

Wednesday, 30 September

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

**NOTICE OF MEETING – Glennon Small Companies Limited 2020 Annual General Meeting**

The Board of Glennon Small Companies Limited (ASX: GC1) advises the following key date for Annual General Meeting for 2020.

**Tuesday, 10<sup>th</sup> November 2020**

The Board are pleased to provide you with the Notice of Meeting and Proxy Form as disclosed below.

For more information, please contact:

Anushuka Ray  
Joint Company Secretary  
Glennon Small Companies Limited  
Email: [info@glennon.com.au](mailto:info@glennon.com.au)  
Phone: (02) 8027 1000  
Website: [www.glennon.com.au](http://www.glennon.com.au)



GLENNON  
SMALL COMPANIES LTD

## NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM ASX ANNOUNCEMENT

**SYDNEY Wednesday 30 September 2020:** The Notice of Annual General Meeting and Proxy Form of Glennon Small Companies (GC1) are attached.

The Annual General Meeting will be held at 11:00am (Sydney time) on Tuesday 10 November 2020 at The Fullerton Hotel Sydney, 1 Martin Place, Sydney NSW 2000.

Due to the COVID-19 pandemic, we encourage shareholders to join via Zoom. Shareholders and proxyholders will be able to listen/watch the presentation and discussion (details of the Zoom facilities will be made available in the Notice of Meeting).

If it becomes necessary to make alternative arrangements, such information will be posted on the ASX website: [www.asx.com.au](http://www.asx.com.au) (ASX code: GC1) and our website: [www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au)

**NOTICE OF ANNUAL GENERAL MEETING**

**GLENNON SMALL COMPANIES LIMITED**

**ACN 605 542 229**

11:00 am (Sydney time)

Tuesday 10 November 2020

To be held at

The Barnet Room, The Fullerton Hotel Sydney, 1 Martin Place, Sydney, NSW 2000

**This Notice of Annual General Meeting should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your professional adviser.**

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## **GENERAL INFORMATION**

### **VENUE**

The Annual General Meeting of the shareholders of Glennon Small Companies Limited ACN 605 542 229 (**Company**) to which this Notice of Annual General Meeting relates will be held in The Barnet Room at 11:00am (Sydney time) on Tuesday, 10 November 2020 (**Annual General Meeting**).

The number of persons that may attend the meeting in person will be subject to the New South Wales health orders in place at the time of the meeting. The maximum capacity for the meeting room is 20 based on social distancing measures. That number includes the Chair, Directors, Auditors, Registry staff and any shareholders/visitors

As such shareholders are encouraged to attend via Zoom per details advised below:

#### **Via Zoom**

To join via Zoom, please register using the details below. Upon registration an email confirmation will be provided with the link and passcode to join the Annual General Meeting:

#### **Registration Link:**

[https://zoom.us/meeting/register/tJAqce6prjwsGt3qyEIUGS3zWQSQ1we\\_xHMI](https://zoom.us/meeting/register/tJAqce6prjwsGt3qyEIUGS3zWQSQ1we_xHMI)

The health and safety of our shareholders and the wider community is paramount, so for any shareholders who may wish to physically attend the Annual General Meeting, COVID-safe processes will apply.

In accordance with NSW government regulations effective 24 July 2020, as a condition of entry to the venue all attendees are required to provide their full name, date of visit, and contact information (phone number or email address) by scanning a QR code on arrival. This information will be provided to the Hotel and retained up for 28 days.

### **OPPORTUNITY TO ASK QUESTIONS**

The Annual General Meeting is an opportunity to ask questions of the board of the Company (**Board**) and management on the items of business before the Annual General Meeting and the management of the Company, or questions of the auditor on the conduct of the audit and the auditor's report.

Shareholders are invited to submit questions in advance of the meeting which must be received by Tuesday, 3 November 2020 to ensure the Chairman can address the themes raised in the questions at the AGM. Questions should be submitted in the form attached to the Proxy Form which is available online and in paper form to the following:

**By email:** info@glennon.com.au

**By post:** Suite 1, Level 17/25 Bligh Street, Sydney NSW 2000

### **VOTING IN PERSON AND BY PROXY**

Due to the COVID-19 pandemic shareholders are encouraged to join via Zoom. Shareholders cannot vote using the Zoom facility; therefore, the Company encourages shareholders to submit their proxy votes either via paper form or online. Your proxy must be received by 11:00am (Sydney time) on Sunday, 8 November 2020.

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

You have the right to appoint a proxy of your choice. The proxy need not be a shareholder of the Company. If you are entitled to vote two or more votes you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of your votes, then each proxy may exercise half of the votes.

To vote by proxy online, please visit <https://www.votingonline.com.au/gc1agm2020>

Enter your postcode or country of residence (if outside Australia) and enter your voting access code.

You may complete and sign a proxy form and return by:

- (a) post to Boardroom Pty Ltd, GPO Box 3993 Sydney NSW 2001 Australia;
- (b) facsimile on facsimile number +61 2 9290 9655; or
- (c) hand or courier delivery to Boardroom Pty Ltd, Grosvenor Place, Level 12, 225 George Street, Sydney, NSW, 2000, Australia.

Your proxy must be received by 11:00am (Sydney time) on Sunday, 8 November 2020.

**Proxies and appointments received later than the above time will be invalid.**

## **LETTER FROM THE CHAIRMAN**

Dear Shareholder,

I am pleased to invite you to the Annual General Meeting of the Company which will be held at The Barnet Room, The Fullerton Hotel Sydney, 1 Martin Place, Sydney, NSW 2000 at 11:00am (Sydney time) on Tuesday, 10 November 2020.

The following pages contain details of the items of business that you have the opportunity to vote on at the Annual General Meeting.

It is pleasing to report that at the time of writing the portfolio has had a strong start to the FY21 financial year and is well ahead of the index over this period. This is a result of our focused efforts at the start and during the COVID downturn. We made a structural shift away from those companies where there was material uncertainty around business conditions and shifted to businesses where there was either defensive earnings, benefits from COVID and the associated boom from working from home and online shopping. Our exposure to smaller gold companies also served us well in this period.

While this is pleasing, the 2020 financial year was a difficult one for several of the areas where we had focused our investing efforts, namely small and microcap value companies. It has also been a difficult period for many businesses with regard to the historic changes to the way they work and the uncertainty around business conditions. Many of these companies while being cheap on a fundamental basis may stay cheap on a fundamental basis while we face the current uncertainties in the market.

On that note we expect to see increased merger and takeover activity in the smaller end of the market as larger companies look to acquire their growth when they have limited opportunities for organic growth. This dynamic provides a good backdrop for valuations in the smaller end of the market.

A copy of the Company's Annual Report is available on the Company's website [www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au).

I hope you are able to join via Zoom, and we strongly encourage you to vote and, ensure that you lodge a proxy by the required date and time.

Yours sincerely,



**Michael Glennon**  
**Chairman**  
**Glennon Small Companies Limited**

# **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of shareholders of the Company will be held in The Barnet Room at The Fullerton Hotel Sydney, 1 Martin Place, Sydney, NSW 2000 at 11:00am (Sydney time) on Tuesday 10 November 2020.

The Explanatory Statement to this Notice of Annual General Meeting provides information on matters to be considered at the Annual General Meeting. The Explanatory Statement, General Information section and the proxy form are part of this Notice of Annual General Meeting.

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at 7pm (Sydney time) on Friday, 6 November 2020.

## **AGENDA**

### **ORDINARY BUSINESS**

#### **FINANCIAL STATEMENTS AND REPORTS**

To consider the financial statements of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

#### **RESOLUTION 1 – REMUNERATION REPORT**

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

“That the remuneration report, as contained in the directors' report of the Company for the financial year ended 30 June 2020, be adopted.”

#### **RESOLUTION 2 – ELECTION OF BOARD ENDORSED DIRECTOR – SULIEMAN RAVELL**

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

“That Sulieman Ravell, who was appointed to the Board to fill a casual vacancy on 9 June 2020 in accordance with clause 19.4 of the Company's constitution and being eligible, offers himself for election, be elected a director.”

#### **RESOLUTION 3 – APPROVAL OF INCREASED SHARE ISSUE CAPACITY UNDER LISTING RULE 7.1A**

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue equity securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Resolution 3 is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 3 must be in favour of the Resolution.

#### **RESOLUTION 4 – ELECTION OF NON BOARD ENDORSED DIRECTOR – TRICIA KLINGER**

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

“That Tricia Klinger, having consented to act, be elected as a director of the Company effective as and from the close of the Meeting.”



## **VOTING EXCLUSION STATEMENT**

### **RESOLUTION 1 – REMUNERATION REPORT**

As required by the Corporations Act 2001 (Cth) (**Corporations Act**), the Company will in accordance with section 250R, disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel for the Company details of whose remuneration are included in the remuneration report, or a closely related party of any such member. However, the Company need not disregard such a vote if the vote is not cast on behalf of such a person and is cast:

- (a) as a proxy by writing that specifies how the person is to vote on the resolution; or
- (b) by the chair of the meeting as a proxy, and the appointment does not specify the way the proxy is to vote and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

The term “closely related party” in relation to a member of the key management personnel includes a spouse, dependent and certain other close family members as well as any companies controlled by the member.

### **RESOLUTION 3 – APPROVAL OF INCREASED SHARE ISSUE CAPACITY UNDER LISTING RULE 7.1A**

The Company will, in accordance with ASX Listing Rule 14.11 of the Listing Rules, disregard any votes cast in favour of Resolution 3 by or on behalf of a person (and any such associates of such a person) who may participate in the 10% placement facility and who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities, if this Resolution is passed. At this point in time, there is no potential allottee to whom securities may be issued under this Resolution.

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

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

### **GENERAL INFORMATION ON PROXY VOTING**

It is the intention of the chair of the meeting to vote eligible undirected proxies in **FAVOUR of Resolutions 1, 2 and 3 and AGAINST Resolution 4.**

In respect of Resolution 1, the proxy form contains an express authorisation for the chair of the meeting to exercise undirected proxies even though this resolution is connected directly or indirectly with the remuneration of a member of key management personnel.

Those shareholders appointing a proxy who do not want the chair of the meeting to vote for them or do not want the chair of the meeting to vote in accordance with the chair's intentions, have the ability to:

- (a) appoint the chair of the meeting as proxy with a direction to cast votes contrary to the chair's stated voting intentions by instructing the chair to vote 'against' or to 'abstain' from voting on the Resolutions; or
- (b) appoint a person other than the chair of the meeting as proxy with or without a direction to cast votes 'for', 'against' or to 'abstain' from voting on the Resolutions (as the shareholder considers appropriate).

**DATED:** 30 September 2020

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read "M. Glennon", with a small horizontal line at the end.

**Michael Glennon**  
**CHAIRMAN**

## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of the shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at The Barnet Room at The Fullerton Hotel Sydney, 1 Martin Place Sydney, NSW 2000 at 11:00am (Sydney time) on Tuesday 10 November 2020.

The purpose of this Explanatory Statement is to provide information that the directors believe to be material to shareholders in deciding whether or not to pass the Resolutions in this Notice of Annual General Meeting.

## **FINANCIAL STATEMENTS AND REPORTS**

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

## **RESOLUTION 1 – REMUNERATION REPORT**

The remuneration report as set out in the directors' report in the Company's Annual Report must be put to the vote for its adoption in accordance with section 250R(2) of the Corporations Act. The vote on this resolution is advisory only and does not bind the directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the directors of the Company. The remuneration report is part of the directors' report for the financial year ended 30 June 2020.

The Annual Report of the Company (containing the remuneration report) is available on the Company's website at [www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au).

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about, or make comments on, the remuneration report.

If at least 25% of the votes cast are against the adoption of the remuneration report at this Annual General Meeting, and then again at the following annual general meeting, the Company will be required to put a resolution to the later annual general meeting to approve calling a further general meeting (**spill resolution**). If 50% or more of eligible votes cast are in favour of the spill resolution, the Company must convene a general meeting (**spill meeting**) within 90 days of the later annual general meeting. All of the directors who were in office when the directors' report considered at the later annual general meeting was approved, other than a managing director, will need to stand for re-election at the spill meeting.

## **RESOLUTION 2 – ELECTION OF BOARD ENDORSED DIRECTOR – SULIEMAN RAVELL**

In general terms, clause 19.4 of the Company's constitution allows the Board at any time, and from time to time to appoint any other person as a Director to fill a casual vacancy. Any Director appointed under article 19.4(a) may hold office only until the next Annual General Meeting of the Company and is then eligible for election at that meeting.

Sulieman Ravell was appointed to fill a casual vacancy as a Non-Executive Director on 9 June 2020, and is eligible for election and accordingly submits himself for election as a director of the Company.

Sulieman Ravell has over 25 years' experience in the financial services industry. He is a Representative director and the Responsible Manager of boutique financial planning groups, NW Advice Pty Ltd and Wealth Focus Pty Ltd.

He was also previously a member of the Filtered Research Committee, a service aimed at avoiding product failures and assisting adviser groups in constructing approved product lists.

Suliaman Ravell has extensive experience in analysing, investing in, and the suitability of Listed Investment Companies (LICs). He regularly provides advice to existing and potential entrants to the market on the suitability and structuring of LICs.

Suliaman Ravell holds the Advanced Financial Planning Certificate (UK), a degree in Chemical Engineering and the Advanced Diploma in Financial Planning Australia.

Suliaman Ravell played a central role in assisting shareholders to take control of Benjamin Hornigold (ASX: BHD) from the previous board and remains a director there since 2019.

## **Recommendation**

**The directors support the election of Suliaman Ravell. They (other than Suliaman Ravell) recommend that shareholders vote in FAVOUR of Resolution 2.**

## **RESOLUTION 3 – APPROVAL OF INCREASED SHARE ISSUE CAPACITY UNDER LISTING RULE 7.1A**

ASX Listing Rule 7.1A permits eligible small to mid-cap listed companies to seek shareholder approval by special resolution at an Annual General Meeting, for the issue of an additional 10% of its issued capital by way of placements over a 12-month period (10% Placement Facility).

If shareholder approval is received for Resolution 3, the Company will be able to issue an additional 10% of its issued capital during the 12-month period following the Annual General Meeting without shareholder approval, separate to the existing 15% placement capacity permitted by Listing Rule 7.1. If Resolution 3 is not passed, the Company will only have 15% of placement capacity available to it, decreasing the number of shares the Company can issue without shareholder approval over the next 12-month period.

For the purposes of ASX Listing Rule 7.1A, entities that, as at the date of the relevant special resolution under ASX Listing Rule 7.1A, have a market capitalisation of \$300 million or less and are not included in the S&P /ASX 300 Index are eligible to seek shareholder approval for this additional placement. The Company currently satisfies these requirements and expects that it will satisfy these requirements as at the date of the Annual General Meeting.

The Company, pursuant to Resolution 3, seeks approval to issue, during the period of the approval as contemplated in ASX Listing Rule 7.1A.1 the number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine and, on the terms, described in this Explanatory Memorandum.

Per ASX Listing Rule 7.1A.2 the formula is set out as follows:

$$(A \times D) - E$$

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- plus, the number of fully paid ordinary securities issued in the 12 months under an exception in rule 7.2 other than exception 9, 16 or 17,
- plus, the number of fully paid ordinary securities issued in the 12 months on the conversion of convertible securities within rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the 12-month period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus, the number of fully paid ordinary securities issued in the 12 months under an agreement to issue securities within rule 7.2 exception 16 where:

- the agreement was entered into before the commencement of the 12-month period; or
- the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus, the number of any other fully paid ordinary securities issued in the 12 months with approval under rule 7.1 or rule 7.4,

*Note:* This may include fully paid ordinary securities issued in the 12 months under an agreement to issue securities within rule 7.2 exception 17 where the issue is subsequently approved under rule 7.1.

- plus, the number of partly paid ordinary securities that became fully paid in the 12 months,
- less the number of fully paid ordinary securities cancelled in the 12 months;

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating the Company's 15% placement capacity.*

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.4.

Any equity securities issued under the 10% Placement Facility must be in an existing quoted class of the Company's equity securities. The Company presently has one class of quoted securities, being ordinary fully paid shares (Shares) (ASX: GC1)

### **Required Information**

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

#### Minimum Price

The minimum price at which shares will be issued under the 10% Placement Facility will be not less than 75% of the volume weighted average market price for ordinary shares calculated over the 15 trading days on which trades were recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- b) if the securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the securities are issued.

#### Dilution to Existing Shareholders

If Resolution 3 is approved and the Company issues securities under the 10% Placement Facility, the existing ordinary shareholders face the risk of economic and voting dilution; including risk that:

- a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
- b) the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date.

The following table gives examples of the potential dilution of existing ordinary Shareholders on the basis of the current market price of the Company's ordinary shares and the number of ordinary shares as at the 21<sup>st</sup> of September (Variable A) calculated in accordance with the formula in ASX Listing Rule 7.1A(2). The table also shows:

- examples of where Variable A has increased by 50%, and by 100%, respectively. The number of ordinary securities on issue may increase as a result of issues or ordinary securities that do not require shareholder approval (for example the pro-rata entitlement issue or script issue under a takeover offer) or future specific requirements under Listing Rule 7.1 that are approved at a future Shareholders meeting; and

- examples of where the issue price of ordinary securities has decreased by 50%, and increased by 100%, respectively, as against the current market price.

| Number of Shares on issue   |  | Dilution                                    |   |  |
|---|--|---|---|--|
|   |  | 50% decrease in issue price<br>\$0.3775     | Issue price<br>\$0.755                      | 100% increase in issue price<br>\$1.51       |
| <b>Variable A<br/>(ASX LR 7.1A(2))</b>                                    |  |   |   |  |
| Current Variable A is the current number of Shares on issue<br>43,946,512 | 10% voting<br>Dilution<br>Funds raised | 4,394,651<br>Ordinary Shares<br>\$1,658,981 | 4,394,651<br>Ordinary Shares<br>\$3,317,962 | 4,394,651<br>Ordinary Shares<br>\$6,635,923  |
| 50% increase in current Variable A<br>65,919,768                          | 10% voting<br>Dilution<br>Funds raised | 6,591,977<br>Ordinary Shares<br>\$2,488,471 | 6,591,977<br>Ordinary Shares<br>\$4,976,942 | 6,591,977<br>Ordinary Shares<br>\$9,953,885  |
| 100% increase in current Variable A<br>87,893,024                         | 10% voting<br>Dilution<br>Funds raised | 8,789,302<br>Ordinary Shares<br>\$3,317,962 | 8,789,302<br>Ordinary Shares<br>\$6,635,923 | 8,789,302<br>Ordinary Shares<br>\$13,271,847 |

Notes:

- (i) The issue price of AU\$0.755 being the closing price of the shares on 21 September 2020.
- (ii) The table assumes that the Company issues the maximum number of ordinary shares available under ASX Listing Rule 7.1A.
- (iii) The table assumes that no options or performance rights are exercised for ordinary shares before the date of the issue of ordinary shares under ASX Listing Rule 7.1A. The Company has 8,635,389 unlisted Bonus Options on issue at the date of this Notice of Meeting
- (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility based on that shareholder's interest at the date of the meeting.
- (v) The table shows the effect of an issue of ordinary Shares under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.

#### Date of Issue

Shares may be issued by the Company under the 10% Placement Facility in the period commencing on the date of the Annual General Meeting (to which this Notice of meeting relates) and expiring on the first to occur of the following:

- the date that is 12 months after the Annual General Meeting;
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by Shareholders of the Company's Ordinary Shares of a transaction under ASX Listing Rule 11.1.2 or 11.2

For the avoidance of doubt, the approval under ASX Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary Shares approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

#### Purpose of Issue under 10% Placement Facility

The Company may issue shares under the 10% Placement Facility for the purpose of raising working capital and/or finance for the Company.

#### Allocation under the 10% Placement Capacity

The Company's allocation policy for issues under the 10% Placement Facility is dependent on the prevailing market conditions at the times of any proposed issue. The identity of the allottees of equity securities would be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The methods of raising funds that are available to the Company;
- The effect of the issue of the equity securities on the control of the Company. Allocation would be subject to takeover thresholds;
- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

#### Previous Approval under ASX Listing Rule 7.1A

The Company has not sought approval under ASX Listing Rule 7.1A at a previous Annual General Meeting.

#### Voting Exclusion

A Voting Exclusion Statement is set out earlier in the Notice of Meeting. At the date of the Notice, the proposed allottees of any shares which may be issued under the 10% Placement Facility are not as yet known or identified. In these circumstances no existing shareholders' votes will be excluded under the Voting Exclusion in the Notice. Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Resolution 3 is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes cast by Shareholders entitled to vote on Resolution 3 must be in favour of the Resolution.

#### **Recommendation**

**The directors support the request for the 10% Placement Facility. They recommend that shareholders vote in FAVOUR of Resolution 3.**

#### **RESOLUTION 4 – ELECTION OF NON BOARD ENDORSED DIRECTOR – TRICIA KLINGER**

#### **Background**

On 10 September 2020, the Company received a notice under section 249D of the *Corporations Act 2001(Cth)* (**Notice**) signed by Equity Trustees Limited as trustee for the Armytage Micro Cap Activist Fund (**Requisitioning Shareholder**). The Requisitioning Shareholder represents 5.02% of the Company's Shareholders as at 21 September 2020.

## Director Comments on Notice

A Convening Shareholder Statement prepared by the Requisitioning Shareholder is attached to this Explanatory Statement.

The Board does not support or agree with this statement and puts forward the following comments:

1. The Board does not believe that Tricia Klinger has skills and experience which would add value to the existing skillset and experience of the current Board. We also note that Tricia Klinger has no prior Listed company experience.
2. Appointing an additional director would add further costs to GC1. The current Board has a focus on keeping costs as low as possible.
3. The discount to NTA mentioned is potentially misleading as it ignores deferred tax assets. GC1 has historically traded at a lower NTA discount than many other small LICs.
4. A restructure from a LIC to an ETMF, is not a notion that is supported by the current Board. It is our view that it is not practically possible for a small cap strategy that invests in companies with relatively low liquidity, or in some cases no liquidity (unlisted), to provide daily liquidity.
5. It is our view that the additional costs associated with live NTA pricing, hiring of a responsible entity, a licenced market maker and the anticipated large bid / offer spread, would make it an unviable alternative.
6. The Company is in the process of putting forward capital initiatives to grow the FUM and increase shareholder wealth, and have consistently paid dividends to shareholders since inception of the LIC.

### Resolution 4 – Election of Non Board Endorsed Director

In general terms, clause 19.5 of the Company's constitution allows a person to be eligible to be appointed as a Director by Resolution of the Company in a general meeting.

A Convening Shareholder Statement has been prepared by the Requisitioning Shareholder. After careful consideration of the statement, and discussions with the candidate, the Board does not consider the appointment of Tricia Klinger to be in the best interests of the Shareholders

### Recommendation

**The directors do not support the election of Tricia Klinger, and recommend that shareholders vote AGAINST Resolution 4.**



## CONVENING SHAREHOLDER STATEMENT

### CONVENING SHAREHOLDER STATEMENT

Equity Trustees Limited as trustee of the Armytage Micro Cap Activist Fund (**Fund**) acting under the recommendation of the Fund's investment manager Armytage Private Pty Ltd (**Armytage**) has requisitioned a meeting of shareholders of Glennon Small Companies Limited (hereafter **GC1**) to appoint a new Director to GC1's board, with the express aim of accelerating the growth of GC1 for the benefit of all shareholders.

At the prevailing price of \$0.735 per share<sup>1</sup>, GC1 has an equity capitalisation of \$32.274 million<sup>2</sup>. On 4 September 2020, GC1 announced to ASX that its "Interim NTA Estimate" as at the previous day was \$0.9483 per share, valuing its net assets on a pre-tax basis at \$41.64 million<sup>3</sup>. Hence, the equity market is pricing GC1 Shares at a \$9.366 million or over 22.49% discount to the prevailing value of its investments.

Armytage believes there are a number of ways in which this "price gap" of \$9.366 million can be eliminated to the benefit of all shareholders. In recent times, there has been increased pressure on small scale ASX-listed investment companies to wind up their investment portfolio; Armytage does NOT believe this is the optimal solution to the price gap.

Armytage DOES believe that GC1 can be grown given its Manager's<sup>4</sup> expertise in smaller and medium sized companies in Australia. This is an imperative given that in the past two financial years, to 30 June 2020 and 2019, fixed costs have absorbed \$393,000 and \$339,000 respectively<sup>5</sup>. On the current asset base of \$41.64 million, these fixed costs would absorb 0.94% and 0.82% of shareholders value each year, before payment of the management fee to the Manager.

By appointing Ms. Tricia Klinger to the board of Directors, Armytage seeks to grow GC1's asset base over which these costs are amortised, ensure the existing issued options are exercised, seek to assist the Manager to introduce new shareholders on a non-dilutive basis and ensure the Manager has the tenure to further grow the Company. Armytage also believes it would be in the Manager's interest, and consistent with its mandate to play a more active role in the inevitable rationalisation of the listed investment company sector.

Armytage will also seek to assist in the transition of GC1 to an exchange traded managed fund (ETMF) structure, which Armytage believes will permanently remove the major discount to NTA at which the Company's securities are priced.

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<sup>1</sup> Last sale price as at close of business on Wednesday 9 September 2020

<sup>2</sup> Last sale price multiplied by 43,910,293 issued Shares

<sup>3</sup> \$0.9483 per Share multiplied by 43,910,293 issued Shares

<sup>4</sup> Glennon Capital Pty. Limited

<sup>5</sup> Fixed costs include fees for accounting, share registry, custody, tax, Directors, ASX listing, audit and for other expenses as disclosed in FY20 Financial Statements released to ASX on 7 August 2020.



# GLENNON SMALL COMPANIES LTD

## All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Sydney time) on Sunday 8 November 2020.**

### 🖥 TO VOTE ONLINE

- STEP 1:** VISIT <https://www.votingonline.com.au/gc1agm2020>
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Sydney time) on Sunday 8 November 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/gc1agm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Glennon Small Companies Limited

ACN 605 542 229

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of Glennon Small Companies Limited (Company) and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held in **The Barnet Room, The Fullerton Hotel Sydney, 1 Martin Place, Sydney NSW 2000 on Tuesday 10 November 2020 at 11:00am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting intends to vote all undirected proxies in FAVOUR of Resolutions 1, 2 and 3 and AGAINST Resolution 4. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

#### Recommendation

The Board (other than Sulieman Ravell) recommends that you vote **FOR** Resolution 2.  
The Board unanimously recommends that you vote **FOR** Resolution 3

For

Resolution 1 To adopt the Remuneration Report

Against

Abstain\*

Resolution 2 To elect Mr Sulieman Ravell as a Director




Resolution 3 To approve increase share issue capacity under Listing Rule 7.1A (Special Resolution)




#### Recommendation

The directors unanimously recommend that you vote **AGAINST** the below resolutions

Against

Resolution 4 To elect Ms Tricia Klinger as a Director

Against

Abstain\*

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name .....

Contact Daytime Telephone .....

Date / / 2020



**GLENNON**  
**SMALL COMPANIES LTD**

All correspondence and enquiries to:

**BoardRoom**  
Smart Business Solutions

Boardroom Pty Limited  
ABN 14 003 209 836

GPO Box 3993  
Sydney NSW 2001

Tel: 1300 737 760 (within Australia)  
Tel: +61 2 9290 9600 (outside Australia)

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)  
[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## QUESTIONS FROM SHAREHOLDERS

Please use this form to submit any questions about Glennon Small Companies Limited (Company) that you would like us to respond to at the Company's Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Notes.

You may also use this form to submit a written question to the Company's auditor if the question is relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by **Tuesday 3<sup>rd</sup> November 2020**. The form may be submitted by email to 'info@glennon.com.au' or by post to Glennon Small Companies Ltd, Suite 1, Level 17/25 Bligh Street, Sydney NSW 2000. A return envelope is also provided.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

### Question(s)

1. Question is for the  Chairman, or  Auditor

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2. Question is for the  Chairman, or  Auditor

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3. Question is for the  Chairman, or  Auditor

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All correspondence to:

**BoardRoom**  
Smart Business Solutions

**Boardroom Pty Limited**  
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