

## Argo Investments Limited

ABN 35 007 519 520

# Notice of 2014 Annual General Meeting

Notice is hereby given that the Sixty Eighth Annual General Meeting of shareholders of Argo Investments Limited (“the Company”) will be held at the Adelaide Convention Centre, Hall G, North Terrace, Adelaide on Monday 27 October, 2014 at 10.00 a.m.

## Ordinary Business

### 1. Financial and other Reports

To receive and consider the financial report and the reports of the Directors and the Auditor in respect of the financial year ended 30 June, 2014.

### 2. Adoption of Remuneration Report

To adopt the Remuneration Report for the financial year ended 30 June, 2014.

*Note - the vote on this item is advisory only and does not bind the Directors or the Company.*

#### Voting Exclusion Statement

In accordance with the Corporations Act 2001, the Company will disregard any votes cast on Item 2 by or on behalf of any of the Company’s key management personnel or by or on behalf of a closely related party of a member of the key management personnel. The Company’s key management personnel are those personnel, including the Directors, whose remuneration details appear in the Remuneration Report. However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the stated voting intentions of the Chairman of the Meeting, or if:

- the vote is cast by a person as proxy where the appointment specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of any of the Company’s key management personnel or a closely related party of a member of the key management personnel.

### 3. Re-election of Directors

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

- 3.1** “That **Mr. Roger A. Davis**, a Director who will retire by rotation at the close of the Meeting in accordance with clause 54 of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”
- 3.2** “That **Mr. Russell A. Higgins AO**, a Director who will retire by rotation at the close of the Meeting in accordance with clause 54 of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”

## Special Business

### 4. Readoption and renewal of Proportional Takeover provisions

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

“That the proportional takeover provisions in clause 101 of the Constitution of the Company be readopted and renewed for a period of three (3) years commencing on and from the day this resolution is passed and the Constitution of the Company is amended by reinserting all of clause 101.”

### 5. Grant of Executive Performance Rights to the Managing Director, Mr. Jason Beddow

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

“That, under and for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director of the Company, Mr. Jason Beddow, of 75,485 Performance Rights under the Executive Performance Rights Plan on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting, be approved.”

#### Voting Exclusion Statement

In accordance with the Listing Rules of ASX Limited (ASX), the Company will disregard any votes cast on Item 5 by Mr. Beddow. The Company will also disregard any votes cast on Item 5 by any associate of Mr. Beddow. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# Voting Information

1. The Company has determined that for the purpose of voting entitlements at the Meeting, shares of the Company will be taken to be those held by the shareholders recorded on the register as at 7.00 p.m. (Adelaide time) on Saturday 25 October, 2014.
2. A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act 2001; and
  - provides satisfactory evidence of the appointment of its corporate representative.

A form of proxy is enclosed. To be effective, the document appointing the proxy (and the Power of Attorney, if any, under which it is signed) must be received by the Company not later than 48 hours before the Meeting, being 10.00 a.m. (Adelaide time) on Saturday 25 October, 2014.

A proxy form and proxy appointment authorities may be lodged with the Company's share registry:

In person at: Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street Adelaide SA 5000 Australia.

By mail to: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC 3001 Australia.

By facsimile to: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Vote online: Shareholders can also cast their votes online using a computer or smartphone at [www.investorvote.com.au](http://www.investorvote.com.au). To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting: For Intermediary Online subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

3. A shareholder entitled to attend and vote at this Meeting may appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote in the shareholder's place. A shareholder may direct their proxy how to vote using the FOR, AGAINST or ABSTAIN boxes provided next to each resolution on the proxy form.

If a shareholder appoints one proxy, that proxy is entitled to vote on the taking of a poll or on a show of hands unless the proxy has two or more appointments that specify different ways to vote on a resolution, then the proxy must not vote on a show of hands.

If a shareholder appoints two proxies, neither proxy is entitled to vote on a show of hands, but each proxy is entitled to vote in the percentage or number specified by the shareholder on the taking of a poll. If no percentage or number is specified, each proxy is entitled to vote half of the shareholder's votes.

If a proxy does not attend the Meeting or chooses not to vote as proxy on a resolution where a poll is taken, the Chairman of the Meeting will be taken to have been appointed as the shareholder's proxy for the purposes of that poll. The Chairman of the Meeting will cast the shareholder's votes in accordance with any directions provided on the proxy form, or if no directions are provided, in accordance with the stated voting intentions of the Chairman of the Meeting, to the extent permitted by law. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention, in which case an ASX announcement will be made by the Company.

4. The proxy form must be signed by the shareholder or the shareholder's attorney, duly authorised in writing. In the case of joint shareholders, the proxy form may be signed by any of the shareholders or attorneys. If the shareholder is a body corporate, the proxy form must be signed in accordance with the corporation's constitution and (if applicable) the Corporations Act 2001 or by its duly authorised attorney or representative.

If you vote online, you will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

# Explanatory Notes

## Item 1: Financial and other Reports

Section 317 of the Corporations Act 2001 requires each of the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report for the last financial year to be laid before the Annual General Meeting.

The Company's Constitution also provides for these reports to be received and considered at that Meeting.

There is no requirement for these reports to be formally approved by shareholders.

The reports referred to in Item 1 of the Notice of Annual General Meeting are included in the Annual Report sent to shareholders who have requested to receive a copy. If you have not elected to receive a hard copy of the Company's 2014 Annual Report, it can be accessed on the Company's website at [www.argoinvestments.com.au](http://www.argoinvestments.com.au).

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

## Item 2: Adoption of the Remuneration Report

The Company's Remuneration Report to shareholders forms part of the Directors' Report for the year ended 30 June, 2014 and is set out on pages 14 to 29 of the Company's 2014 Annual Report. The Remuneration Report is submitted to shareholders for consideration and adoption by way of a non-binding resolution.

However, if the Company's Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held (within 90 days) at which all Directors who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and comment on the Remuneration Report.

***The Directors unanimously recommend that shareholders vote in favour of Item 2, noting that each Director has a personal interest in his or her own remuneration from the Company.***

**Please Note:** The Chairman of the Meeting will be a member of the key management personnel, details of whose remuneration is included in the Remuneration Report. You should be aware that the Chairman of the Meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report. By appointing the Chairman of the Meeting to be your proxy, you **expressly authorise** the Chairman of the Meeting to exercise your proxy in relation to Item 2 (including an undirected proxy) even though the Chairman of the Meeting is a member of the key management personnel. A shareholder may appoint the Chairman of the Meeting as proxy with a direction to cast the votes contrary to the Chairman's stated voting intentions, or to abstain from voting on that resolution.

## Item 3: Re-election of Directors

At this Annual General Meeting, Mr. R.A. Davis and Mr. R.A. Higgins AO are retiring from office in accordance with clause 54 of the Company's Constitution and, being eligible, are seeking re-election as Directors of the Company. Details of the qualifications and experience of Mr. Davis and Mr. Higgins follow:

### **Item 3.1: Mr. Roger A. Davis** BEc(Hons), MPhil(Oxon), CPA

Roger Davis joined the Board of Argo Investments Limited as an independent, non-executive Director in 2012. He is currently a member of the Company's Remuneration Committee.

Roger is a Rhodes Scholar and holds an Honours degree in Economics from the University of Sydney. He completed his academic studies at Oxford University with a Master of Philosophy degree.

His extensive executive career includes over 30 years' experience in banking and investment banking in Australia, Japan and the U.S. He spent more than 20 years working with Citigroup in a variety of senior management roles globally, including as a Managing Director, and more recently was a Group Managing Director at Australia and New Zealand Banking Group Limited. He is now a consulting Director at Rothschild Australia Limited.

Roger is an experienced Board member of ASX listed companies and is currently the Chairman of Bank of Queensland Limited (non-executive Director since 2008 and Chairman since 2013), and a non-executive Director of Aristocrat Leisure Limited (since 2005) and Ardent Leisure Limited (since 2008). He was previously a non-executive Director of The Trust Company Limited (2006 to 2013) and a non-executive Director and Chairman of Charter Hall Office REIT (2003 to 2012), prior to the takeovers of both entities.

He is also Chairman of unlisted entities AIG Australia Limited and Waratahs Rugby, and was previously a non-executive Director of Territory Insurance Office.

***The Directors (excluding Mr. Davis) unanimously recommend that shareholders vote in favour of Item 3.1.***

### **Item 3.2: Mr. Russell A. Higgins AO** BEc, FAICD

Russell Higgins joined the Board of Argo Investments Limited as an independent, non-executive Director in 2011. He is currently Chair of the Company's Remuneration Committee.

He is also a non-executive Director of Telstra Corporation Limited (since 2009) and APA Group (since 2004), and was previously a non-executive Director of Leighton Holdings Limited (2013 to 2014) and Ricegrowers Limited (2005 to 2012).

Russell brings strong corporate and government sector experience to the Company. He has an extensive background in the energy sector and in the development of economic and fiscal policy, both in Australia and internationally.

He had a highly acclaimed career with the Commonwealth of Australia Public Service and was Chairman of the Prime Minister's Energy Task Force from 2003 to 2004 as well as Associate Secretary, Department of Prime Minister and Cabinet during this period. Prior to this, he was Secretary and Chief Executive Officer, Department of Industry, Science and Resources; after being Executive Director, Resources and Energy Group, Department of Primary Industries and Energy; and previously had held various positions in Treasury and the Department of Finance.

Russell is also a former Chairman of the Global Carbon Capture and Storage Institute, CSIRO's Energy Transformed Flagship Advisory Committee, the Snowy Hydro-Electric Scheme, CRC for Coal in Sustainable Development and APEC Energy Working Group. He is also a former non-executive Director of Export Finance and Insurance Corporation, CSIRO, Austrade, Australian Industry Development Corporation, Australian Biodiesel Group Limited, Australian Sports Commission, Australian Tourist Commission, and a former member of the Australian Government Joint Economic Forecasting Group, National Grid Management Council and COAG Gas Reform Task Force.

He is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Economics degree.

***The Directors (excluding Mr. Higgins) unanimously recommend that shareholders vote in favour of Item 3.2.***

#### **Item 4: Readoption and renewal of Proportional Takeover provisions**

##### **Effect of clause 101**

Clause 101 of the Company's Constitution has the effect of providing that shareholders representing a majority of shares for which votes are cast at a general meeting must approve a proportional takeover offer for their shares in order for any such offer to be effective.

Clause 101 applies to proportional takeovers, and has no application where an offer is made for all of a shareholder's shares. If a proportional takeover offer is received, the Directors are required to convene a meeting at least fifteen days before the offer is closed to consider a resolution to approve the proportional takeover offer. The offeror and persons associated with the offeror are ineligible to vote.

The full text of clause 101 is set out below:

##### **"101. Approval of Proportional Takeover Schemes**

101.1 *In this clause 101:*

- (a) *"Proportional Takeover Resolution", in relation to a Proportional Takeover Scheme, means a resolution to approve the Proportional Takeover Scheme passed in accordance with clause 101.3;*
- (b) *"Proportional Takeover Scheme" means a takeover scheme that is made or purports to be made under the provisions of the Law dealing with proportional takeover schemes or bids in respect of Shares included in a class of Shares; and*
- (c) *"Relevant Day", in relation to a Proportional Takeover Scheme, means the day that is the fourteenth day before the last day of the period during which offers made under the relevant Proportional Takeover Scheme remain open.*

101.2 *Notwithstanding any other provision of this Constitution, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Scheme is prohibited unless and until a Proportional Takeover Resolution is passed or is taken to have been passed in accordance with clause 101.3.*

- 101.3 (a) *A person (other than the offeror or a person associated with the offeror) who, as at the end of the day on which the first offer under the Proportional Takeover Scheme was made, held Shares of the class which are the subject of the Proportional Takeover Scheme:*
- (i) *may vote on a Proportional Takeover Resolution; and*
  - (ii) *has one vote for each of the Shares.*
- (b) *Where offers have been made under a Proportional Takeover Scheme, the Directors must ensure that a Proportional Takeover Resolution is voted on at a meeting of the persons described in clause 101.3(a) before the Relevant Day.*
- (c) *A Proportional Takeover Resolution is passed if more than one-half of the votes cast on the resolution are cast in favour of the resolution, and otherwise is taken to have been rejected.*
- (d) *The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with any modifications that circumstances require, in relation to a meeting that is convened under this clause 101 as if the meeting was a general meeting of the Company.*
- (e) *If at the end of the day before the Relevant Day no Proportional Takeover Resolution has been voted on in accordance with this clause, a resolution to approve the Proportional Takeover Scheme will, for the purposes of this clause 101, be taken to have been passed in accordance with this clause 101."*

##### **Reasons for proposing the resolution to readopt and renew clause 101**

By virtue of the Corporations Act 2001, clause 101 will cease to apply three years after it was last renewed (which was on 25 October, 2011).

A resolution is accordingly proposed that clause 101 be readopted and renewed for a further period of three years from the date when the resolution is passed, so as to give the majority of shareholders the right to approve or disapprove any takeover offer for less than 100% of their shares.

##### **Knowledge of proposed acquisitions**

As at the day on which this Explanatory Memorandum is prepared, the Directors are not aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### **Advantages and disadvantages for the Directors and Shareholders to date**

Since clause 101 was first adopted, the Company has not received a proportional takeover offer. As a result the clause has not been utilised, and as far as the Directors are aware the clause has not therefore operated either to the advantage or disadvantage of Directors or shareholders.

##### **Potential advantages and disadvantages for Directors and Shareholders**

The readoption and renewal of clause 101 would enable the Directors to ascertain the views of shareholders in respect of a proportional takeover offer, and ensure that all shareholders would have an opportunity to study the offer and then attend or be duly represented at a meeting to vote on the proposal. The clause would permit shareholders to prevent a proportional takeover offer proceeding if they believed that control of the Company should not be permitted to pass under the proportional takeover scheme, and the clause should ensure that the terms of any future proportional offers are structured to be attractive to a majority of shareholders.

It may be argued that readopting and renewing clause 101 makes a proportional takeover offer more difficult to proceed and that such proportional offers could therefore be discouraged. Any such discouragement of such offers may in turn reduce the opportunities which shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company, and may reduce any 'takeover speculation' element in the Company's share price on the Australian Securities Exchange. It may also be said that the provisions constitute an additional restriction on the ability of individual shareholders to deal freely in their shares.

There is no specific advantage or disadvantage to the Directors, as directors, if the clause is readopted and renewed.

***On balance, the Directors consider that it is in the interests of shareholders to have the right to vote on a proportional takeover offer, and accordingly unanimously recommend that shareholders vote in favour of Item 4 and approve the readoption and renewal of clause 101 of the Company's Constitution.***

### **Item 5: Grant of Executive Performance Rights to the Managing Director, Mr. Jason Beddow**

Shareholder approval is sought for the proposed grant of 75,485 Performance Rights to the Managing Director, Mr. Beddow, pursuant to his participation in the Argo Investments Limited Executive Performance Rights Plan ("Plan") for the year ended 30 June, 2014.

Mr. Beddow was appointed to the Board as Managing Director on 3 February, 2014, after serving as Chief Executive Officer since 2010. Although the structure of Mr. Beddow's remuneration has not changed as a result of joining the Board, shareholder approval for the grant of any performance rights is now required under ASX Listing Rule 10.14 because Mr. Beddow is a Director of the Company.

The amount of 75,485 Performance Rights is comprised of 10,785 short-term incentive (STI) Performance Rights and 64,700 long-term incentive (LTI) Performance Rights. Further information regarding each element of the equity component of the Managing Director's remuneration is provided below.

The non-executive Directors are of the view that the overall remuneration for Mr. Beddow, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director and market levels of remuneration for managing directors and chief executive officers of similar companies. Additional information regarding the remuneration package of the Managing Director is provided in the Remuneration Report in the Annual Report, which is also considered and voted upon at this meeting.

#### **Executive Performance Rights Plan terms and conditions**

There is no amount payable by Mr. Beddow either on grant or exercise of the Performance Rights. The Company will bear all costs associated therewith. The Performance Rights can be exercised, once vested, by Mr. Beddow serving notice on the company.

The extent of vesting will depend on the level of achievement of the performance and service conditions. On exercise, each performance right will be convertible into an ordinary Argo share.

If the Managing Director ceases employment with the Company, the Performance Rights that are not exercisable will be forfeited, except in limited circumstances. These circumstances may include death, incapacity, redundancy or retirement. The Board also has the discretion to enable the Performance Rights to continue beyond cessation of employment.

The Managing Director's entitlement to Company shares that will vest for each Performance Right may be adjusted to take account of capital reconstructions, rights and bonus issues.

In the event of a takeover bid (or other transaction likely to result in a change in control of the Company), the Managing Director may exercise his Performance Rights to the extent provided for in the Plan Rules.

In order to safeguard shareholders' interests, the Performance Rights (to the extent that they have not already been exercised) will lapse if the Board considers that the Managing Director has acted fraudulently, dishonestly or in breach of his obligations to the Company.

The Board has the discretion to claw back unvested Performance Rights if after they have been granted, a material misstatement is discovered in the Company's accounts.

Other features of the Performance Rights, which are consistent with the Plan Rules, include:

- the Performance Rights will not be listed on the ASX;
- the Managing Director (and other executives) are prohibited from entering into transactions or arrangements to limit the economic risk of unvested Performance Rights;
- any shares issued on exercise of the Performance Rights will rank *pari passu* in all respects with the Company's shares listed on ASX; and
- the Company will apply to ASX for official quotation of any newly issued shares on exercise of the Performance Rights.

#### **Short-term incentive (STI) component**

For the year ended 30 June, 2014, the Managing Director was entitled to receive an STI award of up to 70% of his fixed remuneration component which is inclusive of superannuation and any agreed salary sacrifice arrangements. Of the 70% STI maximum opportunity, 5/7<sup>th</sup> was paid in cash and 2/7<sup>th</sup> is deferred. Pursuant to the Plan, the STI deferral will be issued as performance rights which will vest two years after grant, subject to the Managing Director having continued service with the Company.

Subject to shareholder approval, the Board proposes to grant to the Managing Director 10,785 STI Performance Rights, as the deferred equity portion of his STI award for the year ended 30 June, 2014. This award equates to an achievement of 70% of the maximum STI opportunity.

The STI amount awarded is determined based on key Company and individual performance indicators, of which at least 50% are financially based. The financial performance indicators which are tested include the requirement for the Company to achieve a superior one year earnings per share (EPS) performance relative to its approved listed investment company (LIC) peer group; and to achieve a superior one year total portfolio return (TPR) (as independently calculated and based on the movement in net asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested) adjusted for franking credits, when compared with the S&P ASX 200 Accumulation Index, adjusted for franking credits.

The EPS performance indicator tests the ability of the Company to meet its objective of maximising the payment of dividends to its shareholders.

The TPR performance indicator tests the ability of the Company to meet its objective of maximising total shareholder returns and also ensures the Company strives to provide outperformance in its investment sector.

In addition, personal performance indicators are set for the Managing Director. These personal objectives are designed to encourage outperformance on non-financial metrics and the indicators are tailored to take account of his role and responsibilities. They can include advising and reporting to the Board, management of staff, risk management, succession planning, strategic direction, marketing and communication with internal and external stakeholders. The individual performance indicators, both financial and non-financial, are considered to be important determinants of business success and key drivers to improve the Company's performance. They provide a structure in order to assess an individual's short-term performance.

The assessment of the Managing Director's performance against the applicable specific metrics is made by the Board (other than the Managing Director), after considering recommendations from the Remuneration Committee.

The Board considers the STI, including the individual performance indicators and the method of assessing performance, is appropriate in a competitive remuneration environment and the specific circumstances of the Company.

### **Long-term incentive (LTI) component**

For the year ended 30 June, 2014, the Managing Director was entitled to receive an LTI award of up to 70% of his fixed remuneration component which is inclusive of superannuation and any agreed salary sacrifice arrangements.

Subject to shareholder approval, the Board proposes to grant to the Managing Director 64,700 LTI Performance Rights, to be issued in two equal tranches of 32,350 Performance Rights, as his LTI award for the year ended 30 June, 2014, with each tranche subject to separate performance conditions and a service condition, pursuant to the Plan.

The first tranche of rights is known as the 'TPR tranche' and has the Total Portfolio Return (TPR) Performance Condition, and the second tranche is known as the 'EPS tranche' and has the Earnings Per Share (EPS) Performance Condition.

The TPR Performance Condition is that the TPR Performance of the Company (as independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested), adjusted for franking credits, must exceed the movement in the S&P ASX 200 Accumulation Index over the performance period, adjusted for franking credits (Index Movement).

The EPS Performance Condition is that the EPS Performance of the Company (EPS means a company's non-dilutive earnings per share which is measured as the net profit of the consolidated entity after minority interests divided by the weighted average number of shares on issue over the performance period and as calculated by the Board on a comparable basis) over the performance period must exceed the average of the EPS performance of those member companies of the Australian Listed Investment Companies Association, excluding the Company, which have Australian equity portfolios and are included in the JBWere Ltd. statistics (ALICA EPS).

The performance measurement period is four financial years and the performance rights have one vesting opportunity at the end of the fourth year.

If the Company's performance at least equals the respective abovementioned Performance Conditions, 25% of the respective tranche of rights will vest, dependent upon the performance producing an absolute positive return.

The 75% balance of the respective tranche of rights will vest in full if the outperformance is 30% or greater, with pro-rata award apportioned on a straight-line basis between the Index Movement and 30% outperformance of the Index Movement (for the TPR tranche of rights), and between the ALICA EPS and 30% outperformance of the ALICA EPS (for the EPS tranche of rights), dependent upon each outperformance producing an absolute positive return.

If, at the Performance Date, the TPR Performance of the Company is greater than the Index Movement but produces an absolute negative return, then the benefit is 50% of the number of TPR tranche of rights that would vest if the return had been positive.

If, at the Performance Date, the EPS Performance of the Company is greater than the ALICA EPS but produces an absolute negative return, then no benefit is available.

The Board considers these performance conditions to be appropriate because they will ensure that a proportion of the Managing Director's remuneration is linked to the Company's performance and the generation of shareholder value.

### **Other information**

Mr. Beddow is the only Director entitled to participate in the Plan.

Mr. Beddow is the first Director to participate in the Plan since the former Managing Director, Mr. R.J. Patterson, was awarded 41,500 Executive Performance Rights in 2008 following shareholder approval on 27 October, 2008.

There is no loan to the Managing Director associated with the grant of Performance Rights or the allocation of shares upon exercise of the Performance Rights.

Details of the number of Performance Rights issued under the Plan, and the extent to which they have vested and been exercised, are disclosed by the Company in its Annual Report in accordance with the requirements of the Corporations Act 2001 and relevant Accounting Standards.

The date by which Performance Rights approved under Item 5 will be granted will be within one month following the Annual General Meeting to be held on 27 October, 2014.

***The Directors (excluding Mr. Beddow) unanimously recommend that shareholders vote in favour of Item 5.***



**Argo Investments Limited**

ABN 35 007 519 520

## Lodge your vote:

  **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only (custodians)  
[www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 350 716  
(outside Australia) +61 3 9415 4296

## Proxy Form - 2014 Annual General Meeting



### Vote and view the annual report online

Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.  
Follow the instructions on the secure website to vote.

### Your access information that you will need to vote online:

**Control Number:**

**SRN/HIN:**

PLEASE NOTE: For security reasons, it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective, it must be received by 10.00 a.m. (Adelaide time) on Saturday 25 October, 2014**

### How to vote on items of business

All your shares will be voted in accordance with your directions.

#### Appointment of proxy

**Voting 100% of your holding:** You may direct your proxy how to vote by marking one of the boxes opposite each item of business. If you mark more than one box on an item, your vote will be invalid on that item.

If you do not mark a box, your proxy may, to the extent permitted by law, vote as they choose on that item. However, note that if the Chairman of the Meeting is your proxy, he will vote your undirected proxy in accordance with the voting intentions set out in Step 2.

**Voting a portion of your holding:** You may indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box(es). The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you appoint two proxies, you must specify the percentage or number of shares for each proxy to vote, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage or number of shares for each to vote in Step 1 overleaf.

**A proxy need not be a shareholder of the Company.**

### Signing instructions for postal forms

**Individual:** Where the holding is in one name, the shareholder or attorney must sign.

**Joint Holding:** Where the holding is in more than one name, any of the shareholders or attorneys may sign.

**Power of Attorney:** Where the proxy is signed by the shareholder's attorney and if the Power of Attorney has not already been lodged with the share registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise, this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

**Bring this form to assist registration.** If a representative of a corporate shareholder or proxy is to attend the Meeting, you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a proxy to vote on your behalf

XX

I/We being a member/s of Argo Investments Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the **Annual General Meeting of Argo Investments Limited to be held at The Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Monday 27 October, 2014 at 10.00 a.m.** and at any adjournment or postponement of that Meeting.

**Chairman of the Meeting authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to the extent permitted by law, to exercise my/our proxy on **Items 2 and 5** (except where I/we have indicated a different voting intention below) even though **Items 2 and 5** are connected directly or indirectly with the remuneration of a member of the key management personnel of Argo Investments Limited which includes the Chairman of the Meeting.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman of the Meeting to vote for or against or abstain from voting on **Items 2 and 5** by marking the appropriate box in Step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1 Re-election of Director - Mr. R.A. Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Re-election of Director - Mr. R.A. Higgins AO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

4 Readoption and renewal of Proportional Takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Executive Performance Rights to the Managing Director, Mr. J. Beddow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** The Chairman of the Meeting intends to vote all available proxies in favour of each item of business, to the extent permitted by law. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Shareholder(s)

*This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /