

HMI Prospectus

Offer of up to 200,000,000 fully paid ordinary Shares
at an Application Price of \$2.50 per Share.

Lead Arrangers:

CommSec

AFS Licence 238814



AFS Licence 230686

crestone.

AFS Licence 231127

Brokers to the Offer:

BELL POTTER

AFS Licence 237504

EVANS DIXON

AFS Licence 318075

JBWere

AFS Licence 341162

OnMarket

AFS Licence 421535

ORD MINNETT

AFS Licence 237121

PATERSONS

AFS Licence 239052

ShawandPartners

AFS Licence 236048



TAYLOR COLLISON

AFS Licence 247083

WILSONS

AFS Licence 238383

Corporate Advisor to the Offer:



AFS Licence 492973

Important Information

This Prospectus contains important information for you as a shareholder or prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Important Notices

This Prospectus (**Prospectus**) is dated 28 September 2018 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is issued by Hearts and Minds Investments Limited (ACN 628 753 220) (**Company**) and is an invitation to apply for up to 200,000,000 Shares at an Application Price of \$2.50 per Share.

None of ASIC, ASX or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

ASX LISTING

The Company will apply within seven days after the date of this Prospectus for admission to the Official List of ASX and for the Shares to be quoted on ASX.

The fact that ASX may admit the Company to the Official List and quote the Shares is not to be taken in any way as an indication of the merits of the Company. Neither ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company. If permission is not granted for the Shares to be quoted before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

EXPOSURE PERIOD

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of seven days after the date of the Prospectus, which period may be extended by ASIC by a further period of seven days (**Exposure Period**).

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

INTERMEDIARY AUTHORISATION

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and Commonwealth Securities Limited, the holder of an AFSL (**Authorised Intermediary**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people

to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

Commonwealth Securities Limited, National Australia Bank Limited and Crestone Wealth Management Limited (**Lead Arrangers**), and the Brokers to the Offer, will manage the Offer on behalf of the Company. The Brokers to the Offer are the Lead Arrangers, Bell Potter Securities Limited, Evans Dixon Limited, JBWere Limited, On-Market Bookbuilds Pty Ltd, Ord Minnett Limited, Patersons Securities Limited, Shaw and Partners Limited, Taylor Collison Limited and Wilsons Corporate Finance Limited.

The Lead Arrangers, Brokers to the Offer, and the Authorised Intermediary's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. None of the Lead Arrangers, Brokers to the Offer or the Authorised Intermediary guarantee the success or performance of the Company or the returns (if any) to be received by investors. None of the Lead Arrangers, Brokers to the Offer or the Authorised Intermediary are responsible for, or have caused the issue of, this Prospectus.

Shares are not deposit liabilities of National Australia Bank Limited (**NAB**) and are not protected accounts for the purposes of the depositor protection provisions of Australian banking legislation and they are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. The investment performance of the Company is not guaranteed by any of the Lead Arrangers, Brokers to the Offer and the Authorised Intermediary.

INVESTMENT DECISION

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 6. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 6, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements.

Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

PROSPECTUS

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from www.heartsandmindsinvestments.com.au. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia and New Zealand.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if the person asks when the Offer is open until the Closing Date.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares to which the Electronic Prospectus relates will only be issued to Applicants who complete the Application Form accompanying the Prospectus and submit that form to the Company together with Application Monies.

OFFER TO NEW ZEALAND INVESTORS WARNING

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for

a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

HOW TO APPLY

You can only make an Application for Shares under the Offer by completing and submitting an Application Form. You can find detailed instructions on completing the Application Forms on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum of 1,000 Shares at \$2.50 each (i.e. for a minimum subscription amount of \$2,500). A larger number of Shares may be applied for in multiples of 100 Shares.

APPLICATIONS

Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date (which is expected to be 6 November 2018), will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "**Hearts and Minds Investments Limited**" and crossed "Not Negotiable".

No stamp duty is payable by Applicants.

APPLICATION FORMS

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

By Mail

Hearts and Minds Investments Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

Hearts and Minds Investments Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Alternatively, Applicants can apply online and pay their Application Price by BPAY at www.heartsandmindsinvestments.com.au.

WHEN TO APPLY

Completed Application Forms and Application Monies under the Offer must be received by 5:00 p.m. (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

The Directors reserve the right to allocate any lesser number of Shares than those for which the Applicant has applied. Where the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

GLOSSARY OF TERMS

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 12.

Highlights of the Offer

Important Dates

Lodgement of Prospectus with ASIC	28 September 2018
Offer expected to open	15 October 2018
Broker Firm Offer expected to close	6 November 2018
General Offer expected to close	6 November 2018
DvP Settlement	14 November 2018
Expected date of allotment / date of dispatch of holding statements	15 November 2018
Shares expected to commence trading on ASX	21 November 2018

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications.

Key Offer Statistics

Company	Hearts and Minds Investments Limited (ACN 628 753 220)
Proposed ASX code	HM1
Shares offered	Fully paid ordinary Shares
Minimum number of Shares available under the Offer	80,000,000 Shares
Minimum proceeds from the Offer	\$200,000,000
Maximum number of Shares available under the Offer	200,000,000 Shares
Maximum proceeds from the Offer	\$500,000,000
Application Price per Share	\$2.50
Pro forma Net Asset Value (NAV) backing per Share if the minimum subscription amount is raised (based on the unaudited pro forma statement of financial position set out in Section 7.3)	\$2.50
Pro forma NAV backing per Share if the maximum subscription amount is raised (based on the unaudited pro forma statement of financial position set out in Section 7.3)	\$2.50

Enquiries

Investors with questions relating to the Offer or who require additional copies of the Prospectus should contact the Company's share registry, Boardroom Pty Limited, on 1300 737 760 or +61 2 9290 9600 or via email to heartsandminds@boardroomlimited.com.au. The Prospectus can also be downloaded at www.heartsandmindsinvestments.com.au.

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Corporate Directory

DIRECTORS

Chris Cuffe AO (Chair)
Lorraine Berends
Guy Fowler (Proposed Director)
Matthew Grounds (Proposed Director)
Michael Traill AM
Gary Weiss
Geoff Wilson AO
David Wright

COMPANY SECRETARY

Tom Bloomfield

REGISTERED OFFICE

Level 16, Chifley Plaza,
2 Chifley Square,
Sydney, NSW 2000, Australia

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street,
Sydney, NSW 2000, Australia
Ph: 1300 737 760 (inside Australia)
or +61 (2) 9290 9600
(outside Australia)

INVESTIGATING ACCOUNTANT

**Pitcher Partners Sydney
Corporate Finance Pty Ltd**
Level 22, MLC Centre,
19 Martin Place,
Sydney, NSW 2000, Australia
Ph: +61 (2) 9221 2099
Fax: +61 (2) 9223 1762

AUSTRALIAN SOLICITORS

KardosScanlan Pty Limited
Level 5, 151 Castlereagh Street,
Sydney, NSW 2000, Australia
Ph: +61 (2) 9176 5290
Fax: +61 (2) 9146 5299

CUSTODIAN

Perpetual Corporate Trust Limited
Angel Place, Level 18,
123 Pitt Street,
Sydney, NSW 2000, Australia
Ph: +61 (2) 9229 9000

CORPORATE ADVISOR

Seed Partnerships Pty Limited
Level 10, 135 Macquarie Street,
Sydney, NSW 2000, Australia
Ph: +61 (2) 9251 8845
Email: info@seedpartnerships.com

TAX ADVISOR

PPNSW Services Pty Ltd
Level 22, MLC Centre,
19 Martin Place,
Sydney, NSW 2000, Australia
Ph: +61 (2) 9221 2099
Fax: +61 (2) 9223 1762

LEAD ARRANGERS:

Commonwealth Securities Limited
Ground Floor, Tower 1,
201 Sussex Street,
Sydney, NSW 2000, Australia
National Australia Bank Limited
Level 25, 255 George Street,
Sydney, NSW 2000, Australia
**Crestone Wealth
Management Limited**
Level 32, Chifley Tower,
2 Chifley Square,
Sydney, NSW 2000, Australia

BROKERS TO THE OFFER:

Bell Potter Securities Limited
Level 38, Aurora Place,
88 Phillip Street,
Sydney, NSW 2000, Australia
Evans Dixon Limited
Mayfair Building, 171 Collins Street,
Melbourne, VIC 3000, Australia
JBWere Limited
Level 16, 101 Collins Street,
Melbourne, VIC 3000, Australia
On-Market Bookbuilds Pty Ltd
Level 31, Tower 2, International
Towers, 200 Barangaroo Ave,
Barangaroo, NSW 2000, Australia

Ord Minnett Limited

Level 8, NAB House,
255 George Street,
Sydney, NSW 2000, Australia

Patersons Securities Limited

Exchange Tower,
Level 23, 2 The Esplanade,
Perth, WA 6000, Australia

Shaw and Partners Limited

Level 15, 60 Castlereagh Street,
Sydney, NSW 2000, Australia

Taylor Collison Limited

Level 16, 211 Victoria Square,
Adelaide, SA 5000, Australia

Wilson Corporate Finance Limited

Level 30, Waterfront Place,
1 Eagle Street,
Brisbane, QLD 4000, Australia

Chairman's Letter

28 September 2018

Dear Investor,

On behalf of the Directors of the Company, it is my pleasure to invite you to become a Shareholder in Hearts and Minds Investments Limited (**Company**), a new listed investment company.

The Company has been established with the combined objective of providing a concentrated Securities portfolio of the highest conviction ideas from leading Fund Managers, while also supporting Australian medical research institutes.

The Company is seeking to raise up to \$500,000,000 under the Offer and to obtain a listing on the Australian Securities Exchange (**ASX**) under the code HM1.

We are delighted to advise that a number of parties (**Cornerstone Family Investors**) have already committed to making an investment in the Company. The aggregate level of commitment from these investors is over \$150 million. We would particularly like to thank the Ainsworth; Cannon-Brookes; Hamish Douglass; Gonski; Gwinnett; Hadley; Jackson and Farquhar; Karedis; Lew; Lowy; Myer; Packer; and Stokes families along with the Paul Ramsay Foundation; The University of New South Wales and The University of Sydney for their support.

Members of the Board and the Investment Committee and their associates are also committing over \$25 million to the Offer.

THE COMPANY'S INVESTMENT STRATEGY

The Company seeks to provide Shareholders with a compelling and attractive investment proposition by creating a concentrated portfolio of long positions (**Portfolio**) in approximately 25 Australian and international listed securities based on the highest conviction ideas from two groups:

- The Company will allocate 40% of the Portfolio based on the annual recommendations of Fund Managers who present at the Sohn Hearts and Minds Investment Leaders Conference (**Conference Fund Managers**). Whilst past performance is no guide to future performance, the Company notes that a number of Fund Managers who have presented at previous Conferences have provided investors with a number of recommendations which have performed positively over the 12 months following that Conference.
- The Company will invest 60% of the Portfolio based on the highest conviction quarterly recommendations of five leading Fund Managers (**Core Fund Managers**). These Fund Managers include Caledonia, Cooper Investors, Magellan Asset Management, Paradise Investment Management and Regal Funds Management.

The Investment Committee will be responsible, in conjunction with the CEO, for implementing the Investment Strategy and managing the Portfolio.

In the Board's view, the investment approach offers investors an opportunity to:

- capitalise on exposure to the highest conviction ideas, investment approach and expertise of each Fund Manager, a number of whom are not otherwise readily accessible to retail investors;
- benefit from having a Portfolio that is not concentrated on the philosophy or investment thesis of just one Fund Manager; and
- 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).

THE COMPANY'S CHARITABLE GOAL

The Company will also seek to provide financial funding to leading Australian medical research organisations in order to support the development of new medicine and drive a new generation of medical research in Australia. The Company will seek to support medical research across a broad spectrum of human health conditions, from heart disease to neurological disease and mental health issues.

In order to support its Charitable Goal, the Company will forego any investment fees and instead donate a Donation Amount to the Designated Charities every six months.

The list of Designated Charities will include The Victor Chang Cardiac Research Institute (**Victor Chang Institute**) together with the Black Dog Institute; The Brain and Mind Centre, Sydney University; The Charlie Teo Foundation; The Children's Hospital at Westmead – Pediatric Intensive Care Unit, Research; The Florey Institute of Neuroscience & Mental Health; The Centre of Human Psychopharmacology, Swinburne University; Multiple Sclerosis Research Australia Limited; Orygen and Royal Prince Alfred Hospital, research. These Designated Charities have been nominated by the Core Fund Managers and the Board.

The Company, Fund Managers and a number of the key Service Providers have agreed to forego fees that they would normally charge in relation to services provided to the Company.

The members of the Board and the Investment Committee have also agreed to waive any right to be paid director and committee fees.

RISKS

You are encouraged to read the Prospectus carefully as it contains detailed information about the Company and the Offer. It is particularly important for potential investors to review carefully the risks associated with an investment in the Company. These are set out in detail in Section 6 of this Prospectus.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely



Chris Cuffe AO
Chairman

Section 1

Offer Summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

Question	Answer	More Information
A. Key investment highlights and key risks		
What is the purpose of the Offer?	<p>The Company provides Shareholders with the opportunity to invest in a listed investment company with the following two objectives:</p> <ol style="list-style-type: none"> 1. Provide a concentrated Portfolio of the highest conviction ideas from leading Fund Managers The intention of the Company is to provide Shareholders with a compelling and attractive investment proposition by utilising the highest conviction recommendations of a select group of Fund Managers in order to maximise shareholder returns over the long term (being five years or more). 2. Support leading Australian medical research institutes The Company will provide financial funding to leading Australian medical research institutes in order to support the development of new medicine and drive a new generation of medical research in Australia. The Company will forego any investment fees and instead donate a Donation Amount to the Designated Charities every six months. 	Section 3.1 and 3.2
What is the business model of the Company?	<p>The Company is a newly incorporated company which has not conducted any business to date. Upon completion of the Offer, the Company will be a listed investment company on the ASX that will invest predominantly in Australian and international listed securities (Securities).</p> <p>The Investment Committee, in conjunction with the CEO, will implement the Investment Strategy and manage the Portfolio in accordance with the Investment Objectives and Investment Guidelines outlined in Section 3.4.</p>	Section 3.1 and 3.2
How will the Company generate returns for Shareholders and what is the Investment Strategy?	<p>The Company's Investment Strategy is to create a concentrated Portfolio of long only positions in Securities. The Portfolio will comprise approximately 25 Securities based on the highest conviction ideas from two groups of Fund Managers:</p> <p>(a) Conference Fund Managers: 40% of the Portfolio will be held in approximately 10 Securities based on the annual recommendations of Fund Managers who present at the Conference; and</p> <p>(b) Core Fund Managers: 60% of the Portfolio will be held in approximately 15 Securities based on the quarterly recommendations of five leading Fund Managers selected by the Company.</p>	Section 3.2

Question	Answer	More Information
<p>What are the benefits of the Offer?</p>	<p>The Offer will provide Shareholders with an opportunity to:</p> <ul style="list-style-type: none"> (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; (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); and (d) support leading Australian medical research institutes. 	<p>Section 3.2</p>
<p>What are the key risks associated with the business model and the Offer?</p>	<p>The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company include:</p> <ul style="list-style-type: none"> – Stock Selection risk: The success and profitability of the Company will largely depend on the ability of Fund Managers to identify investment opportunities that deliver attractive returns to the Company. There can be no guarantee that this will occur. – Fund Manager Selection risk: The success and profitability of the Company will largely depend on the ability of the Company to select Core Fund Managers and Conference Fund Managers who will provide Security selections that deliver attractive returns to the Company. There can be no guarantee that this will occur. – Fund Manager risk: The success and profitability of the Company will largely depend on each Fund Manager's continued ability to provide recommendations which generate a return for the Company. Should the Fund Managers become unable to provide recommendations for the Company or should there be significant key personnel changes at a Fund Manager, the Company's investment activities may be disrupted and its performance negatively impacted. – Investment Strategy risk: The success and profitability of the Company will largely depend upon the ability to invest in a portfolio which generates a return for the Company. The past performance of Fund Managers, including listed securities which have been nominated by some of the Fund Managers who have presented at previous Conferences, is not a guide to future performance of the Company. There are risks inherent in the Investment Strategy of the Company. – Market risk: The Portfolio will be exposed to market risk. The market value of the Securities in the Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors such as global economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company will be listed on the ASX, the Shares will also be exposed to market risks. As a result, the Shares may trade at a price which is at a discount or a premium to its NTA. 	<p>Section 6</p>

Question	Answer	More Information
<p>What are the key risks associated with the business model and the Offer? continued</p>	<ul style="list-style-type: none"> - Economic risk: The Portfolio will be exposed to economic risks that may have a negative impact on the value of the Portfolio or the return of the Company's investments. The value of the Portfolio may be impacted by numerous economic factors. The factors include changes in economic conditions (e.g. changes to interest rates or economic growth), the legislative and political environment, as well as changes in investor sentiment. <p>In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can, and sometimes do, add to equity market volatility as well as impact directly on the Company or securities within the Portfolio. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Portfolio.</p> <ul style="list-style-type: none"> - Liquidity risk: Shares are exposed to liquidity risk. Shareholders may be impacted in their ability to sell the Shares on the ASX due to the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire. - Currency risk: Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio's investments measured in Australian dollars. The Company has no current plan for active measures to be taken by the Investment Committee to manage or hedge foreign currency exposure. 	Section 6
<p>Who are the Cornerstone Family Investors?</p>	<p>Cornerstone Family Investors have already pre-committed over \$150 million for Hearts and Minds Investments Limited. The Cornerstone Family Investors include entities associated with:</p> <ul style="list-style-type: none"> - Ainsworth Family; - Benari Family; - Carapiet Family; - Craig Family; - Chris Cuffe Family; - Hamish Douglass Family; - Gonski Family; - Gresham Partners Capital Limited; - Grok Ventures, Family Fund of Mike Cannon-Brookes; - Gurry Family; - Gwinnett Family; - Gyngell Family; - Hadley Family; - Hutchinson Family; - Ivany Family; - Jackson and Farquhar Family; - Johns Family; - Johnson Family; - Joseph Family; - Karedis Family; - Lew Family; - Lewin Family; - Lowy Family; - Mason Family; - Myer Family Investments; - Packer Family; - Brett Paton Family; - Paul Ramsay Foundation; - Ross Family; - Stokes Family; - The University of New South Wales; - The University of Sydney; - Gary Weiss Family; - The Judy and Sam Weiss Family; - Geoff Wilson Family; and - Woods Family 	Section 9.13

Question	Answer	More Information
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B. Key information about the Portfolio

How will the Portfolio be constructed and over what time frame?

The Portfolio will be constructed by the Investment Committee in accordance with the Investment Strategy, Investment Guidelines and parameters as agreed with the Company from time-to-time.

Section 3.3

Construction of the Conference Fund Managers

40% of the Portfolio will be initially allocated to Securities recommended by the Conference Fund Managers. The Conference Fund Managers will comprise a group of approximately 10 Fund Managers who will present Security recommendations at the Conference. The Company will allocate an equal weighting to each of the Recommendations.

These Securities are expected to be held in the Portfolio for a period of 12 months. After this period, these Securities are expected to be removed in order to implement the Recommendations of the selected Conference Fund Managers who will present the Recommendations at the following year's Conference.

The Conference Fund Managers will be announced ahead of the Conference in November 2018.

Construction of the Core Fund Managers

60% of the Portfolio will be allocated equally to Securities recommended by five Core Fund Managers. The Core Fund Managers have been selected by the Company after assessing each Fund Manager's skill and expertise, performance, investment style, and willingness to provide Recommendations to the Investment Committee without any investment fees.

On a quarterly basis, each Core Fund Manager will provide the Company with a list of their top three Security holding Recommendations and a weighting for each Security (**Security Weighting**).

The Company will initially invest 12% of the Portfolio in each Core Fund Manager's three Recommendations (**Invested Securities**), based on each Security Weighting.

At the end of the quarter, the Fund Manager will provide the Company with an updated list of three Recommendations, including updated weightings for each Security. Refer to Section 3.3 for further information.

The Core Fund Managers have agreed to provide Recommendations to the Company for a period of at least three years. No fee is payable for these Recommendations. If either the Company or a Core Fund Manager wishes to materially change or end the Recommendation arrangement, the party will provide the other party with at least six months' prior notification. This period of time will allow the Investment Committee to identify and appoint a new Core Fund Manager and further allow for an orderly rebalancing of the Portfolio in relation to such change.

Question	Answer	More Information
<p>How will the Portfolio be constructed and over what time frame? continued</p>	<p>Management of the Portfolio</p> <p>The Company will seek to rebalance the Portfolio on an annual basis such that 40% of the Portfolio will be allocated to Securities recommended by the Conference Fund Managers and 60% of the Portfolio will be allocated to Securities recommended by the Core Fund Managers.</p> <p>The Company may decide to deviate from the Investment Strategy in a number of circumstances including, but not limited to, the liquidity of a Security, the size of a Security as a percentage of the Portfolio, the length of time the Security has been in the Portfolio, and environmental, social and governance considerations. The Company will only make such a decision which is different from the Recommendation having first discussed the strategy with the Fund Manager that made the Recommendation. Refer to Section 3.3 for further information.</p> <p>The pace of capital deployment will depend on market conditions and the liquidity of the Securities in the Portfolio. The Board expects to be fully invested within a relatively short period of time (expected to be within one to four weeks of listing on the ASX), however this may be dependent on market conditions. The Board expects to receive Recommendations (based on recommendations by the Core Fund Managers to the Investment Committee) at the time of listing such that capital may be deployed prior to the Conference.</p> <p>The Company has a global mandate and may invest in both Australian and international listed securities, together with cash and cash equivalent securities. The majority of the Company's Portfolio is expected to consist of Long Positions in Australian and international listed securities.</p> <p>The Investment Committee will also retain discretion to maintain a net cash buffer. No geographic or industry limitations will apply to the Company's Investment Strategy.</p>	Section 3.3
<p>Will the Company pay dividends?</p>	<p>The Company may consider paying a dividend provided the Board considers the payment to be consistent with the Company's Investment Objectives and within prudent business practices.</p>	Section 3.8
<p>What is the Company's leverage policy?</p>	<p>The Company has no current plans to use leverage.</p>	Section 3.4

Question	Answer	More Information
What is the Company's valuation policy?	<p>The Portfolio's NTA will be calculated and released to the ASX weekly using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.</p> <p>The assets of the Company will be valued using market accepted practices to accurately and independently price all securities and other assets within the Portfolio from time to time. The value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:</p> <p>(a) cash (including income) – the amount of such cash (in Australian dollars); and</p> <p>(b) Securities – the market value of such Securities determined in accordance with Australian Accounting Standards (unless otherwise determined by the Company).</p> <p>The Board may request that the value of an investment be determined by a duly qualified valuer independent of the Company (Approved Valuer), having regard to the particular type or types of investment which are the subject of the valuation.</p>	Section 3.10
What is the Company's Derivatives Policy?	The Company has no current plans to use Derivatives.	Section 3.4
Will the Company participate in short selling?	The Company has no current plans to participate in short selling.	Section 3.4
Will the Company hold currency positions?	<p>Investing in Securities denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars, and the Portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination.</p> <p>The Company will not seek to assess the potential returns and risks created by currency exposures and has no current plan to enter into currency hedging arrangements.</p>	Section 3.4 and 3.7

Question	Answer	More Information
What is the investment term?	<p>The intention of the Company is to provide Shareholders with a compelling and attractive investment proposition by utilizing the high conviction recommendations of a select group of Fund Managers in order to maximise shareholder returns over the long term (which the Board and the Company consider to extend over a period more than five years).</p> <p>Investors should be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.</p> <p>Investors are encouraged to contact their stockbroker, financial advisor, accountant, lawyer or other professional advisor before deciding whether to apply for Shares, after investing and before making any investment decisions in relation to the Company.</p>	Section 3.1 and 3.3
C. Key Information about the Company		
Is the Company a charity?	<p>No. The Company is not a charity and does not hold DGR status.</p> <p>The Company is a LIC that has a charitable goal. Accordingly, the Company will be taxed like any other LIC.</p> <p>The Company will donate a Donation Amount to the Designated Charities every six months once all Offer Costs have been fully recouped.</p>	Section 5
What is the Company's proposed Board?	<p>The Company's proposed Board of Directors are:</p> <ul style="list-style-type: none"> (a) Chris Cuffe AO; (b) Lorraine Berends; (c) Guy Fowler (Proposed Director)¹; (d) Matthew Grounds (Proposed Director)²; (e) Michael Traill AM; (f) Gary Weiss; (g) Geoff Wilson AO; and (h) David Wright. <p>See Section 9.2 for further details regarding the background of the Directors.</p>	Section 9.2
Who are the initial members of the Investment Committee?	<p>The initial members of the Investment Committee are:</p> <ul style="list-style-type: none"> (a) Chris Cuffe AO; (b) Lorraine Berends; (c) Brett Paton; (d) Michael Traill AM; (e) Gary Weiss; (f) Geoff Wilson AO; and (g) David Wright. <p>See Section 9.10 for further details regarding the background of the members of the Investment Committee.</p> <p>The members of the Investment Committee will be appointed by the Board from time to time.</p>	Section 9.10

1. Subject to Mr. Fowler's employer's approval.
2. Subject to Mr. Grounds' employer's approval.

Question	Answer	More Information
Who is the CEO?	The CEO will be Rory Lucas. The CEO will report to the Board and, in conjunction with the Investment Committee, will implement the Investment Strategy and manage the Portfolio, in accordance with the Investment Objectives and Investment Guidelines. See Section 10.7 for further details regarding the background of the CEO.	Section 10.7
What are the Directors paid?	The Directors have agreed to waive any right to be paid director fees. The maximum total remuneration available for payment to non-executive Directors will be set at \$0 per annum.	Section 9.8
What are the Investment Committee Members paid?	Each Investment Committee member has elected to provide their services to the Company on a pro bono basis.	Section 9.9
What is the financial position of the Company?	The Company has no performance history as it is yet to commence trading. Pro-forma statements of financial position are set out in Section 7.3.	Section 7.3
What are the roles of the Board and Investment Committee?	<p>The Board will:</p> <ul style="list-style-type: none"> (a) monitor the implementation of the Investment Strategy and compliance with the Investment Guidelines and approve any changes to the Investment Strategy or Investment Guidelines; (b) guide and monitor the CEO with respect to management of the Portfolio; (c) select, and interact with, the Designated Charities in accordance with the Charity Guidelines and approve changes to the Charity Guidelines; (d) oversee good governance practice; and (e) review and monitor the Company's risk management systems and controls. <p>The Investment Committee's role is expected be similar to the role of an external investment manager for an investment entity. The Investment Committee will:</p> <ul style="list-style-type: none"> (a) make Portfolio decisions (consistent with the Investment Strategy and Investment Guidelines); (b) select and liaise with Fund Managers; (c) keep the Board regularly informed of any material investment decisions; and (d) recommend any proposed changes to the Investment Strategy or the Investment Guidelines. 	Section 3.5

Question	Answer	More Information
Will any related party have a significant interest in the Company or in connection with the Offer?	<p>The Directors, proposed Directors, and entities associated with them, are permitted to participate in the Offer. The Directors, proposed Directors, and their associates have not determined their exact participation in the Offer at the date of this Prospectus.</p> <p>At completion of the Offer, the Directors and proposed Directors (and their respective associates) are currently expected to have a Relevant Interest in the following numbers of Shares:</p> <ul style="list-style-type: none"> (a) Chris Cuffe AO (Mr Cuffe is a director of Australian Philanthropic Services Foundation): 1,300,000 Shares; (b) Lorraine Berends: 10,000 Shares; (c) Guy Fowler (Proposed Director): 1,000,000 Shares; (d) Matthew Grounds (Proposed Director): 1,000,000 Shares; (e) Michael Traill AM: 4,050,000 Shares (Mr Traill is a director of the Paul Ramsay Foundation); (f) Gary Weiss: 440,000 Shares (Mr Weiss is a director of Ariadne Australia Limited); (g) Geoff Wilson AO: 1,500,000 Shares; and (h) David Wright: 40,000 Shares. <p>Brett Paton (and entities associated with him) who is not a Director, but is a member of the Investment Committee is expected to have a Relevant Interest in 700,000 shares.</p>	Section 9.6
Who are the Designated Charities?	<p>Below is a list of the initial Designated Charities selected by the Board and the Core Fund Managers:</p> <ul style="list-style-type: none"> (1) The Victor Chang Cardiac Research Institute; (2) Black Dog Institute (3) The Brain and Mind Centre, Sydney University; (4) The Charlie Teo Foundation; (5) The Children's Hospital at Westmead – Pediatric Intensive Care Unit, Research; (6) Florey Institute of Neuroscience & Mental Health; (7) Centre of Human Psychopharmacology, Swinburne University; (8) Multiple Sclerosis Research Australia Limited; (9) Orygen; and (10) Royal Prince Alfred Hospital, research. <p>Each of the above listed Designated Charities has provided the background information set out in Section 5.7. Further details can be found at their respective websites.</p>	Section 5.6 and 5.7
How will Designated Charities obtain their Donation Amount?	<p>The Donation Amount will be paid by the Company to the Designated Charities every six months once all Offer Costs have been fully recouped – see below.</p>	Section 5.2

Question	Answer	More Information
What is the level of the annual donation the Company will make towards medical research?	<p>The Company's current intention is to donate an amount to Designated Charities every six months (Donation Amount). Each Donation Amount will be equal to 1.5% (plus GST) per annum of the average monthly NTA for the previous half-year.</p> <p>The Donation Amount accrues monthly and regardless of the performance of the Company, and may vary month-to-month in proportion to the NTA value. The accrual of the Donation Amount each month decreases the NTA value.</p> <p>Investors are reminded that the amount paid by the Victor Chang Institute in relation to the Offer Costs will be fully recouped by the Victor Chang Institute before any Donation Amount is paid to the Designated Charities.</p>	Section 5.3
Who will pay the Offer Costs?	<p>The Company has agreed with the Victor Chang Institute that:</p> <ul style="list-style-type: none"> - Victor Chang Institute will pay the Offer Costs up to a maximum of \$7.85 million; and - initially each Donation Amount will be paid to the Victor Chang Institute until such time as the Victor Chang Institute has received Donations Amounts which in total equal to the amount paid by the Victor Chang Institute in relation to the Offer Costs. <p>The Victor Chang Institute will be paid interest of 3.5% per annum on the Offer Costs not repaid by the Donation Amounts as at 30 June and 31 December each year.</p> <p>After that time the Donation Amounts will be paid to the Designated Charities as set out in this Prospectus.</p>	Section 10.2
D. About the Offer		
Who is the issuer of the Shares, and this Prospectus?	The issuer is Hearts and Minds Investments Limited (ACN 628 753 220).	
What is the Offer?	<p>The Company is offering for subscription up to 200,000,000 Shares at an Application Price of \$2.50, to raise up to \$500,000,000 under the Offer.</p> <p>The Offer also includes the Broker Firm Offer.</p>	Section 2.1
What is the purpose of the Offer?	The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer to Section 3 for details).	Section 3.1 and 3.2
How do I apply for Shares?	<p>The procedures for making an investment in the Company are described in Section 2.</p> <p>The Brokers to the Offer may be required to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2
How to participate in the Broker Firm Offer?	If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation. For further information see Section 2.7.	Section 2.7

Question	Answer	More Information
What are the Offer Costs?	<p>The Offer Costs are the costs payable with respect to the Offer and include amounts payable to the Joint Lead Arrangers, the Brokers to the Offer, certain advisor expenses and disbursements. Full details are contained in Section 7.7.</p> <p>The Lead Arrangers and the Brokers to the Offer have all agreed to waive a management fee of 0.5% (including GST) of the total proceeds raised under the Offer.</p> <p>The Lead Arrangers and the Brokers to the Offer will be paid a selling fee of 1.5% (including GST) of Application Monies raised by the relevant Lead Arrangers or Brokers to the Offer provided that the General Offer and Broker Firm Application Forms bear a stamp from an AFSL Holder.</p> <p>The Offer Costs are estimated to be:</p> <p>(a) \$3,375,959, assuming the Minimum Subscription; and</p> <p>(b) \$7,875,959, assuming the Maximum Subscription*.</p> <p>In addition to the selling fee, the Company will procure that the Conference organiser provides clients selected by each of the Lead Arrangers and Brokers to the Offer with tickets to attend the Conference (with each ticket having a face value of approximately \$3,500). There will be 5 tickets to the Conference available for every \$10 million of Application Monies raised by the relevant Lead Arranger or Broker to the Offer. The Lead Arrangers and Brokers to the Offer must not charge for the tickets to the Conference; no officers or employees of a Lead Arranger or Broker to the Offer may use the tickets to the Conference.</p> <p>*Note: this does not take into account the fact that the fees payable to the Lead Arrangers and Brokers to the Offer fees are not payable on the monies raised from the Cornerstone Family Investors. Accordingly, the maximum total Offer Costs are likely to be less than the amount stated.</p>	Section 7.7
Who will pay the Offer Costs?	<p>The Company has agreed with the Victor Chang Institute that:</p> <ul style="list-style-type: none"> - the Victor Chang Institute will pay the Offer Costs up to a maximum of \$7.85 million; and - initially all of the Donation Amount will be paid to the Victor Chang Institute. This will continue until the Victor Chang Institute has received donations from the Company which in total equal the quantum of the Offer Costs. <p>The Victor Chang Institute will be paid interest of 3.5% per annum on the Offer Costs not repaid by the Donation Amounts as at 30 June and 31 December each year.</p> <p>After that time the Donation Amounts will be paid to the Designated Charities as set out in this Prospectus. Full details are contained in Section 10.2.</p>	Section 10.2
Is the Offer underwritten?	No.	Section 2.5
Who are the Lead Arrangers?	Commonwealth Securities Limited, National Australia Bank Limited and Crestone Wealth Management Limited.	Section 2.14

Question	Answer	More Information
Who are the Brokers to the Offer?	The Brokers to the Offer are Bell Potter Securities Limited, Evans Dixon Limited, JBWere Limited, On-Market Bookbuilds Pty Ltd, Ord Minnett Limited, Patersons Securities Limited, Shaw and Partners Limited, Taylor Collison Limited, and Wilsons Corporate Finance Limited.	Section 2.14
Who is the Authorised Intermediary?	Commonwealth Securities Limited is the Authorised Intermediary to the Offer.	Section 2.14 and 10.1
Who can participate in the Offer?	Applicants who have a registered address in Australia or New Zealand.	Section 2.1
Can superannuation funds invest?	Yes, subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
Is there a minimum subscription amount for the Offer to proceed?	Yes, the Company must receive valid Applications for 80,000,000 Shares in order for the Offer to proceed.	Section 2.1
Is there a minimum subscription amount for each Application?	Yes, each Applicant must subscribe for a minimum of 1,000 Shares at the Application Price of \$2.50 per share (i.e. \$2,500).	Section 2.6
Is there a cooling off period?	No.	
How can I obtain further information?	<p>Contact Hearts and Minds Investments Limited's share registry Boardroom Pty Limited, on 1300 737 760 or +61 2 9290 9600 or email enquiries to heartsandminds@boardroomlimited.com.au if you have questions relating to the Offer.</p> <p>An electronic version of this Prospectus is available at www.heartsandmindsinvestments.com.au.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares.

Section 2

Details of the Offer

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

2.1. The Offer

SHARES

The Company is offering for subscription a minimum of 80,000,000 Shares and up to 200,000,000 Shares at an Application Price of \$2.50 per Share. If at least the minimum number of Shares are subscribed for, the Offer will raise between \$200,000,000 and \$500,000,000. The rights attaching to the Shares are set out in Section 11.3.

THE OFFER

The Offer is made up of the General Offer and the Broker Firm Offer (detailed in Section 2.2).

The Offer will only be made to investors who have a registered address in Australia or New Zealand.

Early lodgment of your Application is recommended as the Directors may close the Offer at any time after the expiry of the Exposure Period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act. The Directors reserve the right to terminate the Offer at any time.

2.2. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia and New Zealand.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

To participate in the Broker Firm Offer, your Application Form must be received by your Broker by 5:00pm (Sydney time) on the Broker Firm Offer Closing Date.

Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

2.3. General Offer

The General Offer is open to all Applicants with a registered address in Australia and New Zealand. Staff and Directors of the Company are able to participate in the General Offer. See Section 9.6 for details of the Directors' participation.

To participate in the Offer, your Application Form and Application Monies must be submitted to the Registry by 5:00pm (Sydney time) on the Closing Date.

2.4. Minimum Subscription

The minimum subscription amount payable by an individual Applicant under the Offer is \$2,500 (i.e. 1,000 Shares). In addition, there is an aggregate minimum subscription amount required of \$200,000,000 for the Offer to proceed.

2.5. Offer Not Underwritten

The Offer is not underwritten.

2.6. Applications under the General Offer

APPLICATION FORMS

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies the Prospectus.

Application Forms will be accepted at any time after the Opening Date and prior to 5:00p.m. (Sydney Time) on the Closing Date.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Applications under the Offer must be for a minimum of 1,000 Shares (i.e. \$2,500).

Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date. Applications must be accompanied by payment in Australian currency.

PAYMENT BY BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.heartsandmindsinvestments.com.au and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00 p.m. (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, the processing of payments by financial institutions.

PAYMENT BY CHEQUE OR BANK DRAFT

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "Hearts and Minds Investments Limited Offer" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

BY MAIL

Hearts and Minds Investments Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

HAND DELIVERED

Hearts and Minds Investments Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

2.7. Applications under the Broker Firm Offer

If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on the Broker Firm Closing Date. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares to Brokers will be determined by the Company. Shares that are allocated to Brokers for allocation to their Australian and New Zealand resident clients will be issued to the successful Applicants who have received a valid allocation of Shares from those Brokers.

The Brokers will determine how they allocate Shares amongst their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares.

The Company and the Registry take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (**DvP**) settlement is available for Applicants under the Broker Firm Offer. Please contact your broker or the Brokers to the Offer for further details.

Please contact your Broker if you have any questions.

2.8. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of lodgment of this Prospectus with ASIC. This period may be extended by ASIC by up to a further seven days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.9. Allocation policy

The basis of allocation of Shares within the General Offer and the Broker Firm Offer will be determined by the Company, Lead Arrangers and the Brokers to the Offer.

Certain Applicants nominated by the Company may be given preference in the allocation of Shares under the General Offer. The Directors currently expect that certain directors and employees of the Company will participate in the Offer.

The Company reserves the right in its absolute discretion not to issue any Shares to Applicants under the Offer and may reject any Application or allocate a lesser number of Shares than those applied for at its absolute discretion.

2.10. Application Monies

All Application Monies received by the Company will be held by the Company on trust in a separate account until the Shares are issued to successful Applicants. The Company will retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

2.11. Allotment

The Company will not allot Shares until the Minimum Subscription has been received and ASX has granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company. The Company is not currently seeking quotation of its Shares on any financial market other than the ASX. The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for issue under the Offer.

ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within three months after the date of this Prospectus, the Shares will not be issued and all Application Monies will be refunded (without interest) as soon as practicable.

It is expected that the issue of Shares under the Offer will take place by 15 November 2018.

An Application constitutes an Offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus. A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) within the time prescribed by the Corporations Act.

2.12. ASX and CHESS

The Company will apply within seven days of the date of this Prospectus for admission to the Official List of the ASX and for the Shares to be quoted.

The Company will apply to participate in the ASX's CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Shares quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.13. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

2.14. Lead Arrangers and Brokers to the Offer

Offers under this Prospectus will be made under an arrangement between the Company and Commonwealth Securities Limited, the holder of an AFSL (**Authorised Intermediary**) under section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted. No fees are payable by the Company with respect to the arrangement with the Authorised Intermediary.

The Lead Arrangers and the Brokers to the Offer have all agreed to waive payment of a management fee of 0.5% (including GST) of the total proceeds raised under the Offer. The Lead Arrangers and the Brokers to the Offer will be paid a selling fee of 1.5% (including GST) of Application Monies raised by the relevant Lead Arrangers or Brokers to the Offer provided that the General Offer and Broker Firm Application Forms bear a stamp from an AFSL Holder.

The Company has agreed with the Victor Chang Institute that:

- the Victor Chang Institute will pay the Offer Costs up to a maximum of \$7.85 million; and
- initially all of the Donation Amount will be paid to the Victor Chang Institute. This will continue until the Victor Chang Institute has received Donation Amounts from the Company which in total equal the Offer Costs.

The Victor Chang Institute will be paid interest of 3.5% per annum on the Offer Costs not repaid by the Donations Amounts as at 30 June and 31 December each year.

The Offer Costs are the costs payable with respect to the Offer and include amounts payable to the Joint Lead Arrangers, the Brokers to the Offer, certain advisor expenses and disbursements. Full details are contained in Section 7.7.

The Offer Costs are estimated to be:

- (a) \$3,375,959, assuming the Minimum Subscription; and
- (b) \$7,875,959, assuming the Maximum Subscription*.

The role that the Lead Arrangers, the Authorised Intermediary and the Brokers to the Offer's perform in respect of the Offer should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. None of the Lead Arrangers, Authorised Intermediary or Brokers to the Offer guarantee the success or performance of the Company or the returns (if any) to be received by investors.

None of the Lead Arrangers, Authorised Intermediary or Brokers to the Offer are responsible for, or have caused the issue of, this Prospectus.

*Note: this does not take into account the fact that the fees payable to the Lead Arrangers and Brokers to the Offer fees are not payable on the monies raised from the Cornerstone Family Investors. Accordingly, the maximum total Offer Costs are likely to be less than the amount stated.

2.15. Overseas investors

The Offer is an offer to Australian and New Zealand investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

UNITED STATES RESIDENTS

The Offer is not open to persons in the United States or U.S. Persons.

The Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

OVERSEAS OWNERSHIP AND RESALE REPRESENTATION

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.16. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants;
 - (iii) carry out appropriate administration; and
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis;
 - (ii) third parties if that disclosure is required by law; and
 - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by writing to the Company.

2.17. Tax implications of investing in the Company

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 11.6 and are based on current tax law and Australian Taxation Office (ATO) tax rulings as at the date of this Prospectus. The information in Section 11.6 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.18. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company or Brokers to the Offer may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

Section 3

About the Company and its Investment Strategy

3.1. Overview of Hearts and Minds Investments Limited and Investment Objective

The Company provides Shareholders with the opportunity to invest in a listed investment company with the following two objectives:

1. PROVIDE A CONCENTRATED PORTFOLIO OF THE HIGHEST CONVICTION IDEAS FROM LEADING FUND MANAGERS

The intention of the Company is to provide Shareholders with a compelling and attractive investment proposition by utilizing the highest conviction recommendations of a select group of Fund Managers in order to maximise shareholder returns over the long term (being five years or more).

2. SUPPORT LEADING AUSTRALIAN MEDICAL RESEARCH INSTITUTES

The Company seeks to provide financial funding to leading Australian medical research institutes in order to support the development of new medicine and drive a new generation of medical research in Australia. The Company will forego any investment fees and instead donate a Donation Amount which will be distributed to the Designated Charities.

The Company is a newly incorporated company which has not conducted any business to date. Upon completion of the Offer, the Company will be a listed investment company on ASX that will invest predominantly in Australian and international listed securities. The Investment Objective of the Company is not a forecast. The Company may not be successful in meeting its Investment Objective.

3.2. Investment Strategy

The Investment Committee, in conjunction with the CEO, will implement the Investment Strategy and manage the Portfolio in accordance with the Company's Investment Objectives, the Portfolio construction overview provided in Section 3.3 and the Investment Guidelines outlined in Section 3.4.

The Company's Investment Strategy is to create a concentrated portfolio of Long Positions (**Portfolio**) in approximately 25 Securities based on the highest conviction ideas from two groups:

- (a) **Conference Fund Managers:** 40% of the Portfolio will be held in approximately 10 Securities based on the annual recommendations of Fund Managers who present at the Conference.
- (b) **Core Fund Managers:** 60% of the Portfolio will be held in approximately 15 Securities based on the quarterly recommendations of five leading Fund Managers selected by the Company.

The Board's view is that the Investment Strategy offers Shareholders 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).

3.3. Portfolio Construction

The Portfolio will be constructed by the Investment Committee in accordance with the Investment Strategy, Investment Guidelines and parameters as agreed with the Company from time-to-time.

3.3.1. PORTFOLIO CONSTRUCTION FOR THE CONFERENCE FUND MANAGERS

40% of the Portfolio will be initially allocated to Securities recommended by the Conference Fund Managers.

The Conference Fund Managers will comprise approximately 10 Fund Managers who will present Recommendations at the Conference. The Company will allocate an equal weighting to each of the 10 Recommendations.

These Securities are expected to be held in the Portfolio for a period of 12 months. After this period, these Securities are expected to be removed in order to implement the Recommendations of the selected Fund Managers who present Recommendations at the following year's Conference.

The Conference Fund Managers will be announced ahead of the Conference in November 2018.

3.3.2. PORTFOLIO CONSTRUCTION FOR THE CORE FUND MANAGERS

60% of the Portfolio will be initially allocated equally to Securities recommended by five Core Fund Managers.

The Core Fund Managers have been selected by the Company after assessing each Fund Manager's skill and expertise, performance, investment style, and willingness to provide Recommendations without any investment fees. These Fund Managers are Caledonia, Cooper Investors, Magellan, PIM and Regal.

On a quarterly basis, each Core Fund Manager will provide the Company with a list of their top three Security holding recommendations and a weighting for each Security. The Recommendations will be provided within five business days of the end of each calendar quarter.

The Company will initially invest 12% of the Portfolio in each Core Fund Manager's three Recommendations (**Invested Securities**) based on each Security Weighting.

At the end of the quarter, the Core Fund Manager will provide the Company with an updated list of three Recommendations including updated weightings for each Security.

- Where there is no change in the Core Fund Manager's three recommended Securities, the current value of the Portfolio attributable to the Core Fund Manager's Invested Securities will be rebalanced to reflect the updated Security Weightings.
- Where there is a change in one or more of the Core Fund Manager's three recommended Securities, the Securities which are no longer recommended will be removed from the Portfolio and replaced by the new recommended Securities. The current value of the Portfolio attributable to the Core Fund Manager's Invested Securities will be rebalanced to include the new Securities and reflect the updated Security Weightings.

The Core Fund Managers have agreed to provide Recommendations to the Company for a period of at least three years. No fee is payable for these Recommendations. If either the Company or a Core Fund Manager wishes to materially change or end the Recommendation arrangement, the party will provide the other party with at least six months' prior notification. This period of time will allow the Company to identify and appoint a new Core Fund Manager and further allow for an orderly rebalancing of the Portfolio in relation to such change.

3.3.3. MANAGEMENT OF THE PORTFOLIO

The Company will initially seek to hold 40% of the Portfolio in 10 Securities across the Conference Fund Managers and 60% of the Portfolio in 15 Securities across the Core Fund Managers. Over time, the value of the Portfolio attributable to the Conference Fund Managers and the Core Fund Managers may exceed or be less than their initial allocations of 40% and 60% respectively.

The Company will seek to rebalance the Portfolio on an annual basis such that 40% of the Portfolio will be allocated to the Conference Fund Managers and 60% of the Portfolio will be allocated to the Core Fund Managers.

The Company may decide to deviate from the Investment Strategy in a number of circumstances. The Company will only make such a decision which is different from the Recommendation having first discussed the strategy with the Fund Manager that made the Recommendation. Any material changes to the Investment Strategy or the Investment Guidelines must be approved by the Board.

Some circumstances where the Company may deviate from the Investment Strategy include, but are not limited to:

Liquidity adjustment

A lower weighting may be applied to a recommended Security where in the opinion of the Company, there is insufficient liquidity in that Security to facilitate entry or exit from it in an efficient way and in a manner that will have little or no market impact. As a guide only, it is unlikely that the Portfolio will include a position in a Security that represents greater than two day's average turnover in that Security.

Size adjustment

A lower weighting may be applied to a recommended Security where that Security represents more than 8% of the Portfolio. As a guide, some circumstances where a Security's weighting in the Portfolio may increase include (a) when a Security has been recommended by more than one Fund Manager, or (b) when a Security's share price has increased relative to the share price of other Securities in the Portfolio.

Term adjustment

The Company may determine to hold a Security for longer or shorter than the annual period (for Recommendations from the Conference Fund Managers) or quarterly period (for Recommendations from the Core Fund Managers). This may occur in a number of circumstances including, but not limited to:

- realising an investment within the quarterly or annual period due to either strong performance or underperformance if, in the view of the Company, the original investment thesis of the Fund Manager has either largely played out or factors have changed sufficiently such that the original investment thesis no longer applies. In this circumstance, cash may be held up until the end of the annual period or quarterly period; and
- extending a holding period beyond the guided period if, in the view of the Company, the original investment thesis of the Fund Manager remains in place but it requires an additional holding period in which to be appropriately reflected in the Security price.

Environmental, social and governance adjustment

The Company recognises its duty to behave responsibly in its business activities and towards those whom its actions affect. The Company aims to maintain a high standard of business conduct, as well as a responsible approach to environmental, social and governance (ESG) issues. As such, the Company will maintain discretion to exclude a Recommendation from a Fund Manager which is not consistent with responsible investing. An example of an excluded Recommendation may involve, but is not limited to, a company directly involved in the primary manufacture of complete tobacco products or cluster munitions.

The pace of capital deployment will depend on market conditions and the liquidity of the Securities in the Portfolio. The Board expects to be fully invested within a relatively short period of time (expected to be within one to four weeks of listing on the ASX), however this may be dependent on market conditions. The Board expects to receive Recommendations (based on the recommendations by the Core Fund Managers to the Investment Committee) at the time of listing such that capital may be deployed prior to the Conference.

The Company will also retain the discretion to maintain a net cash buffer. The Portfolio may at times include a net cash buffer which the Investment Committee may deploy quickly in any period of market or stock specific volatility. In addition, cash and cash equivalents may be held when Securities are held for shorter than a quarterly period or annual period.

No geographic or industry limitations will apply to the Investment Strategy. This is because the fundamental thesis underpinning the Company's Portfolio construction approach is to invest in Securities recommended by the Fund Managers.

The Company will not seek to replicate or have regard to any index in the construction of the Portfolio.

3.4. Investment Guidelines

The key Investment Guidelines for the construction of the Portfolio are as follows:

Exposure	Investment Guidelines
Number of Securities	Approximately 25 Securities. The Company's Investment Strategy does not require there to be a minimum or a maximum number of Securities within the Portfolio at any given time.
Average Size of Security holding	Individual position sizes are expected to represent approximately 4% of the Portfolio's NTA. This may change for a number of reasons, including but not limited to: (a) Security price changes; or (b) where the same Recommendation is provided by more than one Conference Fund Manager or Core Fund Manager.
Number of Fund Managers	There will typically be 10 Conference Fund Managers and five Core Fund Managers.
Single Security holding limit	Single Security holding limitations will not apply to the Portfolio. However, the Company retains the discretion to apply a lower weighting to a recommended Security where the Security represents more than 8% of the Portfolio. Given there are expected to be 25 Securities in the Portfolio, it is expected that individual holdings will be approximately 4% of the Portfolio's NTA.
Industry/Sectors limits	Industry and sector limitations will not apply to the Company's Investment Strategy. The fundamental thesis underpinning the Portfolio construction approach is to invest in the Securities recommended by the Core Fund Managers and the Conference Fund Managers. Given the number of Securities expected in the Portfolio, diversification is expected across a broad range of sectors and industry groups.
Geographic exposure limits	Geographic limitations will not apply to the Company's Investment Strategy. Accordingly, the Portfolio may be diversified across multiple geographies. While the Portfolio will likely be global in nature, exposure may be more concentrated to Australia given a number of the selected Fund Managers are based in Australia.
Investment and management fees	The Company will forego any investment and management fees associated with implementing and managing the Investment Strategy. Instead, a Donation Amount will be paid by the Company to the Designated Charities every six months.
Net equity exposure limits	Limited to 100% of the Portfolio's NTA.
Gross exposure limits	Limited to 100% of the Portfolio's NTA.
Short Selling	The Company has no current plans to participate in short selling.

Exposure	Investment Guidelines
Derivatives	The Company has no current plans to use derivatives.
Leverage	The Company has no current plans to use leverage.
Foreign currency hedging	The Company has no current plan for active measures to be taken by the Investment Committee to manage or hedge foreign currency exposure. See Section 3.7.
Limits of cash and cash equivalents	Limited to 100% of the Portfolio's NTA.
Fixed income and debt securities	The Company does not intend to use fixed income or debt securities in the Portfolio.
Unlisted securities	The Company does not intend to invest in unlisted securities.

3.5. Investment Committee and the Board

The Board will:

- (a) monitor the implementation of the Investment Strategy and compliance with the Investment Guidelines and approve any changes to the Investment Strategy or Investment Guidelines;
- (b) guide and monitor the CEO with respect to management of the Portfolio;
- (c) select, and interact with, the Designated Charities in accordance with the Charity Guidelines and approve changes to the Charity Guidelines;
- (d) oversee good governance practice; and
- (e) review and monitor the Company's risk management systems and controls.

The Investment Committee's role is expected to be similar to the role of an external investment manager for an investment entity. The Investment Committee will:

- (a) make Portfolio decisions (consistent with the Investment Strategy and Investment Guidelines);
- (b) select and liaise with Fund Managers;
- (c) keep the Board regularly informed of any material investment decisions; and
- (d) recommend any proposed changes to the Investment Strategy or the Investment Guidelines.

The initial Investment Committee members will be Chris Cuffe, Lorraine Berends, Brett Paton, Michael Traill, Gary Weiss, Geoff Wilson and David Wright, all of whom have agreed to provide their services on a pro bono basis (see Section 9.10 for the details of their experience and qualifications).

Once substantially invested, the Investment Committee expects to meet quarterly to review the Portfolio and ensure that the Company continues to deliver on its stated Investment Objective and Investment Strategy.

Each member of the Investment Committee has confirmed that, notwithstanding his or her other commitments, they will be available to spend the required amount of time on the Company's affairs, including attending meetings of the Investment Committee.

The Investment Committee comprises members with broad investment experience that have ongoing roles in the investment community. The Investment Committee will adopt, if necessary, appropriate conflict management protocols to deal with any conflicts of issue that may arise from time to time.

3.6. Permitted investments

The Company will invest predominantly in listed securities. Other types of securities and financial products and instruments included in the Company's investable universe include, but are not limited to, cash and cash equivalent investments. This is not an exhaustive list of all the types of investments which may be undertaken by the Company at the discretion of the Board.

3.7. Currency management policy

Investing in Securities denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars, and the Portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination.

The Company will not seek to assess the potential returns and risks created by currency exposures and has no current plan to enter into currency hedging arrangements.

3.8. Dividend objective

The Company may consider paying a dividend provided the Board considers the payment to be consistent with the Company's Investment Objectives and within prudent business practices.

3.9. Capital management policy

The Board will regularly review the capital structure of the Company and, where the Board considers appropriate; undertake capital management initiatives which may involve:

- (a) the issue of other Shares (through bonus options issues, placement, pro rata issues, etc.); and
- (b) the buy-back of its Shares.

3.10. Valuation, location and custody of assets

The NTA will be calculated and released to the ASX weekly using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

The Portfolio's NTA will be calculated by an administrator that is independent of the Company. The Company has appointed Citco Fund Services (Australia) Pty. Ltd. as the fund administrator for this purpose.

The assets of the Company will be valued using market accepted practices to accurately and independently price all Securities and other assets within the Portfolio from time to time. The value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:

- (a) Securities – the market value of such Securities determined in accordance with Australian Accounting Standards (unless otherwise determined by the Company); and
- (b) cash (including income) – the amount of such cash (in Australian dollars).

The Board may request that the value of an investment be determined by a duly qualified valuer independent of the Company (**Approved Valuer**), having regard to the particular type or types of investment which are the subject of the valuation.

The Company has delegated custody of its Portfolio to Perpetual in accordance with the terms of the custody agreement (on normal commercial terms).

3.11. Risk management philosophy and approach

The Company will manage risk by monitoring the Portfolio to ensure that the Investment Guidelines (initially, these are the guidelines in Section 3.4) are implemented.

The Investment Committee, in conjunction with the CEO, will be responsible for managing the Portfolio. The Investment Committee considers investment risk to be the risk of permanent loss of capital. The Board's risk policies and controls are designed to be robust and relevant to the Investment Objectives and Investment Strategy.

The Board is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved. The Board will monitor the Portfolio to ensure compliance with the Investment Strategy and the Investment Guidelines.

3.12. Changes to Investment Strategy

The Investment Strategy and Investment Guidelines outlined in this Section are expected to be implemented upon listing of the Company on the ASX.

While no material changes to the Investment Strategy are presently contemplated, if there are changes, these changes would be approved by the Board. The Company will notify Shareholders via its website and ASX of any material changes to the Investment Strategy.

3.13. Status as a Listed Investment Company

The major requirements the Company must meet to be a listed investment company (LIC) are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in subsection 115-290(4) of the *Income Tax Assessment Act 1997* (Cth).

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of the entity in which it holds the permitted investment), financial instruments, Derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

3.14. Reports to Shareholders

Each week, the Company will release to the ASX a statement of the NTA backing of its Shares. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to Shareholders on request, free of charge, a copy of statements released to the ASX of the net tangible asset backing of Shares from time to time.

The Company may also, from time to time, release to the ASX (and place on its website) reports to keep Shareholders informed about the current activities of the Company and the performance of the Portfolio.

Section 4

Fund Manager Biographies

Each of the Core Fund Managers have provided the following additional background information about themselves. The Company expects to provide further information about the Conference Fund Managers once selected ahead of the Conference.

Further information about the Fund Managers can be found at the websites provided.



CALEDONIA

4.1. CALEDONIA

Caledonia is a global investment management firm with offices in Sydney and New York. With over 25 years' investment experience, Caledonia's goal is to achieve high absolute returns for their clients over a long-term time horizon. The firm manages a long short equity strategy with a focus on deep fundamental research and high conviction long-term investing.

www.caledonia.com.au



4.2. COOPER INVESTORS

Cooper Investors Pty Limited (**Cooper Investors**) is a specialist equities fund manager with funds under management of approximately A\$14 billion. Cooper Investors commenced operations in 2001 and manages money for a range of clients, including large pension and superannuation funds, religious institutions, Australian State Government agencies, school endowments, charities, high net worth families and retail clients. Cooper Investors is 100% owned by its employees.

Cooper Investors seeks to invest in quality companies with a strong value proposition.

www.cooperinvestors.com



4.3. MAGELLAN ASSET MANAGEMENT

Magellan Asset Management Limited (**Magellan**) is an Australian-based asset manager that is a wholly-owned subsidiary of Magellan Financial Group Limited, an ASX top-100 company that was formed by Hamish Douglass and Chris Mackay in Sydney in 2006. Magellan manages approximately A\$75 billion of funds under management as at 31 August 2018 across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors and employs over 120 staff globally.

www.magellangroup.com.au



4.4. PARADICE INVESTMENT MANAGEMENT

Paradice Investment Management Pty Ltd (**PIM**) is a privately owned Australian boutique funds management business established in 1999. The business is solely focused on providing asset management for institutional and wholesale clients. PIM has approximately AUD 17 billion in assets under management with offices in Sydney, Denver and San Francisco. The Paradice Australian Small Cap fund was PIM's initial product offering in 2000 and the business has subsequently expanded its investment range with four additional strategies, the Australian Mid Cap Fund launched in 2006, the Australian Large Cap Fund launched in 2007, the Global Small Mid Cap Fund launched in 2010 and most recently the Emerging Market Equities strategy, launched in 2018.

PIM are long-term, bottom-up investors with the belief that the equity markets are inefficient enough to provide excellent investment opportunities. PIM favour well-managed good value companies that have significant opportunities for growth. The investment process is focused on identifying securities that exhibit four key characteristics – undervaluation, business quality, strong financial metrics and shareholder friendly management teams. While undervaluation is the lynchpin of PIM's process, investment candidates must also exhibit unique business quality with solid financial strength and management teams that know how to grow business value and search out companies that exhibit limited amounts of financial and operating leverage.

PIM has an uncompromising objective of delivering solid investment performance over the medium to long term. The business has built a reputation of carefully managing assets under management to ensure that its ability to generate superior results for clients is not jeopardised. PIM has a culture of employing exceptional investment professionals with proven track records of producing strong returns over time. With extensive in-house research and a disciplined approach to portfolio construction PIM has been able to deliver strong investment outcomes for clients over a long period of time.

www.paradice.com



4.5. REGAL FUNDS MANAGEMENT

Regal Funds Management Pty Limited (**Regal**) is an alternative specialist investment manager based in Sydney and Singapore. Regal was founded in early 2004 and is one of Australia's leading investment managers servicing a wide range of institutional investors and high net worth individuals.

Regal's fundamental long/short strategies utilise research driven, bottom-up stock selection focused on Australia and the broader Asian region. Regal's investment process begins with an investment universe of over 500 companies in Australia and over 5,000 companies in Asia.

Detailed research is conducted drawing upon many sources including company visits, broker contact, industry research and financial models. Investment ideas are a product of forward-looking thorough research utilising previous experience combined with a bias towards opportunities where change is occurring.

Regal chooses individual stocks via a 4-step process that addresses valuation, macro factors, catalysts and seeks to identify where the market is making a mistake.

By following this process, Regal has a track record of delivering strong returns across its key strategies over a long time period.

www.regalfm.com

4.6. Historical Performance of the Core Fund Managers

The Company has considered the historical performance of the Core Fund Managers in selecting each of them to provide Recommendations.

The Company believes that, whilst the historical performance of the Core Fund Managers is relevant to selecting them to provide the Recommendations, the nature of the Recommendations (being simply a “best picks” rather than the use of a particular investment strategy that the Core Fund Managers may apply to their various other funds and investments), means the historical performance of those Core Fund Managers and their funds/investments is not directly relevant to the Company. Accordingly, the Board has determined it is not appropriate to refer to such historical performance history in this Prospectus.

Section 5

The Company's Charitable Goal

5.1. The Company's Charitable Purpose

Whilst the primary intention of the Company is to provide Shareholders with an attractive investment alternative, the Company has an important additional objective of donating a Donation Amount to the Designated Charities every six months.

The Company's charitable purpose, together with its Shareholders, the Fund Managers and key Service Providers, is to provide financial support to the Designated Charities with a particular focus on supporting leading Australian medical research organisations.

Investment in medical research provides a direct avenue to curing many diseases. A number of key reasons to support medical research include, but are not limited to:

- **Development of new medicine:** Many Australians have benefited from the discoveries and results of Australian medical research. This includes the development of new drugs, vaccines, or procedures to prevent or treat diseases.
- **Supporting Australia's place as a world-leader in Medical Research:** Australian scientists are responsible for some of the world's most important medical discoveries. Australia is ranked 11th in the world for the number of scientific publications produced.
- **Return on investment:** Medical research has historically provided instances of strong returns on investment. Investment in Australian medical research between 1993 and 2005 is estimated to have returned a net benefit of \$29.5 billion to Australia, with every dollar invested in medical research estimated to return on average \$2.17 in health benefits.
- **Support a new generation of Australian researchers:** Investment in medical research can encourage people to pursue careers in science in order to help overcome the clinical problems that exist today, and those yet to come.

The Company will forego any investment fees that are often payable in relation to listed investment companies. Instead the Company will apply a Donation Amount to the Designated Charities every six months, as outlined in Section 5.3. These payments will begin after the Victor Chang Institute has been paid an amount equal to the Offer Costs (and interest) (see Section 10.2).

In addition to the Donation Amount, the Company, Fund Managers and a number of the key Service Providers will forego fees they would normally charge in relation to services provided to the Company (**Foregone Fees**). The aggregate amount of the Foregone Fees will also enhance the value of the Company's NTA, with the benefit shared between the Designated Charities and the Shareholders. The Company considers that it is important for both Shareholders and the Designated Charities to share the benefit arising from the Foregone Fees. By sharing these benefits, the investment proposition for a Shareholder is even more attractive.

Notwithstanding the Company's charitable objective, the Company itself does not have DGR status nor is it otherwise classified as a charity. For taxation purposes both the Company and investments in Shares will receive similar tax treatment as other LICs.

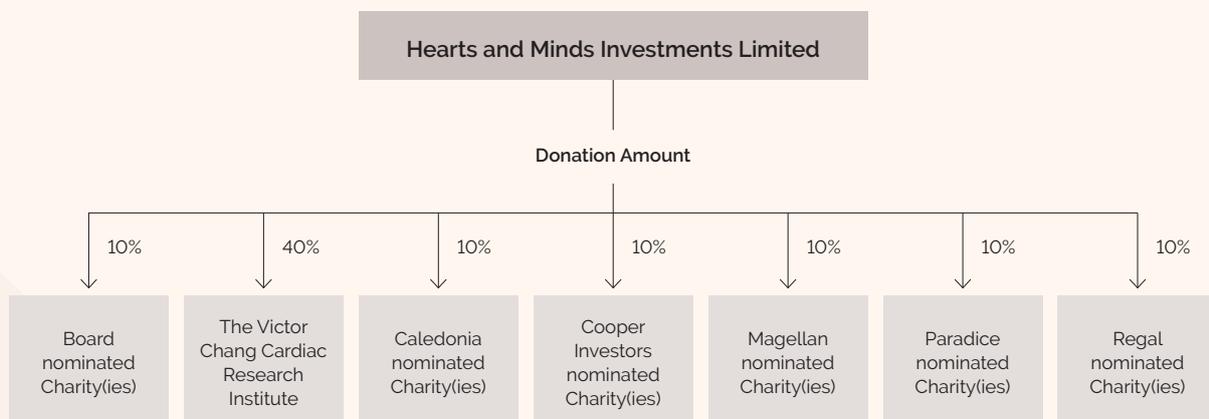
5.2. The Donation Framework

The current intention of the Company is to apply the Donation Amount in the following manner:

- 50% of the Donation Amount to be allocated in equal proportions to the Medical Research organisations as nominated by each of the Core Fund Managers as a Designated Charity on a 12 month basis;
- 40% of the Donation Amount to be allocated to the Conference founding medical research organisation, The Victor Chang Institute; and
- 10% of the Donation Amount to be allocated to an eligible Designated Charity(ies), at the discretion of the Board on a 12 month basis, (together, the **Designated Charities**).

The Donation Amount will be paid by the Company to the Designated Charities once the Offer Costs have been fully recouped by the Victor Chang Institute.

FIGURE 1. DONATION FRAMEWORK



The Donation Amount will be determined and announced to the market after the end of each half-year and financial year.

Each of the Core Fund Managers and the Board will nominate their respective Designated Charity(ies) on an annual basis and the Company will provide details of each of these on an annual basis.

For the First Year, the Designated Charities nominated by the Core Fund Managers and the Board are as follows:

- **Caledonia:** The Charlie Teo Foundation and Florey Institute of Neuroscience and Mental Health;
- **Cooper Investors:** Orygen, The Brain and Mind Centre, Sydney University and the Centre of Human Psychopharmacology, Swinburne University;
- **Magellan:** Victor Chang Institute;
- **PIM:** Black Dog Institute;
- **Regal:** Royal Prince Alfred Hospital, research; and
- **Board:** Multiple Sclerosis Research Australia Limited and the Children's Hospital at Westmead – Pediatric Intensive Care Unit, Research.

5.3. Amounts to Designated Charities

The Company's current intention is to donate a percentage of the Company's NTA to Designated Charities every six months (**Donation Amount**). The Donation Amount will be determined and announced to the market after the end of each half-year and financial year.

The Donation Amount for each six months will be equal to 1.5% (plus GST) per annum of the average monthly NTA for the previous half-year.

The Donation Amount accrues monthly and regardless of the performance of the Company, and may vary month-to-month in proportion to the NTA value. The accrual of the Donation Amount each month decreases the NTA value.

Donation Amounts up to the value of the Offer Costs will be fully recouped by the Victor Chang Institute before any Donation Amount is paid to the Designated Charities.

5.4. Designated Charity eligibility

To be eligible as a Designated Charity, a charity must be an Australian charity with DGR status.

In considering whether a charity should become a Designated Charity, the Company will also take into account the following guidelines with respect to each potential Designated Charity (**Charity Guidelines**):

The charity should be able to demonstrate:

- strong governance and support structures;
- research functions that are expected to produce demonstrable outcomes over time;
- a direct relationship between the funding provided by the Company and medical research outcomes achieved; and
- an efficient operational expense structure.

The Charity Guidelines are not binding on the Company. The Company reserves the right to change the Charity Guidelines and also expects that the Charity Guidelines will continue to evolve. The Company will keep Shareholders informed of any changes to the Charity Guidelines.

The Core Fund Managers' nominated research beneficiaries will also be subject to the above eligibility criteria and Charity Guidelines in order to become a Designated Charity.

5.5. Designated Charity Commitment

The Company is committed to raising funds to support medical research by providing funding to the Designated Charities. The Company may change the list of Designated Charities at any time. The list of Designated Charities will be reviewed annually by the Company.

5.6. Initial List of Designated Charities

For the First Year, the Designated Charities nominated by the Core Fund Managers and the Board are as follows:

1. The Victor Chang Cardiac Research Institute;
2. Black Dog Institute;
3. The Brain and Mind Centre, Sydney University;
4. The Charlie Teo Foundation;
5. The Children's Hospital at Westmead - Pediatric Intensive Care Unit, Research
6. Florey Institute of Neuroscience and Mental Health;
7. Centre of Human Psychopharmacology, Swinburne University;
8. Multiple Sclerosis Research Australia Limited;
9. Orygen; and
10. Royal Prince Alfred Hospital, research.

Each of the above listed Designated Charities has provided the background information set out in Section 5.7. Further details can be found at their respective websites (also detailed below).

5.7. Charity biographies



5.7.1. VICTOR CHANG CARDIAC RESEARCH INSTITUTE

The Victor Chang Cardiac Research Institute (**Victor Chang Institute**) is recognised as one of the world's premier research institutes for cardiovascular disease which kills more people than any other disease in the world.

Internationally recognised for the quality of its discoveries, the Victor Chang Institute has pioneered the use of novel transplantation techniques, advanced stem cell research, bioengineering, structural biology, complex molecular and genetic analyses to diagnose, treat and ultimately prevent cardiovascular disease.

www.victorchang.edu.au



5.7.2. BLACK DOG INSTITUTE

As a medical research institute and not-for-profit the Black Dog Institute aims to improve the lives of people affected by mental illness. Their vision is of a mentally healthier world. In Australia each year, 1 in 5 people experience a mental health problem and around 3,000 people die by suicide. The Black Dog Institute are pioneers in the diagnosis, early intervention, prevention and treatment of mental illnesses such as depression, anxiety, bipolar disorder and at the forefront of suicide prevention research and programs. They place research at the heart of everything they do, developing evidence-based education programs, clinical treatments and online mental health interventions for the community.

www.blackdoginstitute.org.au



5.7.3. BRAIN AND MIND CENTRE, SYDNEY UNIVERSITY

Brain and Mind Centre is transforming brain and mind health with world-leading research. Brain and Mind Centre teams partner across borders and disciplines in pursuit of a common goal: the development of better treatments for conditions of the brain and mind, improving health outcomes now and for future generations.

Disorders of the brain and mind are among the greatest health challenges faced in the 21st century. These diseases are devastating for those affected, their families and society, and threaten the social and economic participation of people of all ages across the world.

Brain and Mind Centre takes a patient-centred approach to understanding and treating conditions of the brain and mind. It brings people together, integrating its clinical practice and research to pioneer new systems of care.

<https://sydney.edu.au/brain-mind/>



5.7.4. THE CHARLIE TEO FOUNDATION

The Charlie Teo Foundation funds innovative brain cancer research to develop better treatments that aim to extend life and eventually find a cure.

Brain cancer kills more children in Australia than any other disease, yet the survival rate has increased just 1% over the past 30 years. This is compared with advancements made in other cancers, with survival rates increasing 20% or more.

The Charlie Teo Foundation was founded by Charlie Teo in 2017. Charlie Teo is a neurosurgeon in demand across many continents for his willingness to offer surgery to those who have been given no hope. In 2011 he was appointed a Member of the Order of Australia for his pioneering efforts in the development of minimally invasive techniques in neurosurgery.

<https://charlieteofoundation.org.au/>



5.7.5. THE CHILDREN'S HOSPITAL AT WESTMEAD – PEDIATRIC INTENSIVE CARE UNIT, RESEARCH

The Children's Hospital at Westmead treats over 81,000 children a year from across NSW, Australia and the Pacific Rim. With over 57,000 Emergency Department presentations and 859,000 outpatient visits, the Children's Hospital at Westmead is the place that cares for the sickest kids. Supported by the Sydney Children's Hospitals Foundation the Children's Hospital at Westmead relies significantly on philanthropic support to fund research across the hospital. Through Lab-based discovery science and biomedical research the Children's Hospital at Westmead translates research results into clinical practice.

Caring for the youngest patients the Paediatric Intensive Care Unit (PICU) is a 21-bed unit providing supportive care to 1400 infants, children and adolescents each year. Patients come to PICU with the entire spectrum of critical care problems. Patients may be admitted following surgery including cardiac surgery, neurosurgery, liver or renal transplant or with a range of other conditions such as respiratory illness, trauma, burns or other severe medical conditions as well as an outreach service.

Research within PICU is focused on ensuring the very best chance of survival of the youngest patients after major surgery as well as minimising the long term health effects that can result from such intrusive procedures.

<https://www.schn.health.nsw.gov.au/>



5.7.6. THE FLOREY INSTITUTE OF NEUROSCIENCE AND MENTAL HEALTH

The Florey Institute of Neuroscience and Mental Health (**Florey Institute**) is one of the largest and highly respected brain research centres in the world.

The Florey Institute works on a range of serious diseases including stroke, epilepsy, Alzheimer's, Parkinson's and motor neurone diseases, depression and addiction (amongst others). The Florey Institute is a world leader in imaging technology, stroke rehabilitation and large population studies to improve patient care around the world.

The Florey Institute is committed to finding causes, treatments and cures for conditions affecting the brain and mind and are seeking ways to help people live without suffering and to improve health on a global scale.

<https://www.florey.edu.au/>



5.7.7. THE CENTRE OF HUMAN PSYCHOPHARMACOLOGY, SWINBURNE UNIVERSITY

The Centre for Human Psychopharmacology (**CHP**) is one of the leading international research centres studying the effects of a wide range of pharmacologically active pharmaceuticals, nutrients and illicit drugs on important cognitive, mood and biological processes.

CHP houses more than a dozen full-time academic researchers in the area of human psychopharmacology who are assisted by specialized clinical trial staff (e.g. nurses, GP, Clinical Trials Coordinators). CHP operates clinical trial facilities in custom built human facilities. These include blood taking facilities, biological processing (for instance, markers of inflammation and oxidative stress, gut biome, and other biomarkers relevant to neurocognitive processes).

The key areas of research include novel pharmacological compounds for neurocognition; plant-based medicines for Major Depression and Generalized Anxiety Disorder; the effects of illicit medicines on cognition; the relationship between the microbiome and cognition, mood and brain function and Developing Emotional Intelligence in Schools.

<http://www.swinburne.edu.au/research/human-psychopharmacology/>



5.7.8. MULTIPLE SCLEROSIS RESEARCH AUSTRALIA LIMITED

Multiple Sclerosis Research Australia Limited (**MS Research Australia**) is the largest Australian not-for-profit organisation dedicated to funding, coordinating, educating and advocating for multiple sclerosis (**MS**) research as part of the worldwide effort to solve MS. The primary mission is to accelerate research towards the prevention, better treatments and, ultimately, a cure for MS.

MS is the most common acquired chronic neurological disease affecting young adults, often diagnosed at around 30 years of age and, in Australia, affects 3 times more women than men. As yet, there is no cure. There is no known single cause of MS, but many genetic and environmental factors have been shown to contribute to its development.

In MS, the body's own immune system mistakenly attacks and damages the fatty material, called myelin, around the nerves. Myelin is important for protecting and insulating nerves so that the electrical messages that the brain sends to the rest of the body, travel quickly and efficiently. This means that the brain cannot talk to other parts of the body, resulting in a range of symptoms that can include a loss of motor function (e.g. walking and hand and arm function, loss of sensation, pain, vision changes and changes to thinking and memory).

The incidence of MS in Australia is on the rise and the economic costs associated with the disease are spiralling. Many experts believe that drastically increasing research funding to MS could mean the disease could become manageable within a 15 year time frame.

<https://msra.org.au/>



5.7.9. ORYGEN

Orygen is the global leader in early intervention for youth mental health, improving outcomes for young people and families through research, clinical services, training and policy. Orygen pioneered Australia's early psychosis programs and designed and rolled out Australia's headspace centres. There are now over 110 headspace centres throughout Australia and replicated in over 10 countries around the world. Orygen's innovative work in youth mental health led to Professor Pat McGorry receiving the 2010 Australian of the Year award. Orygen has over 500 staff, with the main campus in Parkville, Melbourne.

Youth Mental Health

Mental health is the biggest issue for Australia's youth. Suicide is the biggest killer of people under 44 and people with mental illness are the largest group on Australia's Disability Support Pension. Mental illness is a young person's disease with 75% diagnosable by the age of 25. Over one million young Australians suffer from mental illness annually. This has an overwhelming impact on the ability of a young person to finish school, secure a job and form healthy relationships going into adulthood. Orygen's early intervention work targets young people aged 12 to 25.

<https://www.orygen.org.au/>



5.7.10. ROYAL PRINCE ALFRED HOSPITAL, RESEARCH

Royal Prince Alfred Hospital (**RPA**), in Sydney Local Health District, is one of Australia's premier tertiary referral hospitals and is recognised as a worldwide leader in healthcare excellence and innovation. RPA is a centre of excellence for medical research, known internationally for pioneering highly complex interventions and novel treatments and as a training ground for the next generation of clinicians.

The team of experienced clinicians in the RPA Emergency Department cares for patients and their families 24 hours a day, every day of the year. Supporting RPA research will help them drive advancements in translational research improving trauma, emergency and critical care. Moneys donated to RPA will be preferentially directed to supporting research in emergency medicine, critical care and related fields.

<https://www.slhd.nsw.gov.au/rpa/research.html>

Section 6

Risk Factors

6.1. Introduction

Intending investors should be aware that subscribing for Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of the Company. These factors include Australian and worldwide economic and political stability, natural disasters, performance of global stock markets, interest rates, foreign exchange, taxation, labour relations environments internationally and others.

Some of the events and circumstances described below may negatively impact the Company's investment performance and NTA backing per Share, which may in turn cause the market price of the Company's Shares to fall and may result in the loss of the principal you invested and you may not be paid dividends in the future. The market price of the Shares may also be directly affected by some of the events and circumstances described below.

While the Company has put in place various corporate governance, compliance and risk management systems (see Section 3.11 for details) to mitigate risks, the Company cannot guarantee that these safeguards and systems will be effective. Some risks are outside the control of the Company, the Directors and employees, and cannot be mitigated.

Before making a decision on whether to apply for any Shares under the Offer, you are urged to carefully consider the risks described in this Section 6, which is not an exhaustive list of all the possible risks associated with investing in the Company, as well as any other risk factors that you may consider relevant to such investments. Your financial adviser can assist you in determining the risks of investing in the Company and whether it is suited to your needs and circumstances.

6.2. Key investment strategy risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some of them as being particularly relevant to its Investment Strategy, namely:

FUND MANAGER RISK

The success and profitability of the Company will largely depend on each Fund Manager's continued ability to provide recommendations which generate a return for the Company. Should the Fund Managers become unable to provide recommendations for the Company or should there be significant key personnel changes at a Fund Manager, the Company's investment activities may be disrupted and its performance negatively impacted.

FUND MANAGER SELECTION RISK

The success and profitability of the Company will largely depend on the ability of the Company to select Fund Managers who provide recommendations that deliver attractive returns to the Company. There can be no guarantee this will occur.

INVESTMENT STRATEGY RISK

The success and profitability of the Company will largely depend upon the ability to invest in a portfolio which generates a return for the Company. The past performance of Fund Managers, including listed securities which have been nominated by some of the Fund Managers who have presented at previous Conferences, is not a guide to future performance of the Company. There are risks inherent in the Investment Strategy of the Company.

STOCK SELECTION RISK

The success and profitability of the Company will largely depend on the ability of the Fund Managers to identify investment opportunities that deliver attractive returns to the Company. There can be no guarantee this will occur.

6.3. Significant risks of investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

FOREIGN ISSUER AND MARKET RISK

The Company's investment objectives and Investment Strategy are focused on Australian and international listed securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.

CURRENCY RISK

Investing in Securities denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the Portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The Company has no current plan for active measures to be taken by the Investment Committee to manage or hedge foreign currency exposure.

MARKET RISK

The Portfolio will be exposed to market risk. The market risk of Securities in the Company's Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company will be listed on the ASX, the Shares will be exposed to market risks. As a result, the Shares may trade at a price which is at a discount or a premium to their NTA backing.

EQUITY RISK

There is a risk that the Securities will fall in value over short or extended periods of time. Historically, equities have outperformed other traditional asset classes over the long term. Equity markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders are exposed to this risk both through their holdings in Shares in the Company as well as through the Securities in the Portfolio.

INTEREST RATE RISK

Interest rate movements may adversely affect the value of the Company through their effect on the price of a Security.

DEFAULT RISK

Investment in Securities and financial instruments generally involves third parties as custodial and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.

The Company will use the services of a custodian and outsource key operational functions including custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company.

LIQUIDITY RISK

The Company's Shares are exposed to liquidity risk. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.

PORTFOLIO TURNOVER RISK

There is no limitation on the length of time Securities must be held, directly or indirectly, by the Company prior to being sold. Portfolio turnover rate will not be a limiting factor.

COUNTERPARTY RISK

The risk of loss resulting from the insolvency or bankruptcy of a counterparty used by the Company to execute trades.

REGULATORY RISK

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

CONCENTRATION RISK

The Company's typical Portfolio is expected to hold 25 Securities, which represents a high level of investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

COMPANY RISK

The Company is a new entity with no operating history and no proven track record. There are very few examples of listed entities whose purpose includes charitable donations and there may be unforeseen costs, compliance issues and logistics associated with that purpose.

6.4. Risks associated with investment in Shares

The prices at which Shares will trade on the ASX are subject to a number of risks, including:

MARKET RISK

The Portfolio will be exposed to market risk. The market value of assets in the Company's Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company will be listed on the ASX, the Shares will be exposed to market risks. As a result, the Share price may trade at a discount or a premium to the Portfolio's NTA.

ECONOMIC RISK

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to the legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Portfolio or appreciation of the Company's Share price.

LIQUIDITY RISK

The Company will be a listed entity; therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

DISCOUNT TO NTA

The Company will be listed on the ASX and may not trade in line with the underlying value of the Portfolio. The price at which Shares trade may be at a discount or a premium to their NTA backing.

6.5. Other risk factors

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the application for Shares from the Company, the receipt of dividends (both franked and unfranked), participation in any dividend reinvestment plan of the Company, participation in any on market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

6.6. Time frame for investment

Investors are strongly advised to regard any investment in the Company as a long term proposition of more than five years and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider that an investment in the Company is speculative and consult your professional adviser before deciding whether to apply for the Shares.

Section 7

Financial Information

7.1. Proceeds of the Issue

The Board intends to use the funds raised from the Offer for investment consistent with the Investment Strategy and Investment Guidelines set out in Section 3.

7.2. Performance of long only investment ideas from past Conferences

This Section 7 contains details in relation to the historic performance of the long recommendations made by Fund Managers at the 2016 and 2017 Conferences.

The tables detailed in this Section are not forecasts and do not represent the future or past performance of the Company or its Investment Strategy and processes. Past performance is not indicative of future performance and the performance of the Company or the Securities recommended by Conference Fund Managers could be significantly different to the performance of the Securities presented by the Conference Fund Managers at the Conference in the past.

References in this Section to the historic performance of the long recommendations made by Fund Managers at the 2016 and 2017 Conferences are for illustrative purposes only and should not be relied on as an indication of the performance of Securities recommended by Conference Fund Managers in the future.

PERFORMANCE OF THE LONG ONLY INVESTMENT IDEAS FROM PAST CONFERENCES

The returns from the long recommendations made by Fund Managers at the 2016 and 2017 Conferences are outlined in the following tables.

It is important to note that the details below relate to the performance of recommendations from past Conferences only. There is no guarantee that one or more of the investment ideas from the future Conferences will provide equivalent returns and there are risks that the relevant ideas may lead to the Company suffering loss of capital. See the risks in Section 6.2 and 6.3 and in particular note that:

- the Fund Managers at future Conferences are likely to differ from the Fund Managers that presented at the 2016 and 2017 Conferences;
- the recommendations of Fund Managers at future Conferences may perform materially differently from those made at the 2016 and 2017 Conferences; and
- the actual returns the Company may have achieved from investing in the recommendations from the 2016 and 2017 Conferences are unlikely to equal the simple averages shown below due to investment strategy differences, timing differences, transaction and friction costs, different Portfolio weightings due to liquidity restrictions and other factors highlighted in Section 6.

Company	Price return ¹
2017	
Appen Limited	148%
GrubHub Inc.	126% ²
InterActiveCorp	77% ²
Biohaven Pharmaceutical Holding Company Limited	45% ²
Reliance Worldwide Corporation Limited	40%
Macquarie Group Limited	27%
CME Group Inc.	27% ²
NEXTDC Limited	13%
TE Connectivity Limited	(3%) ²
Virgin Australia Holdings Limited	(4%)
Speedcast International Limited	(10%)
NZME Limited	(20%) ²
Oventus Medical Limited	(48%)

1 Assuming the security was purchased at the closing price on 16 November 2017 (being the date of the 2017 Conference) and sold at the closing price on 14 September 2018 (the date 10 months following the 2017 Conference) (in local currency). Price returns excludes dividends and are adjusted for any corporate action events which affected the total number of shares outstanding during the period.

2 Returns calculated using foreign currency.

Company	Price return ¹
2016	
58.com	106% ²
Wynn Macau	88% ²
Brinks	84% ²
Apple	62% ²
BIM Birlesik Magazalar	54% ²
Amaya (Re-named The Stars Group)	50% ²
Fairfax Media	39%
Transurban	30%
Cross Harbour Holdings	18% ²
Mesoblast	13%
Chorus	9%
Consolidated Operations Group (Formerly Armidale Investment)	(10%)

1 Assuming the security was purchased at the closing price on 10 November 2016 (being the date of the 2016 Conference) and sold at the closing price on 10 November 2017 (the date 12 months following the 2016 Conference) (in local currency). Price returns excludes dividends and are adjusted for any corporate action events which affected the total number of shares outstanding during the period.

2 Returns calculated using foreign currency.

HISTORICAL PERFORMANCE OF THE CORE FUND MANAGERS

The Company has considered the historical performance of the Core Fund Managers in selecting each of them to provide Recommendations.

The Company believes that, whilst the historical performance of the Core Fund Managers is relevant to selecting them as Core Fund Managers to provide the Recommendations, the nature of the Recommendations (being simply "best picks" rather than the use of a particular investment strategy that the Core Fund Managers may apply to their various other funds and investments), means the historical performance of those Core Fund Managers and their funds/investments is not directly relevant to the Company. Accordingly, the Board has determined it is not appropriate to refer to such historical performance history in this Prospectus.

7.3. Unaudited pro forma statements of financial position

The unaudited pro forma statements of financial position set out below represent the unaudited pro forma statements of financial position of the Company adjusted for completion of the Offer. It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor the actual position that will exist at the conclusion of the Offer.

The unaudited pro forma statements of financial position have been prepared in accordance with the accounting policies set out in Section 7.8 below.

HEARTS AND MINDS INVESTMENTS LIMITED

Unaudited pro forma statements of financial position Assumes completion of the Offer

The unaudited pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

	Minimum Subscription \$200 million (\$'000)	Subscription \$350 million (\$'000)	Maximum Subscription \$500 million (\$'000)
Assets			
Cash	200,000	350,000	500,000
Total Assets	200,000	350,000	500,000
Total Liabilities	-	-	-
Net Assets	200,000	350,000	500,000
Equity			
Contributed Equity	200,000	350,000	500,000
Total Equity	200,000	350,000	500,000
NAV Backing Per Share³ (\$)	2.50	2.50	2.50

3. NAV is calculated as the Company's net assets position in the unaudited pro forma statement of financial position divided by the Shares on issue in Section 7.4 for the corresponding indicated subscription amounts.

7.4. Capital structure

The anticipated capital structure of the Company on completion of the issue is set out below:

	Minimum Subscription \$200 million	Subscription \$350 million	Maximum Subscription \$500 million
Shares on Issue	80,000,001	140,000,001	200,000,001

7.5. Cash

A reconciliation of the unaudited pro forma statements of financial position for cash is as below:

	Minimum Subscription \$200 million (\$)	Subscription \$350 million (\$)	Maximum Subscription \$500 million (\$)
Initial Subscriber Share	1	1	1
Proceeds of Offer	200,000,000	350,000,000	500,000,000
Estimated net cash position	200,000,001	350,000,001	500,000,001

7.6. Assumptions

These unaudited pro forma statements of financial position and the information in Sections 7.3 to 7.5 have been prepared on the basis of the following assumptions:

- application of the proposed accounting policies and notes to the accounts set out in Section 7.8;
- in the unaudited pro forma statement of financial position entitled "Minimum Subscription \$200,000,000", the reference is to issuing 80,000,000 Shares to Applicants under this Prospectus;
- in the unaudited pro forma statement of financial position entitled "Subscription \$350,000,000", the reference is to issuing 140,000,000 Shares to Applicants under this Prospectus;
- in the unaudited pro forma statement of financial position entitled "Maximum Subscription \$500,000,000", the reference is to issuing 200,000,000 Shares to Applicants under this Prospectus; and
- expenses of the Offer are to be paid by the Victor Chang Institute.

7.7. Expenses of the Offer

The costs and expenses of the Offer will include broker, legal, printing and marketing fees. These expenses have been estimated at \$3,375,959 assuming the Minimum Subscription is achieved and \$7,875,959 assuming the Maximum Subscription is achieved. A breakdown of these expenses (including GST), assuming the Minimum Subscription of Applications for \$200 million, Subscription of Applications for \$350 million and Maximum Subscription of Applications for \$500 million is provided below:

	Minimum Subscription \$200 million (\$)	Subscription \$350 million (\$)	Maximum Subscription \$500 million (\$)*
Lead Arrangers and Brokers to the Offer fees	3,000,000	5,250,000	7,500,000
Legal fees	104,500	104,500	104,500
ASX fees	-	-	-
ASIC lodgment fees	3,206	3,206	3,206
Other expenses	268,253	268,253	268,253
Total estimated expenses of the Offer	3,375,959	5,625,959	7,875,959

*Note: this does not take into account the fact that the fees payable to the Lead Arrangers and Brokers to the Offer fees are not payable on the monies raised from the Cornerstone Family Investors. Accordingly the maximum total expenses of the Offer are likely to be less than the amount stated.

The Company has agreed with the Victor Chang Institute that:

- Victor Chang Institute will pay the Offer Costs up to a maximum of \$7.85 million; and
- initially each of the Donation Amount will be paid to the Victor Chang Institute until the Victor Chang Institute has received Donations Amounts from the Company which in total equal the quantum of the Offer Costs.

The Victor Chang Institute will be paid interest of 3.5% on the value of amount paid by the Victor Chang Institute in relation to the Offer Costs that has not yet repaid by the Donations.

After that time the Donation Amounts will be paid to the Designated Charities as set out in this Prospectus.

7.8. Proposed significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of unaudited pro forma statements of financial position set out in Section 7.3 or that will be adopted and applied in preparation of the financial statements of the Company for the financial year ending 30 June each year, is set out as follows.

(A) BASIS OF PREPARATION

The unaudited pro forma statements of financial position have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the AASB and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus). Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The unaudited pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 7.6. The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

(B) INVESTMENTS

(i) Classification

The category of financial assets and financial liabilities comprises:

Financial instruments held for trading:

- These include futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.

Financial instruments designated at fair value through profit or loss upon initial recognition:

- These include financial assets and liabilities that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets and liabilities held by the Company and the financial liabilities arising from the units must be fair valued.

Loans and receivables:

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables within the statement of financial position.

(ii) Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement*Financial Instruments Designated at Fair Value through Profit or Loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the Statement of Profit or Loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss.

Assets measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use or recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables within the statement of financial position.

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

(C) REVENUE

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

(D) EXPENSES

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accrual basis.

(E) INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and deferred tax liabilities can be presented as a net balance in the statement of financial position when:

- the Company has a legally enforceable right to offset its current tax assets and current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(F) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the ATO. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

(G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(H) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net foreign exchange gains/(losses) in the statement of comprehensive income. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss.

(I) SHARE CAPITAL

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

Section 8

Investigating Accountant's Report

28 September 2018

The Directors
Hearts and Minds Investments Limited
Level 16, Chifley Plaza,
2 Chifley Square,
Sydney NSW 2000

Dear Directors,



PITCHER PARTNERS
SYDNEY CORPORATE FINANCE PTY LTD

Level 22 MLC Centre Postal Address:
19 Martin Place GPO Box 1615
Sydney NSW 2000 Sydney NSW 2001

Tel: 02 9221 2099 www.pitcher.com.au
Fax: 02 9223 1762 sydneypartners@pitcher.com.au

PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON HEARTS AND MINDS INVESTMENTS LIMITED UNAUDITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

8.1 INTRODUCTION

The Directors of Hearts and Minds Investments Limited (the "Company") have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") to report on the unaudited pro forma historical financial information of the Company as at 12 September 2018, the date of incorporation of the Company.

We have prepared this Independent Limited Assurance Report ("*Report*") to be included in the Prospectus dated on or about 28 September 2018 and relating to the offer of up to 200,000,000 fully paid ordinary Shares at an offer price of \$2.50 per share to raise up to \$500,000,000 should the Maximum Subscription be raised.

The Minimum Subscription is 80,000,000 fully paid ordinary Shares to raise a minimum of \$200,000,000. The Offer is not underwritten.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("*AFSL*") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

8.2 BACKGROUND

The Company was incorporated on 12 September 2018 and has not traded. As at the date of this Report, the Company has 1 Share on issue and has net assets of \$1.

Pitcher Partners Sydney Corporate Finance Pty Ltd, ABN 77 122 561 184, is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd, AFS License No. 336950, ABN 85 135 817 766. A member of Pitcher Partners, a national association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.

 an independent member of
BAKER TILLY
INTERNATIONAL

8.3 SCOPE

This Report deals with the unaudited pro forma financial information included in Section 7.3 to 7.8 of the Prospectus ("*Financial Information*"). The Financial Information consists of the unaudited pro forma statements of financial positions as at 12 September 2018 and related notes as set out on Section 7.3 to 7.8 of the Prospectus.

The unaudited pro forma statements of financial position in Section 7.3 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 7.6 of the Prospectus, as if those events had occurred as at 12 September 2018. Due to its nature, the unaudited pro forma historical financial information does not represent the Company's actual or prospective financial position.

The unaudited pro forma statements of the financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

8.4 DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the unaudited pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and the notes included in the unaudited pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

8.5 OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the unaudited pro forma historical financial information included in Section 7.3 to 7.8 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the unaudited pro forma historical financial information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

8.6 CONCLUSION

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information (being the unaudited pro forma statements of financial position of the Company) are not presented fairly, in all material respects, in accordance with the assumptions described in Section 7.6 of the Prospectus and the stated basis of preparation as described in Section 7.8 of the Prospectus and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

8.7 RESTRICTION ON USE

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 6 of the Prospectus.

8.8 LEGAL PROCEEDINGS

To the best of our knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken, not otherwise disclosed in this Report, which would cause the information included in the Report to be misleading.

8.9 NO OTHER EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8.10 SOURCES OF INFORMATION

Pitcher Partners has made enquiries of the Directors and other parties as considered necessary during the course of our analysis of the pro forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

8.11 INDEPENDENCE OR DISCLOSURE OF INTEREST

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

8.12 LIABILITY

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

8.13 FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Rob Dando
Director

PART 2: FINANCIAL SERVICES GUIDE

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("*Licence Holder*") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "*Authorised Financial Products*"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide ("*FSG*") in connection with its provision of an Independent Limited Assurance Report ("*Report*") which is included in the Prospectus provided by Hearts and Minds Investments Limited (the "*Entity*").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("*AFSL*") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of **\$35,000** (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 1615
SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

Section 9

Officers of Hearts and Minds Investments Limited

9.1. Introduction

The Company believes that the Board, in conjunction with the Investment Committee, has the skill, depth of knowledge and history of achieving results to implement the Investment Strategy and manage the Portfolio.

The Board of Directors and the Investment Committee have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the proposed Board, including their positions:

Director	Position
Chris Cuffe AO	Chairman
Lorraine Berends	Director
Guy Fowler ⁴	Proposed Director
Matthew Grounds ⁵	Proposed Director
Michael Traill AM	Director
Gary Weiss	Director
Geoff Wilson AO	Director
David Wright	Director

4. Subject to Mr. Fowler's employer's approval.

5. Subject to Mr. Grounds' employer's approval.

9.2. Background of the Proposed Board



CHRIS CUFFE AO

Commencing his career as a chartered accountant, Chris Cuffe entered the funds management industry in 1985. In 1988 he joined Colonial First State where he was CEO from 1990 until 2003. In 2003 he became CEO of the listed Challenger Group.

Chris is now involved in a portfolio of activities in the investment and non-profit sectors which include:

- member of the Investment Committee of UniSuper, which provides superannuation services to employees of Australia's higher education and research sector;
- chairman of Australian Philanthropic Services and Atrium Investment Management;
- director of various listed companies including Global Value Fund, Antipodes Global Investment Company, Argo Investments and Class; and
- founder, directors and manager of Third Link Growth Fund.

Chris was previously a non-executive director of UniSuper from 2007 to 2017, of which the last six years was as Chairman.

In October 2007 Chris was inducted into the Australian Fund Manager's RBS Hall of Fame for services to the investment industry. In 2017 he was appointed as an Officer in the General Division of the Order of Australia.

Chris holds a Bachelor of Commerce from the University of New South Wales and a Diploma from the Securities Institute of Australia. He is a Fellow of the Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Company Directors and an Associate of the Financial Services Institute of Australasia.



LORRAINE BERENDS

Ms Berends has worked in the financial services industry for over 35 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014 she worked for 15 years with US based investment manager Marvin & Palmer Associates. Ms Berends contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (IMCA Australia) for 13 years (7 as Chair) and the Association of Superannuation Funds Australia (ASFA) for 12 years (3 as Chair). Ms Berends has been awarded Life Membership of both IMCA Australia and ASFA. She holds a Bachelor of Science from Monash University, is a Fellow of the Actuaries Institute and a Fellow of ASFA.

Ms Berends is an independent non-executive director of ASX listed Pinnacle Investment Management Group Limited and of listed investment companies Antipodes Global Investment Company Limited, Plato Income Maximiser Limited and Spheria Emerging Companies Limited. She is also an independent non-executive director of BT Funds Management Limited, BT Funds Management No. 2 Limited and Westpac Securities Administration Limited (collectively the BTFG Superannuation Board). She is a director of MDC Foundation Limited (a not for profit company) and a member of the QSuper Investment Committee.



GUY FOWLER (PROPOSED DIRECTOR)⁶

Guy is a co-founder of the Hearts and Minds Investment Leaders Conference. He has worked in a range of senior positions at UBS Australia for over 25 years including as the Head of Capital Markets and as the Head of the Corporate Advisory business. In these roles he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is a qualified Chartered Accountant.



MATTHEW GROUNDS (PROPOSED DIRECTOR)⁷

Matthew is a co-founder of the Hearts and Minds Investment Leaders Conference. He is currently the CEO of UBS Australia a role he has held for over ten years. Over the past 24 years, Matthew has held a variety of other senior roles at UBS including Joint Global Head of the Investment Banking business, Head of Capital Markets and Head of the Corporate Advisory business. In these roles he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. Matthew is also a Council Member of the University of NSW, Chairman of the Victor Chang Cardiac Research Institute and a Director of the Financial Markets Foundation for Children.



MICHAEL TRILLAM

Michael founded Social Ventures Australia in 2002, after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. Having stepped down as CEO of Social Ventures in 2014, Michael currently has a range of primarily social purpose Chair and board roles including Chair of Goodstart Early Learning; Executive Director of For Purpose Investments, a Director of M H Carnegie & Co, Sunsuper and a member of the Council of the National Museum of Australia.

Michael is the author of 'Jumping Ship – From the world of corporate Australia to the heart of social investment' which won the prestigious Ashurst Business Literature Prize. The book reflects on his personal and professional journey and has been a widely acclaimed manifesto for change and action in the social purpose sector. In 2010 Michael was made a member of the Order of Australia in recognition of his services to non-profit organisations.

Michael holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University.



GARY WEISS

Dr Weiss is currently the Executive Director of Ariadne Australia Limited. Dr Weiss is Chairman of Ardent Leisure Group, Ridley Corporation Ltd and Estia Health Ltd, and a Non-Executive Director of Thorney Opportunities Ltd and The Straits Trading Company Limited.

Dr Weiss is also a Commissioner of the Australian Rugby League Commission.

Dr Weiss was formerly Chairman of Clearview Wealth Limited and Coats Plc, is a former Non-Executive Director of Premier Investments Ltd and Pro-Pac Packaging Ltd, a former Executive Director of Whitlam, Turnbull & Co and Guinness Peat Group plc and sat on the board of Westfield Holdings Limited and a number of other public companies. Dr Weiss has also been involved in overseeing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

4. Subject to Mr. Fowler's employer's approval.

5. Subject to Mr. Grounds' employer's approval.

Dr Weiss is a Co-founder of the Sohn Hearts & Minds Investment Leaders Conference.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. Dr Weiss was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.



GEOFF WILSON AO

Geoff has over 38 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, the Future Generation companies.

Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Geoff is currently Chairman of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Active Limited, WAM Microcap Limited, WAM Global Limited and the Australian Stockbrokers Foundation. He is the Founder and a Director of Future Generation Global Investment Company Limited and Future Generation Investment Company Limited and a Director of Australian Leaders Fund Limited, Global Value Fund Limited, 8IP Emerging Companies Limited, Century Australia Investments Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, the Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee.



DAVID WRIGHT

David Wright is a Managing Partner and joint founder of Zenith Investment Partners (**Zenith**).

David established Zenith in October 2002 and has extensive investment industry experience. David's role includes overall responsibility of the business and remains closely involved in servicing the Firm's investment consulting clients with portfolio construction, management and monitoring advice.

Prior to establishing Zenith, David held senior positions within the financial services industry including IWL Ltd (Head of Research), an ASX listed company in which he was also a significant equity holder. David was instrumental in building and further developing IWL's managed investment research methodology and process and expanding the group's distribution of research to financial advisers. Other roles included Associate Director and Head of Managed Funds research at Lonsdale Limited and an analyst with the Advisor Group, a national financial planning group.

David has extensive experience researching, assessing and rating many forms of managed investments including, unlisted managed funds, listed managed investments including LIC's, ETF's, ETMF's and property syndicates.

David is also a former practitioner lecturer of the Securities Institute of Australia (now FINSIA).

9.3. Independent Directors

All Directors will be considered independent Directors, and are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the person's judgement.

9.4. Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

9.5. The role of the Directors

The Directors will ensure the Company has Corporate Governance procedures and that those procedures are followed. Together, the members of the Board may implement capital management strategies (in line with the policy set out in Section 3.9) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors' commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio.

The Company has outsourced its corporate registry function to Boardroom Pty Limited.

The Company will outsource its monthly NTA calculation and accounting functions to an independent administrator, Citco Fund Services (Australia) Pty. Ltd., in accordance with the terms of an administration agreement. The agreement pursuant to which administration services will be provided is on a pro bono basis.

Each Director has confirmed that, notwithstanding his other commitments, he/she will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

9.6. Participation by Directors

Gary Weiss currently holds one Share in the Company, which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer. At completion of the Offer, the Directors and Proposed Directors (and their respective associates) are expected to have a Relevant Interest in the following Shares:

- (a) Chris Cuffe AO: 1,300,000 Shares;
- (b) Lorraine Berends: 10,000 Shares;
- (c) Guy Fowler (Proposed Director): 1,000,000 Shares;
- (d) Matthew Grounds (Proposed Director): 1,000,000 Shares;
- (e) Michael Traill AM: 4,050,000 Shares
- (f) Gary Weiss: 440,000 Shares;
- (g) Geoff Wilson AO: 1,500,000 Shares; and
- (h) David Wright: 40,000 Shares.

Brett Paton (and entities associated with him) who is not a Director, but is a member of the Investment Committee is expected to have a Relevant Interest in 700,000 shares.

9.7. No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion of the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

9.8. Directors' remuneration

The Chairman and Directors have agreed to waive any right to be paid director fees. The maximum total remuneration available for payment to non-executive Directors will be set at \$0 per annum.

9.9. Investment Committee

The Investment Committee members will initially comprise Chris Cuffe, Lorraine Berends, Brett Paton, Michael Trill, Gary Weiss, Geoff Wilson and David Wright, all of whom have agreed to provide their services on a pro bono basis.

9.10. Background of the members of the Investment Committee

Please refer to Section 9.2 for the background details of Chris Cuffe, Lorraine Berends, Michael Trill, Gary Weiss, Geoff Wilson and David Wright.



BRETT PATON

Brett is currently Chairman of Escala Partners and Chairman of PLC Asset Management. He has worked in a range of senior positions including Vice Chairman at UBS Australia where he spent 23 years. Brett also spent 5 years at Citi serving as Vice Chairman Australia, Institutional Clients Group. Brett has served as a Non-Executive Director of Tabcorp and Chair of Audit and Risk for its demerged entity, Echo Entertainment, giving him valuable insights into the functions expected of ASX 100 boards.

He was a Council Member at RMIT University and Chair of the Risk and Audit Committee. He is a qualified Chartered Accountant.

9.11. Corporate governance policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (**ASX Recommendations**) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the Company's website, at www.heartsandmindsinvestments.com.au.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

9.12. Related party disclosures

Each Director has entered into a director protection deed with the Company pursuant to which the Company has agreed to, amongst other things, indemnify (to the extent permitted by law) each Director in respect of certain liabilities incurred in their capacity as Directors. These deeds contain standard commercial terms and are consistent with market practice (see Section 10.3).

Other than as set out above or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

9.13. Cornerstone Commitments

A number of Cornerstone Family Investors have already committed to making an investment in Hearts and Minds Investments Limited. The aggregate level of commitment from the Cornerstone Family Investors (including from their Foundations) is over \$150 million. The Cornerstone Family Investors include entities associated with:

- Ainsworth Family;
- Benari Family;
- Carapiet Family;
- Craig Family;
- Chris Cuffe Family;
- Hamish Douglass Family;
- Gonski Family;
- Gresham Partners Capital Limited;
- Grok Ventures, Family Fund of Mike Cannon-Brookes;
- Gurry Family;
- Gwinnett Family;
- Gyngell Family;
- Hadley Family;
- Hutchinson Family;
- Ivany Family;
- Jackson and Farquhar Family;
- Johns Family;
- Johnson Family;
- Joseph Family;
- Karedis Family;
- Lew Family;
- Lewin Family;
- Lowy Family;
- Mason Family;
- Myer Family Investments;
- Packer Family;
- Brett Paton Family;
- Paul Ramsay Foundation;
- Ross Family;
- Stokes Family;
- The University of New South Wales;
- The University of Sydney;
- Gary Weiss Family;
- The Judy and Sam Weiss Family;
- Geoff Wilson Family; and
- Woods Family

9.14. Company Secretary and CEO

Like the Directors, the Company Secretary has waived his right to receive fees with effect from the date of the Prospectus. The Company will hold professional indemnity insurance to his benefit, he will receive an indemnity as an officer of the Company to the maximum extent permitted by law and will be entitled to be reimbursed for any external costs and expenses he incurs.

The financial management of the Company will be conducted by the Company's CEO. The additional management of the Company will initially be conducted by the Board.

The Board will assess the requirement to engage additional specific management resources to ensure the efficient operation of the Company. Should this be deemed necessary, the cost of any management resource will be an expense of the Company (unless the relevant providers agree to forego their respective fees).

Section 10

Material contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. This Section contains a summary of the material contracts and their substantive terms.

10.1. Offer Management Agreement

The Company has entered into an offer management agreement dated 28 September 2018 (**Offer Management Agreement**) with the Lead Arrangers pursuant to which the Lead Arrangers will manage the Offer. Under the Offer Management Agreement, the Company appoints:

- (a) Commonwealth Securities Limited as the Authorised Intermediary to make offers to arrange for the issue of the Shares under the Offer;
- (b) Commonwealth Securities Limited, National Australia Bank Limited and Crestone Wealth Management Limited as the Joint Lead Arrangers; and
- (c) Bell Potter Securities Limited, Evans Dixon Limited, JBWere Limited, On-Market Bookbuilds Pty Ltd, Ord Minnett Limited, Patersons Securities Limited, Shaw and Partners Limited, Taylor Collison Limited and Wilsons Corporate Finance Limited to act as Brokers to the Offer.

The Lead Arrangers and the Brokers to the Offer have agreed to waive a management fee of 0.5% (including GST) of the total proceeds raised under the Broker Firm Offer and General Offer.

The Lead Arrangers and the Brokers to the Offer will be paid a selling fee of 1.5% (including GST) of Application Monies raised by the relevant Lead Arrangers or Brokers to the Offer (but excluding the monies raised from the Cornerstone Family Investors) provided that the General Offer and Broker Firm Application Forms bear a stamp from an AFSL Holder.

In addition to the selling fee, the Company will procure that the Conference organiser provides clients selected by each of the Lead Arrangers and Brokers to the Offer with tickets to attend the Conference (with each ticket having a face value of approximately \$3,500) There will be 5 tickets to the Conference available for every \$10 million of Application Monies raised by the relevant Lead Arranger or Broker to the Offer. The Lead Arrangers and Brokers to the Offer must not charge for the tickets to the Conference; no officers or employees of a Lead Arranger or Broker to the Offer may use the tickets to the Conference.

The Offer Management Agreement is conditional on a number of things including the Company obtaining any ASX waivers in in-principle form and any ASIC modifications (in a form and substance acceptable to the Brokers to the Offer) to enable the Offer to proceed in accordance with the timetable in the Offer Management Agreement and the Prospectus.

In accordance with the Offer Management Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain usual limitations) agreed to indemnify the Lead Arrangers to the Offer, their related bodies corporate, their directors, officers, advisers and employees against any losses arising directly or indirectly in connection with the Offer (including for publicity, regulatory reviews or non-compliance of the Prospectus), or a breach by the Company of any provision, including representation or warranty of, the Offer Management Agreement;
- (b) the Company has given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer and content of the Prospectus; and
- (c) the Lead Arrangers may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Offer Management Agreement and be released from their obligations under it on the occurrence of certain events on or prior to the final settlement date of the Offer, including (but not limited to) where:
 - (i) a statement contained in the Offer materials is or becomes materially misleading or deceptive or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements);
 - (ii) the ASX does not approve the listing of the Company;
 - (iii) there are changes in senior management of the Board;
 - (iv) material adverse changes to the financial markets, political or economic conditions of key countries, trading halts on all securities listed on certain security exchanges, banking moratoriums, hostilities commence or escalate in key countries or a major terrorist act is perpetrated in key countries;
 - (v) subject to a materiality threshold, the Company breaches any law or regulatory requirements or the Company fails to conduct the Offer in accordance with the law;
 - (vi) there is, or is likely to be, a material adverse change, or event involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company;
 - (vii) subject to a materiality threshold, a regulatory investigation or legal action is commenced against the Company; or
 - (viii) subject to a materiality threshold, a breach of the representations, warranties and undertakings or default of the Offer Management Agreement.

Please note that the above is not an exhaustive list of the termination events in the Offer Management Agreement.

10.2. Offer Costs agreement

The Company and the Victor Chang Institute have entered into a binding agreement in relation to the payment of the Offer Costs and the initial payments of the Donation Amounts. This agreement provides that:

- Victor Chang Institute will pay the Offer up to \$7.85 million; and
- initially each of the Donation Amount will be paid to the Victor Chang Institute until the Victor Chang Institute has received Donation Amounts from the Company which in total equal to the amount paid by the Victor Chang Institute in relation to the Offer Costs.

The Company has agreed to pay the Victor Chang Institute an amount equal to 3.5% per annum on the quantum of the Offer Costs not repaid by the Donation Amounts as at 30 June and 31 December each year.

After that time the Donation Amounts will be paid to the Designated Charities as set out in this Prospectus.

See Section 7.7 for the Company's best estimate of the size of the Offer Costs which are payable (i.e. excluding any waived costs) based on various subscription amounts.

10.3. Director protection deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

10.4. Fund Managers

Each of the Core Fund Managers and Conference Fund Managers have agreed to forego any investment fees as set out in Section 5.1.

The Company appreciates that the Fund Managers are providing services to the Company consistent with its charitable goal set out in Section 5.1.

The Company also recognises that circumstances change from time to time and that any one or more of the Fund Managers may, after providing reasonable notice to the Company, not be in a position to continue to provide services with respect to its recommendations. If such notice is given, the Company will cease the relationship with that Fund Manager and introduce a new Fund Manager.

10.5. Service Providers

The Company has requested that certain Service Providers provide ongoing services to the Company on a pro bono basis. Details of the arrangements that various Service Providers have agreed to at this time are set out below.

Each of these arrangements has been agreed to by the Service Provider consistent with the Company's charitable goal. Any one or more of the Service Providers set out below may, for a variety of reasons, need to change these arrangements at any time in the future.

The Company recognises that each Service Provider is free to notify that it wishes to no longer provide services on that basis. In such circumstances the Company will reassess the provision of the services at the appropriate time. It may be that the Company is able to find an alternative Service Provider that is willing to provide similar services on a pro bono basis or that the Company decides that it is appropriate for the relevant Service Provider to be paid for services provided from that time. Any such decisions will be taken in accordance with the principles set out elsewhere in this Prospectus.

The Service Providers who, at the date of this Prospectus, have agreed to provide services to the Company or in relation to the Offer on a pro bono basis are:

- **KardosScanlan Pty Limited** has agreed to provide legal advice to the Company in relation to normal operations on a pro bono basis (i.e. no fee will be charged for legal services provided). KardosScanlan Pty Limited will charge the Company for disbursements it incurs in providing such legal advice in accordance with the normal terms of engagement. KardosScanlan Pty Limited will charge the Company for legal fees associated with the preparation of this Prospectus (see Section 11.10 for details of legal costs associated with this Prospectus).
- **Citco Fund Services (Australia) Pty. Ltd** will provide fund administration services on a pro bono basis.
- **PPNSW Services Pty Ltd** has agreed to provide tax advice and tax services to the Company in relation to normal operations on a pro bono basis (i.e. no fee will be charged for taxation services provided). PPNSW Services Pty Ltd will charge the Company for disbursements it incurs in providing such tax advice and tax services in accordance with the normal terms of engagement;
- **Pitcher Partners Corporate Finance Pty Ltd** has prepared the investigating accountant's report included in this Prospectus and has also performed work in relation to the due diligence enquiries on financial matters on a pro bono basis (i.e. no fee will be charged for the investigating accountant's report included with this Prospectus).
- **Boardroom Pty Limited** has agreed to provide some company secretarial services to the Company on a pro bono basis.
- **Boardroom Pty Limited** has agreed to act as the share registrar following the close of the Offer and provide its registry services on a pro bono basis. Boardroom will charge the Company for disbursements (such as postage and delivery charges) that it incurs in the ordinary course of providing such registry services in accordance with the normal terms of engagement.
- **IRM Pty Limited** has agreed to provide website services to the Company on a pro bono basis.
- **Matrix Solutions Pty Limited** has agreed to provide DNS hosting to the Company on a pro bono basis.
- **Seed Partnerships Pty Ltd** has agreed to assist with establishing the Company, the management, marketing and distribution of the Offer. Seed Partnerships Pty Ltd is currently responsible for managing the Offer by appointing and co-ordinating the Brokers to the Offer, assisting in engaging Service Providers, organising the investor roadshows, and with marketing and communication plans (Seed Partnerships will forego all corporate

advisory fees). Seed Partnerships Pty Ltd has agreed to assist with the post Offer marketing, distribution, communication and management of the Company, also on a pro bono basis.

- **Webb Henderson** has agreed to provide New Zealand legal advice to the Company in relation to the Offer and an address for service in New Zealand on a pro bono basis. In respect of the Offer, Webb Henderson will charge the Company for disbursements it incurs in providing such legal advice, including filing fees charged by the Companies Office in New Zealand (if any).
- **The Juicy Club** has agreed to provide services as a creative director to the Company on a pro bono basis.
- **How Graphic Design** has agreed to provide the typesetting, design and artwork of the Prospectus to the Company on a pro bono basis.
- **WE Buchan** who has agreed to provide media and communications services to the Company on a pro bono basis.
- **Honan Insurance Group** has agreed to provide insurance broking services to the Company at a discounted rate.

In addition the Company understands that:

- **Ashurst** have agreed to provide legal services to the Joint Lead Arrangers with respect to the Offer on a pro bono basis consistent with the Company's charitable goal.
- **King & Wood Mallesons** have agreed to provide legal services to the Victor Chang Institute on corporate law issues on a pro bono basis.

ASX has agreed to waive annual listing fees that the Company would otherwise be required to pay in order for the Shares to remain quoted on ASX (unless ASX notifies the Company otherwise). The Company recognises that ASX is free to notify the Company that it wishes to no longer waive annual listing fees.

Section 7.7 sets out details of the fees and expenses that will be paid to certain Service Providers in relation to the preparation of this Prospectus.

10.6. Ongoing costs

Despite the fact that the Board has agreed not to be paid director fees and that certain Service Providers have agreed to advise the Company on a pro bono basis the Company will incur operational costs from time to time. These costs are expected to include audit costs, insurance costs, and other operational costs and expenses. The Company expects to meet these costs from cash flows received from its investments (including from dividends and from capital gains on disposal). The Board will monitor these costs and may decide to hold small cash reserves to ensure the Company can pay these amounts as and when they fall due for payment.

10.7. Engagement of the CEO

The Board will appoint Rory Lucas as CEO. The CEO's services will include, but are not limited to, financial management of the Company together with management and administration of the Portfolio (in conjunction with the Investment Committee).



RORY LUCAS

Rory has worked in the Australian and global equity markets for nearly 30 years. Whilst having worked in a variety of roles, his specialty is in trade execution as well as portfolio construction and risk management.

He has had previous roles with Rothschild Australia Asset Management in managing a fund of funds. His specific responsibility was to source and vet potential managers as well as to determine the allocation of capital between them and manage the consolidated risk of the portfolio.

In 2006, Rory took up a senior Equity Facilitation role at UBS Australia. As part of this role, he oversaw the management of a high conviction portfolio of UBS Equity Research ideas known as Alpha Preferences. He was responsible for portfolio execution, re-weighting and all aspects of the portfolio trading strategy. More recently, Rory has held trading and execution roles at Commonwealth Bank of Australia, prior to their exit from the institutional equities business.

Section 11

Additional Information

11.1. Incorporation

The Company was incorporated on 12 September 2018.

11.2. Balance date and company tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be taxed as a public company.

11.3. Rights and liabilities attaching to the Shares

The following information is a summary of the Constitution. Shareholders have the right to acquire a copy of the Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (d) subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

11.4. ASIC relief

The Company's first financial year will end on 30 June 2019. The Corporations Act normally requires that the half year be the first six months of each financial year and imposes certain reporting requirements with respect to that period. Without ASIC relief the Company's first half year will end around 11 March 2019.

The Company will seek ASIC relief to reduce the reporting period with respect to its first half year to align the reporting requirement imposed by the Corporations Act from 11 March 2019 to 31 December 2018 in accordance with any ASX reporting requirements and market practice.

11.5. Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

11.6. Australian taxation implications of investing under the Offer

INTRODUCTION

The tax implications provided below only relate to Australian resident Shareholders who hold their Shares on capital account. Different tax implications apply to non-resident Shareholders or Shareholders whose Shares are held on revenue account.

The comments in this Section 11.6 are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 11.6 are based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 11.6 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

INCOME TAX POSITION OF THE COMPANY

The Company will be taxed as a company at the prevailing company tax rate for the 2018/19 income year, which is currently 30.0% for companies with an aggregated turnover of more than \$50,000,000, or 27.5% for certain companies with an aggregated turnover of less than \$50,000,000.

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders.

INCOME TAX POSITION OF AUSTRALIAN RESIDENT SHAREHOLDERS

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Shares on capital account are set out below.

TREATMENT OF SHARES

The Offer comprises the issue of Shares in the Company. Broadly the Capital Gains Tax (CGT) cost base of Shares subscribed under the Offer will be equal to the Application Price plus certain non-deductible incidental and holding costs. The reduced cost base of the Shares is essentially the same as the CGT cost base of the Shares, subject to certain modifications.

On disposal of Shares in the Company, an investor will realise a capital gain if the capital proceeds it receives or is deemed to have received for the disposal of the Shares exceeds their respective cost base. On the other hand, an investor will incur a capital loss if the reduced cost base exceeds the capital proceeds from the Shares.

A CGT discount may be available where the Shares have been held for 12 months or more. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50.0% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

DIVIDENDS

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate for the 2018/19 income year, which is currently 30.0% for companies with an aggregated turnover of \$50,000,000 or more and 27.5% for certain companies with an aggregated turnover of less than \$50,000,000. Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of "excess franking credits" where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15.0%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100.0% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions and is therefore exempt from income tax.

GOODS AND SERVICES TAX (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Shares under the Offer.

STAMP DUTY

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

11.7. Legal proceedings

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

11.8. Consents and Responsibility Statements

Each of the following parties has given and, as at the time of lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to being named in the Prospectus as noted below in the form and context in which it is named.

Name	Role / Responsibility
KardosScanlan Pty Limited	Australian Solicitors to the Offer
Citco Fund Services (Australia) Pty. Ltd	Fund Administrator of the Company
Pitcher Partners Corporate Finance Pty Ltd	Investigating accountant for the Company The Investigating Accountant's Report in Section 8
PPNSW Services Pty Ltd	Reviewed tax matters
Boardroom Pty Limited	Share registrar for the Company
IRM Pty Limited	Provided website services to the Company
Matrix Solutions Pty Limited	Provided DNS hosting to the Company
Seed Partnerships Pty Limited	Corporate Advisor
Webb Henderson	New Zealand Solicitors to the Company
The Juicy Club	Provided services as a creative director to the Company
How Graphic Design Pty Ltd	Provided design and artwork for the Prospectus to the Company
WE Buchan	Provided media and communications services to the Company
Honan Insurance Group	Provided insurance broking services to the Company
Commonwealth Securities Limited National Australia Bank Limited; and Crestone Wealth Management Limited.	Lead Arrangers
Evans Dixon Limited; JBWere Limited; On-Market Bookbuilds Pty Ltd Ord Minnett Limited; Patersons Securities Limited; Shaw and Partners Limited; Taylor Collison Limited; and Wilsons Corporate Finance Limited.	Brokers to the Offer
Commonwealth Securities Limited	Authorised Intermediary to the Offer
Ashurst	Legal adviser to the Lead Arrangers
King & Wood Mallesons	Legal adviser to the Victor Chang Institute

None of the above parties has authorised or caused the issue of the Prospectus or has made any statement or representation in this Prospectus or any statement on which a statement in this Prospectus is based except as stated above.

To the maximum extent permitted by law, each of the parties referred to above specifically disclaims liability, makes no representation regarding, and takes no responsibility for any statements or material in or omissions from this Prospectus other than with respect to its name or as stated above.

Each of:

- (a) Victor Chang Institute;
- (b) Black Dog Institute;
- (c) The Brain and Mind Centre;
- (d) The Charlie Teo Foundation;
- (e) The Children's Hospital at Westmead - Pediatric Intensive Care Unit, Research;
- (f) Florey Institute of Neuroscience and Mental Health;
- (g) Centre of Human Psychopharmacology, Swinburne University;
- (h) MS Research Australia;
- (i) Orygen; and
- (j) Royal Prince Alfred Hospital, research

has given and, as at the time of lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named in the form and context in which it is so named.

None of the Designated Charities (named above) have been involved in the preparation of any part of this Prospectus. The Designated Charities specifically disclaim liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus, except for the information about themselves which they consented to. None of the Designated Charities has authorised or caused the issue of this Prospectus and nor do they take any responsibility for its contents except with respect to the information contained in the Prospectus about themselves.

Each of:

- (a) Caledonia;
- (b) Cooper Investors;
- (c) Magellan;
- (d) PIM; and
- (e) Regal

has given and, as at the time of lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named in the form and context in which it is so named.

None of the Fund Managers (named above) have been involved in the preparation of any part of this Prospectus. The Fund Managers specifically disclaim liability to any person in the event of any omission from, or a false, misleading or deceptive statement included in the Prospectus except for the information about themselves which they consented to. None of the Fund Managers has authorised or caused the issue of this Prospectus and nor do they take responsibility for its contents except with respect to the information contained in the Prospectus about themselves.

11.9. Offer Costs

The Company has agreed with the Victor Chang Institute that:

- the Victor Chang Institute will pay the Offer Costs up to a maximum of \$785 million; and
- initially all of the Donation Amount will be paid to the Victor Chang Institute. This will continue until the Victor Chang Institute has received donations from the Company which in total equal the quantum of the Offer Costs.

The Victor Chang Institute will be paid interest of 3.5% per annum on the Offer Costs not repaid by the Donation Amounts as at 30 June and 31 December each year.

After that time the Donation Amounts will be paid to the Designated Charities as set out in this Prospectus.

Please refer Section 10.2 for more detail.

11.10. Interest of Experts

Other than as set out below, no expert, nor any firm in which such expert is a partner or employee, has any interest in the promotion of or any property proposed to be acquired by the Company.

KardosScanlan Pty Limited has acted as Australian solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that KardosScanlan Pty Limited will be paid approximately \$95,000 (plus GST and disbursements), up until the date of lodgement of this Prospectus, with respect to the preparation of this Prospectus and relating to the conduct of the Offer.

Commonwealth Securities Limited, National Australia Bank Limited and Crestone Wealth Management Limited are the Lead Arrangers.

Commonwealth Securities Limited is the Authorised Intermediary to the Offer and will not be paid a fee for its services as Authorised Intermediary.

Bell Potter Securities Limited, Evans Dixon Limited, JBWere Limited, On-Market Bookbuilds Pty Ltd, Ord Minnett Limited, Patersons Securities Limited, Shaw and Partners Limited, Taylor Collison Limited and Wilsons Corporate Finance Limited will act as Brokers to the Offer.

The Company will procure that the Victor Chang Institute pay the Lead Arrangers and the Brokers to the Offer a management fee of 0.5% (including GST) of the total proceeds raised under the Offer. The Lead Arrangers and the Brokers to the Offer have chosen to waive the management fee.

The Company will procure that the Victor Chang Institute pay to the Lead Arrangers and the Brokers to the Offer a selling fee of 1.5% (including GST) of Application Monies raised by the relevant Lead Arrangers or Brokers to the Offer provided that the General Offer and Broker Firm Application Forms bear a stamp from an AFSL Holder.

Certain partners and employees of the above companies and firms may subscribe for Shares in the context of the Offer.

Section 12

Definitions and Interpretation

12.1. Defined Terms

In this Prospectus:

AASB means Australian Accounting Standards Board.

AFSL means Australian Financial Services License.

Applicant means an applicant for Shares under this Prospectus.

Application means an application for Shares under this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Monies means the Application Price of \$2.50 multiplied by the number of Shares applied for.

Application Price means \$2.50 per Share.

Approved Valuer means a duly qualified valuer independent of the Company.

ASIC means the Australian Securities & Investments Commission.

ASX or Australian Securities Exchange means ASX Limited or the Securities exchange operated by ASX Limited.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendation (third edition, March 2014).

Authorised Intermediary means Commonwealth Securities Limited, in its capacity as the authorised intermediary of the Offer.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation selected by the Company to act as a broker to the Offer.

Broker Firm Application Form means the Application Form to be used by Applicants who are participating in the Broker Firm Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.2.

Broker Firm Offer Closing Date means the closing date of the Broker Firm Offer, expected to be 5.00pm, 6 November 2018 or such other date as the Company may determine in its discretion.

Brokers to the Offer means Bell Potter Securities Limited, Evans Dixon Limited, JBWere Limited, On-Market Bookbuilds Pty Ltd, Ord Minnett Limited, Patersons Securities Limited, Shaw and Partners Limited, Taylor Collison Limited and Wilsons Corporate Finance Limited.

Caledonia means Caledonia (Private) Investments Pty Limited (ACN 003 977 115).

CEO means Chief Executive Officer.

Charity Guidelines means the guidelines used by the Board to determine an organisation's suitability to become a Designated Medical Research Charity.

CHP means the Centre for Human Psychopharmacology, Swinburne University.

Closing Date means the date by which valid Application Forms must be received being 6 November 2018 or such other dates as the Company may determine in its discretion.

Company means Hearts and Minds Investments Limited (ACN 628 753 220).

Conference means the Sohn Hearts & Minds Investment Leaders Conference.

Conference Fund Managers means approximately 10 Fund Managers who present Recommendations at the Conference.

Constitution means the constitution of the Company.

Cooper Investors means Cooper Investors Pty Limited (ABN 26 100 409 890).

Core Fund Managers means the five Fund Managers who have been selected by the Company and will provide the Investment Committee with a list of their top three Security holding recommendations and a weighting for each Security on a quarterly basis.

Cornerstone Family Investors includes the investors detailed in Section 9.13.

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

Designated Charities means those charities determined in accordance with Section 5.4 who are or will be recipients of a share of the Donation Amount.

Derivatives means a security, such as an option or futures contract whose value depends on the performance of an underlying asset and includes Exchange Traded Derivatives and Over-the-counter Derivatives.

DGR means deductible gift recipient.

Directors means the directors of the Company.

Donation Amount means the amount equal to 1.5% (plus GST) per annum of the average monthly NTA for the previous half-year.

DvP means delivery versus payment.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at www.heartsandmindsinvestments.com.au.

ESG means environmental, social and governance.

Exposure Period means the period of seven days after the date of lodgement of this Prospectus with ASIC, which may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act.

First Year means the period starting on listing of the Company on ASX and ending of the date of the 2019 Conference.

Florey Institute means the Florey Institute of Neuroscience and Mental Health (ABN 92 124 762 027).

Foregone Fees means professional or other service fees waived by Service Providers from the date of listing, as detailed in Section 5.1.

Fund Managers means those selected by the Company who recommend an investment idea, for use in the Company's Portfolio.

General Offer means the offer referred to in Section 2.3.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer.

GST means Goods and Services Tax and has the same meaning as contact in *A New Tax Systems (Goods and Services Tax) Act 1999* (Cth).

HIN or **Holding Identification Number** means the unique identifier of holders of shares on the CHESS subregister issued by ASX Settlement.

Invested Securities means the Securities which have been invested in by the Company based on the Recommendations of each Core Fund Manager.

Investment Committee means the Investment Committee established by the Board to implement the Investment Strategy and manage the Portfolio in accordance with the Company's Investment Objectives and Investment Guidelines outlined in Section 3.4.

Investment Guidelines means the guidelines for the construction of the Portfolio (initially being the guidelines in Section 3.4).

Investment Objective means to provide a concentrated Portfolio of Securities utilizing the highest conviction ideas from leading Fund Managers and to support leading Australian medical research institutes.

Investment Strategy means the strategy to be used by the Company in relation to the Portfolio, summarised in Section 3.2.

Joint Lead Arrangers means the Commonwealth Securities Limited, National Australia Bank Limited and Crestone Wealth Management Limited, in their capacity as lead arrangers to the Offer.

Long Position means holding physically a positive amount of an asset in the expectation that the value of that asset will appreciate.

Listing Rules means the listing rules of the ASX.

LIC means a listed investment company.

Magellan means Magellan Asset Management Limited (ABN 31 120 593 946).

Maximum Subscription means the maximum subscription being sought by the Company under the Offer, being 200,000,000 Shares.

Minimum Subscription means the minimum subscription being sought by the Company under the Offer, being 80,000,000 Shares.

MS means multiple sclerosis.

MS Research Australia means Multiple Sclerosis Research Australia Limited (ABN 34 008 581 431).

NAV or **Net Asset Value** means the value of the Company's total assets less the value of any liabilities.

NTA or **Net Tangible Assets** means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities divided by the number of Shares on issue.

Offer means the offer of up to 200,000,000 fully paid ordinary Shares (at an Application Price of \$2.50 per Share) to raise up to \$500,000,000.

Offer Costs means all of the costs and expenses associated with the establishment of the Company, the Offer and listing the Company on ASX including, but not limited to, any arranger fees, lead manager fees, any broker selling fees, legal and accounting fees, listing and filing fees, printing, design, website, postage and administrative fees and disbursements. For the avoidance of doubt, any costs and expenses which were not actually paid because they were waived are not included for the purposes of calculating the value of the Offer Costs.

Offer Management Agreement means the offer management agreement between the Lead Arrangers and the Company, the terms of which are summarised in Section 10.1.

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 15 October 2018.

Perpetual means Perpetual Corporate Trust Limited (ABN 86 000 431 827).

PICU means Paediatric Intensive Care Unit.

PIM means Paradise Investment Management Pty Ltd (ABN 64 090 148 619).

Portfolio means the portfolio of investments of the Company.

Prospectus means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.

Recommendations means, as the context requires:

- (a) the annual Security recommendations provided at the Conference by approximately 10 Conference Fund Managers; or
- (b) the three Security recommendations provided by each of the Core Fund Managers to the Investment Committee within five business days of the end of each calendar quarter.

Regal means Regal Funds Management Pty Limited (ABN 30 107 576 821).

Relevant Interest has the meaning set out in the Corporations Act.

RPA means Royal Prince Alfred Hospital which is in the Sydney Local Health District (ABN 17 520 269 052).

Securities means Australian and international listed securities.

Security Weighting means for each quarter for each Security recommended by a Core Fund Manager the weighting recommended by that Core Fund Manager for that Security.

Service Providers means a third party that provides services to the Company and/or this Offer.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Shareholder Reference Number or **SRN** is the unique identifier of holders of shares on the issuer sponsored sub-register.

Share Registrar or **Registry** means Boardroom Pty Limited (ABN 14 003 209 836).

Short Selling or **Shorting** means selling an investment (which has been borrowed from other party) with the intention of buying it back at a later date. Short selling also includes achieving this outcome through the use of derivatives.

SRN means Security Reference Number.

Victor Chang Institute means The Victor Chang Cardiac Research Institute (ABN 61 068 363 235).

Zenith means Zenith Investment Partners (ACN 103 132 672).

12.2. Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

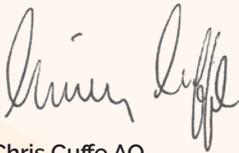
- words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- the singular includes the plural and vice versa;
- a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- a reference to any gender includes both genders;
- a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- a reference to "dollars", "AUD" or "\$" is to Australian currency;
- in this document, headings are for ease of reference only and do not affect its interpretation; and
- except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

12.3. Governing Law

This Prospectus is governed by the laws of New South Wales.

12.4. Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.



Chris Cuffe AO
Chairman

Dated: 28 September 2018

General Offer Application Form

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus dated 28 September 2018. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

DECLARATION

BY SUBMITTING THIS APPLICATION FORM WITH YOUR APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- have read the Prospectus in full;
- have received a copy of the electronic Prospectus or a print out of it;
- have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- declare that the Application Form and all details and statements made by me/us are complete and accurate;
- agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;

- where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to

- be allocated to me/us;
- am/are over 18 years of age;
- agree to be bound by the constitution of the Company;
- acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia or New Zealand.

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

A If applying for Shares insert the **number** of Shares for which you wish to subscribe at **Item A** (not less than 1,000 Shares representing a minimum investment of \$2,500.00). Multiply by A\$2.50 to calculate the total Application Monies for Shares and enter the **A\$amount** at **Item B**.

C Write your **full name**. Initials are not acceptable for first names.

D Enter your **postal address** for all

correspondence. All non-electronic communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHES by a stockbroker or other CHES participant you may enter your CHES HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHES account exactly.**

F Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws.

Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.

G Complete **cheque details** as requested.

Make your cheque payable to "Hearts and Minds Investments Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.heartsandmindsinvestments.com.au and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**

H Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.

By providing an e-mail address you are electing to receive all available shareholder communications from the Company electronically to the provided e-mail address.

PAYMENT BY BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the prospectus available at www.heartsandmindsinvestments.com.au and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney Time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Hearts and Minds Investments Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

CORRECT FORM OF REGISTRABLE TITLE

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

LODGEMENT

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:
Hearts and Minds Investments Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:
Hearts and Minds Investments Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The General Offer closes at 5:00 p.m. (Sydney Time) on 6 November 2018, unless varied in accordance with the Corporations Act and ASX Listing Rules. It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Hearts and Minds Investments Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Prospectus.

Broker Firm Application Form

This is an Application Form for Shares in Hearts and Minds Investments Limited (**Company**) on the terms set out in the Prospectus dated 28 September 2018. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 1,000 Shares and multiples of 100 Shares thereafter. This Application Form and your payment must be received by **5.00pm (Sydney Time) on the Closing Date**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 28 September 2018 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

Broker Reference – Stamp Only

Broker Code

Adviser Code

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

<p>A Number of Shares you are applying for</p> <div style="border: 1px solid black; display: flex; justify-content: space-around; width: 300px; height: 25px; margin-bottom: 5px;"></div> <p style="text-align: center;">x \$2.50 per Share =</p> <p style="font-size: small;">Minimum of 2,000 Shares to be applied for and thereafter in multiples of 100 Shares</p>	<p>B Total amount payable</p> <p>\$ <div style="border: 1px solid black; display: flex; justify-content: space-around; width: 250px; height: 25px; margin-bottom: 5px;"></div></p>
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C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

D Write your postal address here

Number/Street

Suburb/Town State Postcode

E CHESS participant – Holder Identification Number (HIN)

X

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

<p>Applicant #1</p> <div style="border: 1px solid black; display: flex; justify-content: space-around; width: 280px; height: 25px; margin-bottom: 5px;"></div>	<p>Applicant #2</p> <div style="border: 1px solid black; display: flex; justify-content: space-around; width: 280px; height: 25px; margin-bottom: 5px;"></div>
<p>Applicant #3</p> <div style="border: 1px solid black; display: flex; justify-content: space-around; width: 280px; height: 25px;"></div>	

G Cheque payment details – PIN CHEQUE(S) HERE.
Cheque to be made in accordance with the instruction from your broker. If payment is made by cheque, enter cheque details below.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
				A\$ <div style="width: 50px; height: 25px; border: 1px solid black;"></div>

H Contact telephone number (daytime/work/mobile) Contact Name

E-mail Address



FOLD HERE

FOLD HERE





Supporting the following charities



With thanks to the Core Fund Managers



With thanks to the following Service Providers

