Notice - J Larsen
12/03/2020	Change of Director's Interest Notice - M Glennon
12/03/2020	Appendix 2A - DRP
12/03/2020	Form 484 lodged with ASIC - Buyback
12/03/2020	Daily share buy-back notice - Appendix 3E
11/03/2020	Daily share buy-back notice - Appendix 3E
10/03/2020	Net Tangible Asset Backing - February 2020
5/03/2020	Form 484 lodged with ASIC - Buyback

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<b>Date</b>	<b>Description of ASX Announcement</b>
25/02/2020	Change of Director's Interest Notice - M Glennon
25/02/2020	Daily share buy-back notice - Appendix 3E
24/02/2020	Daily share buy-back notice - Appendix 3E
21/02/2020	Update - Dividend/Distribution - GC1
21/02/2020	Daily share buy-back notice - Appendix 3E
20/02/2020	Daily share buy-back notice - Appendix 3E
18/02/2020	Daily share buy-back notice - Appendix 3E
14/02/2020	Dividend/Distribution - GC1
14/02/2020	Appendix 4D and Half Year Accounts - 31 December 2019
13/02/2020	Net Tangible Asset Backing - January 2020
12/02/2020	Glennon Capital Quarterly Webinar Presentation
7/02/2020	Daily share buy-back notice - Appendix 3E
6/02/2020	Change of Director's Interest Notice - M Glennon
6/02/2020	Form 484 lodged with ASIC - Buyback
5/02/2020	Daily share buy-back notice - Appendix 3E
4/02/2020	Event Announcement for Shareholders & Guests
16/01/2020	Daily share buy-back notice - Appendix 3E
10/01/2020	Net Tangible Asset Backing - December 2019
8/01/2020	Form 484 lodged with ASIC - Buyback
3/01/2020	Daily share buy-back notice - Appendix 3E
2/01/2020	Daily share buy-back notice - Appendix 3E
16/12/2019	Daily share buy-back notice - Appendix 3E
13/12/2019	Change of Imputation Rate for Dividend Payment on 18/09/18
13/12/2019	Form 484 lodged with ASIC - Buyback
11/12/2019	Net Tangible Asset Backing - November 2019
19/11/2019	Daily share buy-back notice - Appendix 3E
15/11/2019	Daily share buy-back notice - Appendix 3E
14/11/2019	Form 484 lodged with ASIC - Buyback
13/11/2019	Net Tangible Asset Backing - October 2019

<b>Date</b>	<b>Description of ASX Announcement</b>
13/11/2019	Daily share buy-back notice - Appendix 3E
12/11/2019	Daily share buy-back notice - Appendix 3E
11/11/2019	Daily share buy-back notice - Appendix 3E
8/11/2019	Daily share buy-back notice - Appendix 3E
7/11/2019	Results of Annual General Meeting
7/11/2019	2019 AGM - Chairman's Address & Investor Update
7/11/2019	Daily share buy-back notice - Appendix 3E
6/11/2019	Daily share buy-back notice - Appendix 3E
5/11/2019	Daily share buy-back notice - Appendix 3E
30/10/2019	Daily share buy-back notice - Appendix 3E
29/10/2019	Daily share buy-back notice - Appendix 3E
28/10/2019	Daily share buy-back notice - Appendix 3E
25/10/2019	Daily share buy-back notice - Appendix 3E
24/10/2019	Glennon Capital Quarterly Webinar Presentation
24/10/2019	Daily share buy-back notice - Appendix 3E
23/10/2019	Daily share buy-back notice - Appendix 3E
22/10/2019	Daily share buy-back notice - Appendix 3E
21/10/2019	Daily share buy-back notice - Appendix 3E
11/10/2019	Net Tangible Asset Backing - September 2019
3/10/2019	Form 484 lodged with ASIC - Buyback
1/10/2019	Daily share buy-back notice - Appendix 3E
30/09/2019	Daily share buy-back notice - Appendix 3E
27/09/2019	Events announcement for shareholders and guests
27/09/2019	Notice of Annual General Meeting and Proxy Form
27/09/2019	Daily share buy-back notice - Appendix 3E
26/09/2019	Daily share buy-back notice - Appendix 3E
24/09/2019	Daily share buy-back notice - Appendix 3E
23/09/2019	Daily share buy-back notice - Appendix 3E
20/09/2019	Daily share buy-back notice - Appendix 3E

<b>Date</b>	<b>Description of ASX Announcement</b>
19/09/2019	Daily share buy-back notice - Appendix 3E
18/09/2019	Daily share buy-back notice - Appendix 3E
17/09/2019	Daily share buy-back notice - Appendix 3E
13/09/2019	Daily share buy-back notice - Appendix 3E
11/09/2019	Daily share buy-back notice - Appendix 3E
10/09/2019	Net Tangible Asset Backing - August 2019
10/09/2019	Daily share buy-back notice - Appendix 3E
9/09/2019	Daily share buy-back notice - Appendix 3E
6/09/2019	Form 484 lodged with ASIC - Buyback
6/09/2019	Daily share buy-back notice - Appendix 3E
4/09/2019	Change of Director's Interest Notice - J Larsen
4/09/2019	Daily share buy-back notice - Appendix 3E
3/09/2019	Appendix 3B
3/09/2019	Daily share buy-back notice - Appendix 3E
2/09/2019	Daily share buy-back notice - Appendix 3E
30/08/2019	Daily share buy-back notice - Appendix 3E
29/08/2019	Daily share buy-back notice - Appendix 3E
28/08/2019	Daily share buy-back notice - Appendix 3E
27/08/2019	Daily share buy-back notice - Appendix 3E
23/08/2019	Daily share buy-back notice - Appendix 3E
22/08/2019	Update - Dividend/Distribution - GC1
21/08/2019	Daily share buy-back notice - Appendix 3E
19/08/2019	Daily share buy-back notice - Appendix 3E
16/08/2019	Form 484 lodged with ASIC - Buyback
16/08/2019	Daily share buy-back notice - Appendix 3E
15/08/2019	Dividend/Distribution - GC1
15/08/2019	Appendix 4G and Corporate Governance Statement
15/08/2019	Appendix 4E and FY2019 Financial Statements

The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website and will also be made available on the

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Company website. Investors are advised to refer to ASX's website and/or the Company's website for updated releases about matters affecting the Company.



## 7. Additional Information

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### 7.1 Directors

The Board (comprised of Michael Glennon (Chairman), John Larsen (Non-executive Director) and Garry Crole (Non-executive Director)) has a broad range of experience in capital markets and investment management combined with financial and commercial expertise.

Michael Glennon is the Chairman of the Company, as well as the executive chairman of the Manager.

He has 22 years' experience in financial markets and over 20 years' experience as a portfolio manager and director of several boutique investment management firms. Michael has extensive contacts in listed companies and has accumulated a wealth of knowledge of smaller listed companies over the time he has been in the market.

John Larsen has over 35 years' experience in senior management roles in funds management and broking companies. More recently John has managed a number of private portfolios and a number of individually managed accounts. Between 2006 and 2008, John was part of the investment committee responsible for investment for the Huntley Investment Company Limited, a listed investment company.

John was also Group Investment Manager at ING (then Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over \$500 million of funds under management. During John's tenure, ING was one of the largest fund managers in the Australian market.

John's institutional dealing experiences include working as the Head of Equities for Deutsche Bank in Australia, and as a Director of County Natwest Securities (now part of Citigroup) in charge of institutional sales.

Garry Crole is an experienced financial services professional who has held numerous senior executive positions with leading Australian companies such as Colonial Mutual Life. After working for Colonial Mutual Life as an executive in the 1980s, Garry founded the distribution network of Money Planners. He then became the CEO of the ASX-listed Deakin Financial Services Limited, a role he held through to 2001.

Over the past 15 years, Garry has been the joint Managing Director of InterPrac Limited, an unlisted public company specialising in providing the accounting industry access to financial services product and distribution capability. In this role, he has worked closely with the National Tax Accountants Association (NTAA), an accountant and tax advisor association with a member base of over 8,500 accountancy practices spread across Australia.

### 7.2 Security holding interests of Directors

The Company's Directors and their Associates hold the following relevant interests in the Company as at the date of the Prospectus:

Directors (and their Associates)	Shares <sup>1</sup>	Percentage of Shares
Michael Glennon	2,248,595	5.12%
John Larson	194,822	0.44%
Gary Crole	300,000	0.68%

<sup>1</sup> The number of Shares does not include any Shares that may be issued on exercise of Options that are received under the Offer by Directors and their Associates who are Eligible Shareholders.

### 7.3 Remuneration of Directors

Details of the remuneration paid to Directors for the two year period to 30 June 2019 are set out in the annual reports of the Company for the financial years ended 30 June 2018 and 30 June 2019. The below table summarises the Directors' remuneration which was paid for the financial year ended 30 June 2019:

Directors	Total
Michael Glennon	Nil.
John Larson	\$25,000 per annum
Gary Crole	\$25,000 per annum

### 7.4 Related party transactions

All transactions with related entities were made on normal commercial terms and conditions.

Michael Glennon is the sole Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of the Company. For the financial year ending on 30 June 2019, the Manager was paid a management fee of 1% p.a. (plus GST) of the net asset value of the Portfolio amounting to \$496,394 net of reduced input tax credits.

A summary of the material terms of the management agreement is contained in section 10.1 of the Company's Prospectus dated 3 July 2015 ([www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au)).

In addition, the Manager may receive performance fees for outperformance of the benchmark provided such performance is over the high water mark. The performance fee of 20% (plus GST) is paid, quarterly in arrears. The Manager may elect up to five business days prior to payment date that all or part of the performance fee is to be applied to the issue of ordinary shares in the Company, without receiving any approvals from the shareholders of the Company. Further information in respect of the Company's performance fee calculation is contained in section 10.1 of the Company's Prospectus dated 3 July 2015.

In 2019 the Manager commenced providing Company Secretarial service to the Company as a cheaper alternative to the historical outsourced company secretarial arrangements that had been in place since the IPO. The Manager is anticipated to be paid \$32,000 (plus GST) for these services in the financial year ending 30 June 2020.

For the year ended 30 June 2019, the Manager was paid a performance fee net of reduced input tax credits amounting to \$14,313.

There are no contracts to which John Larsen is a party or under which John Larsen is entitled to a benefit and that confer a right to call for or deliver shares in the Company or a related body corporate.

There are no contracts to which Garry Crole is a party or under which Garry Crole is entitled to a benefit and that confer a right to call for or deliver shares in the Company or a related body corporate.

#### **7.5 Litigation**

The Company is not currently involved in any material litigation. The Directors are not aware of any contemplated or threatened material litigation.

#### **7.6 Historical market prices of Shares on ASX**

Information about the closing market price of Shares quoted on ASX during the 3 month period prior to the date of the Prospectus is set out in the below table:

<b>Information</b>	<b>Price</b>	<b>Date(s)</b>
Highest	\$0.85	19/02/2020
Lowest	\$0.49	02/04/2020
Latest	\$0.635	24/04/2020

#### **7.7 ASIC Instruments**

The Offer is made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Options in the seven-day period after the date of lodgement of the Prospectus with ASIC.

The Offer is also made pursuant to ASIC Corporations (Application Form Requirements) Instrument 2017/241 which exempts the Company from complying with section 723(1) of the Corporations Act to the extent that that section only permits an issue of Options in response to an application form included in or accompanied by a disclosure document.

#### **7.8 Interests of other persons**

Other than otherwise set out below or elsewhere in this Prospectus, no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or during the last two years before the date of this Prospectus has had, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the securities offered under this Prospectus; or
- (c) securities offered under this Prospectus,

and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the securities offered under this Prospectus.

Gadens has acted as the Australian legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately \$15,000 (plus disbursements and GST) up to the date of this Prospectus in connection with these

services. Further amounts may be paid to Gadens in accordance with its normal time-based charges.

The Registry will be paid approximately \$25,000 (plus GST) for services to be provided in relation to the Offer. In the period since incorporation of the Company to the date of the Prospectus, the Registry has been paid, or is entitled to be paid, fees totalling approximately \$235,000 (including GST) for registry services provided to the Company.

## **7.9 Consents**

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent:

- Gadens has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Gadens;
- BoardRoom Pty Limited has consented to being named in the Corporate Directory and other sections of this Prospectus as the Registry to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by BoardRoom Pty Limited;
- Pitcher Partners has consented to being named in the Corporate Directory of this Prospectus as the Auditor of the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Pitcher Partners;
- the Manager has consented to being named in the Corporate Directory and other sections of this Prospectus as the Manager of the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the Manager.

Each of Gadens, BoardRoom Pty Limited and the Manager, to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this section 7.9.

## **7.10 Expenses of Offer**

The total estimated costs of the Offer are \$40,000 including legal, printing, mailing, registry and other associated fees and charges.

## **7.11 Governing law**

This Prospectus, the issue of the Options and the contracts that arise from the exercise of the Options in accordance with the terms of the Offer are governed by the law applicable in New South Wales, Australia and each Eligible Shareholder and their transferees submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## **7.12 Lodgement of Prospectus**

This Prospectus was given to ASIC on 27 April 2020.

## 8. Directors' Statement and Consent

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



**Michael Glennon**  
**Chairman**  
**For and on behalf of**  
**GLENNON SMALL COMPANIES LIMITED**

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## 9. Glossary

The following definitions apply unless the context requires otherwise.

Term	Meaning
AFSL	Australian Financial Services Licence.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given in the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or the market it operates, as the context requires.
ASX Listing Rules	The official Listing Rules of the ASX as amended or waived from time to time.
Board	The Directors meeting as a Board.
Bonus Option	An option to acquire by way of issue one (1) Share for the Bonus Options Exercise Price, exercisable no later than the Bonus Options Expiry Date.
Bonus Options Exercise Notice	The personalised Bonus Options Exercise Notice that will be sent to Eligible Shareholders to complete and return to the Registry in order to exercise a Bonus Option.
Bonus Options Exercise Price	\$0.75 per Bonus Option.
Bonus Options Expiry Date	5:00 pm on Friday, 29 October 2021
Business Day	A day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney.
Company	Glennon Small Companies Limited (ACN 605 542 229).
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company as at the date of this Prospectus.
Eligible Shareholder	A Shareholder on the Record Date with a registered address in Australia or New Zealand.
Holding Condition	That at the time an Eligible Shareholder exercises its Bonus Options (as contemplated by section 4.1(l)) it is an Eligible Shareholder that holds at least the same number of Shares that it held as at the Record Date (excluding, for the avoidance of doubt, any Shares that have been issued (or are to be issued) following the exercise of the Bonus Options).

<b>Term</b>	<b>Meaning</b>
Loyalty Option	An option to acquire by way of issue one (1) Share for the Loyalty Options Exercise Price, exercisable no later than the Loyalty Options Expiry Date.
Loyalty Options Exercise Notice	The personalised Loyalty Options Exercise Notice that will be sent to Eligible Shareholders that exercise Bonus Options to complete and return to the Registry in order to exercise a Loyalty Option.
Loyalty Options Exercise Price	\$0.95 per Loyalty Option.
Loyalty Options Expiry Date	5:00 pm on Friday, 28 April 2023
Manager	The investment manager of the Company being Glennon Capital Pty Ltd (ACN 137 219 866).
Offer	The offer of Options the subject of this Prospectus.
Official Quotation	Quotation of securities on the official list of ASX.
Options	The Bonus Options and/or the Loyalty Options as the context requires.
Portfolio	The portfolio of investments of the Company comprised of investments in predominantly smaller listed companies.
Prospectus	This prospectus dated 27 April 2020 as modified or varied by any supplementary document issued by the Company and lodged with ASIC from time to time.
Record Date	6:00 pm on Friday, 1 May 2020.
Registry	BoardRoom Pty Limited: Address: Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Post: GPO Box 3993, Sydney NSW 2001 Contact: 1300 737 760 (in Australia) +61 2 9290 9600 (International)
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A registered holder of a Share.

## Corporate Directory

### Company

Glennon Small Companies Limited  
Level 17  
25 Bligh Street  
Sydney NSW 2000

### Investment Manager

Glennon Capital Pty Ltd  
Level 17  
25 Bligh Street  
Sydney NSW 2000

### Legal Adviser

Gadens  
Level 11, One One One  
111 Eagle Street  
Brisbane QLD 4000

### Directors

Michael Glennon, Executive Chairman  
John Larsen, Independent Non-executive Director  
Garry Crole, Independent Non-executive Director

### Auditor

Pitcher Partners  
Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2001

### Share Registry

BoardRoom Pty Limited  
Grosvenor Place  
Level 12, 225 George Street  
Sydney NSW 2000