

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of **Mainstream Group Holdings Limited** ACN 112 252 114 (the “Company”, “Mainstream” or the “Group”) (MAI: ASX) will be held at:

TIME: 9am (Sydney time)

DATE: Wednesday, 28 October 2020

PLACE: Karstens Conference Centre on Level 1, 111 Harrington Street, Sydney

and online via mainstream.verovoting.com.au

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered at the AGM. Please ensure you read the Explanatory Statement in full.

AGENDA

Item 1. Annual Report

To receive and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2020 which includes the Financial Report, the Directors' and Auditor's Reports.

Item 2. Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a non-binding **ordinary resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2020 be adopted."

Voting Exclusion Statement: In accordance with Section 250R of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of either of the following persons:

- (a) A member of the Key Management Personnel, details of whose remuneration are included in the remuneration report;
- (b) A closely related party of such a member. A closely related party includes close family members and companies the Key Management Personnel controls.

However, the Company will not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, either in accordance with a direction on the Proxy Form to vote as the proxy decides or pursuant to the express authorisation detailed on the Proxy Voting Form.

Item 3. Resolution 2 - Election of Mr Martin Smith

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr. Smith who retires in accordance with Rule 6.7 of the Company's Constitution, and being eligible, be re-elected as a director of the Company."

Item 4. Resolution 3 - Election of Ms JoAnna Fisher

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Ms. Fisher who retires in accordance with Rule 6.7 of the Company's Constitution, and being eligible, be re-elected as a director of the Company."

Item 5. Resolution 4 - Issue of Shares to Related Party - Mr Martin Smith

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 500,000 Performance Rights to Mr Martin Smith under the Company's Long Term Incentive (LTI) offer in accordance with the terms and conditions set out in the Explanatory Statement

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by a director of Mainstream or an associate of a director of Mainstream or any person whose relationship with Mainstream or a director of Mainstream or their associate is such that, in ASX's opinion, their acquisition should be approved by security holders, and who is eligible to participate in the Company's Employee Share Plan or any associate of those persons. However, this does not apply to a vote cast in favour of the resolution by a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way, or 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 a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: 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 the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 4 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

NOTES

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Meeting attendance

All shareholders may attend the Annual General Meeting, either in person or online.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9am on Monday, 26 October 2020 (Sydney time).

Voting in person

In light of COVID-19, shareholders will not be able to cast direct votes during the meeting. Shareholders are only able to vote by submitting a proxy form in accordance with this Notice.

Voting by proxy

Voting will take place by way of proxy. A Proxy Form is attached. Proxy votes must be received **no later than 48 hours before the commencement of the meeting**. Proxies received after this time will **not** be effective for the scheduled meeting.

Completed Proxy Forms may be lodged by one of the following methods:

Online: www.mainstreamgroup.com/ListedRegistryPortal

You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode (of your current registered address) or country (if your registered address is outside of Australia).

Email: Send completed Proxy Form to:
mai@mainstreamgroup.com

By mail: Send completed Proxy Form to:
Mainstream Fund Services Pty Ltd
GPO Box 4968
Sydney NSW 2001 Australia

In person: Mark to the attention of:
Registry, Mainstream Group Holdings Limited
Level 1, 51 -57 Pitt Street
Sydney NSW 2001 Australia

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- › each Shareholder has a right to appoint a proxy;
- › the proxy need not be a Shareholder of the Company; and
- › a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2

proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- › if proxy holders vote, they must cast all directed proxies as directed; and
- › any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Questions and Comments from Shareholders

Shareholders will have the opportunity to submit questions or comments to the Board and Mainstream's external auditors, Ernst & Young, through the online platform or in person.

Shareholders may also submit written questions to the Company or the auditor in advance of the AGM by email to the Company Secretary at agill@mainstreamgroup.com.

Dated: 21st September 2020

By order of the Board

Alicia Gill

Company Secretary

EXPLANATORY STATEMENT

This Annual General Meeting (AGM) Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the General Meeting Resolutions.

Item 1: Annual Report

The first agenda item is to receive the Annual Report of the Company for the year ended 30 June 2020.

Section 317 of the Corporations Act 2001 (Cth) requires the directors to lay before the Annual General Meeting the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended 30 June 2020.

The Annual Report is available on the Company's website and a printed copy has been sent to those shareholders who requested it.

In accordance with sections 250S and 250SA of the Corporations Act, Shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to:

- a) ask questions or make comment to the Directors present on the management of the Company and Remuneration Report; and
- b) ask questions or make comment to the Auditor about the conduct of the audit and the preparation and content of the Auditor's Report.

No formal resolution to adopt the Annual Report will be put to the Shareholders at the Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting are able to submit written questions to the Chairman or the auditor about:

- a) The preparation and the content of the 2020 Auditor's Report;
- b) The conduct of the 2020 audit;
- c) Accounting policies adopted by the Company in relation to the preparation of the 2020 financial statements; and
- d) The independence of the Auditor in relation to the conduct of the 2020 audit.

The questions will need to be submitted no later than five (5) business days before the Annual General Meeting to the Company Secretary at the Company's Registered Office or via email to the Company Secretary at agill@mainstreamgroup.com.

Item 2: Adoption of Remuneration Report

In accordance with Section 250R(2) of the Corporations Act, at a listed company's Annual General Meeting, a resolution that the Company's Remuneration Report be adopted must be put to the vote.

Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Directors or the Company.

In accordance with Section 300A, the Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report for the financial year ending 30 June 2020. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting Consequences

Under the Corporations Act, companies are required to put to shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company ("Spill Resolution") if, at consecutive Annual General Meetings, at least 25% of the votes cast on the Remuneration Report are voted against the adoption of the Remuneration Report and at the first of those Annual General Meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those Annual General Meetings.

If more than 50% of votes are cast in favour of a Spill Resolution, the Company must convene a shareholder meeting ("Spill Meeting") within 90 days of the second Annual General Meeting. At that meeting, all directors who were in office at the time of the Directors' Report, other than the managing director, will cease to hold office immediately before the Spill Meeting. Those persons who are elected or re-elected at the Spill Meeting will be the directors of the company. Note those directors who ceased to hold office immediately prior to the Spill Meeting may stand for re-election.

At the last Annual General Meeting, there were no votes cast against the remuneration report considered at that annual general meeting (less than 25%). Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Item 3: Resolutions 3 & 4 - re-election of Directors

In accordance with ASX Listing Rule 14.5, a public listed company must hold an election of directors at each annual general meeting.

In accordance with clauses 6.2(b) and 6.7 of the Company's Constitution, Mr Martin Smith, and Ms JoAnna Fisher will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election. Both Directors are endorsed by the Board.

The skills and experience of each Director are set out below.

Martin Smith is a founder, Group CEO and Director of Mainstream Group. He is also a member of the Acquisitions Committee. Prior to being appointed as Group CEO in 2018, Martin was head of the Fund Services business since 2006.

Martin is a director of a number of Mainstream's wholly owned subsidiaries including Mainstream Fund Services Pty Ltd, Mainstream Fund Services Pte. Ltd. (Singapore), Mainstream Fund Services (HK) Limited, Mainstream Fund Services (Ireland) Limited, Mainstream Fund Services (Malta) Limited, Mainstream Fund Services (Cayman) Limited, Mainstream Superannuation Services Pty Ltd, Mainstream Fund Services, Inc and Mainstream Fund Services (IOM) Limited. Martin has over 25 years of accounting, consulting and business leadership experience, more than 18 of which have been in fund administration.

Prior to Mainstream Group, Martin worked for FinancialBPO, The IQ Business Group and Arthur Andersen designing, implementing and managing outsourcing / shared services arrangements across

a range of industries. Martin holds a Bachelor of Business, Masters of Commerce and is a Certified Practising Accountant.

JoAnna Fisher, Non-Executive Director, joined the Mainstream Board on 1 May 2018 and is considered by the Board to be an independent director. She is Chair of the Acquisitions Committee and is also a member of the Remuneration and Human Resources Committee.

JoAnna has more than 20 years of senior management experience in funds management, capital markets and wholesale banking both in Australia and overseas. Her commercial experience includes serving as General Manager of Corporate Bank at Commonwealth Bank and Senior Vice President at Bankers Trust in Japan, New York and Sydney.

JoAnna is currently Non-Executive Chair and Director of Morphic Ethical Equity Fund. She has been a member of the Australian Catholic Superannuation and Retirement Fund's Investment Committee since 2014, and a member of the Finance and Risk Management Committee at the Australian Chamber Orchestra since 2013. She also served as Non-Executive Director Quantum Funds Management from 2006 to 2018. JoAnna holds a Bachelor of Economics (Accounting) and Bachelor of Arts (Asian Studies) from the Australian National University and is a graduated member of the Australian Institute of Company Directors.

Directors' Recommendation

The Board (other than Mr Smith and Ms Fisher, who make no recommendation) unanimously support the elections and recommend that shareholders approve Resolutions 2 and 3 for the re-election of Mr Smith and Ms Fisher as Directors of the Company. The Chairman of the Meeting will be casting undirected proxies in favour of these Resolutions.

Item 4: Allocation of Rights to Martin Smith under the Employee Share Plan

Approval is sought to grant Martin Smith, CEO and Executive Director, up to 500,000 Performance Rights pursuant to Listing Rule 10.14 and in accordance with the Long Term Incentives (LTI) under the Company's Employee Share Plan.

Background

Shareholder approval is being sought so that an LTI may be issued to the CEO under the Employee Share Plan. The Employee Share Plan was approved by shareholders at the Company's 2018 AGM. The CEO is the only Director eligible to receive awards under the Employee Share Plan. Further details of the Employee Share Plan are set out in Note 6 of the Financial Statements in Mainstream's 2020 Annual Report and in the Employee Share Plan Rules.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Performance Rights to Martin Smith constitutes giving a financial benefit and Martin Smith is a related party of the Company by virtue of being a Director.

The Directors (other than Mr. Smith, who has a material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Rights the subject of this Resolution 4 because the Performance Rights are to be issued in accordance with Mr. Smith's Executive Services Agreement which was negotiated on an arm's length basis.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where a related party, an associate of a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained is to acquire securities under an employee incentive scheme.

As the issue of the Performance Rights, the subject of Resolution 4 involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Information required by ASX Listing Rule 10.15

The CEO is eligible to receive Performance Rights that convert to fully paid ordinary shares, subject to shareholder approval of this Item 4.

Details of any awards issued to Directors will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Employee Share Plan after the resolution is approved and who are not named in the Notice of Meeting will not participate until approval is obtained under that rule.

Long Term Incentives

LTIs are designed to provide an incentive to key executives to drive long term company-wide performance and provide strong alignment with shareholders.

Executive Key Management Personnel (KMP), who are critical to the long-term success of the business, including the CEO, are eligible to receive an LTI in the form of Performance Rights at no cost. Performance Rights converts to Shares where certain performance conditions are met.

In the Board's view, Performance Rights are an appropriate reward and retention tool for senior executives as nominated performance milestones much be achieved before any Performance Rights convert to Shares. This aligns executives' contributions to the Company's growth and to shareholders.

The key terms of the CEO's proposed LTI are summarised below:

Number of awards	The maximum number of Performance Rights proposed to be granted to the CEO is 500,000.																
Date of issue	The Performance Rights are expected to be granted on or around 1 November 2020 and no later than three years after the date of the meeting.																
Performance period	The LTI has a one year performance period, commencing 1 July 2021 (FY21).																
Performance measures	<p>The CEO's performance measures for FY21 are:</p> <ul style="list-style-type: none"> › Achievement of Group revenue and earnings targets for the FY21 financial year, subject to a threshold gate (70%) › Achievement of Group customer and employee satisfaction and retention levels (15%) › Successful management of Group risk, compliance and reputation (15%) 																
Performance assessment	<p>The CEO's performance will be assessed by the Board at the end of the performance period, once the results for FY21 are known. An appropriate percentage will be applied to determine the proportion of Performance Rights to convert into shares.</p> <p>Performance measures are not re-tested during the vesting period.</p>																
Conversion	Subject to vesting conditions, each Performance Right will convert into one Share, regardless of market value.																
Vesting period	<p>Performance Rights will vest in three equal tranches over three years in line with the following schedule:</p> <table border="1"> <thead> <tr> <th>Tranche</th> <th>Maximum number of Performance Rights</th> <th>Vesting date</th> <th>Issue price</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>166,666</td> <td>1 October 2021</td> <td>Nil consideration</td> </tr> <tr> <td>2</td> <td>166,666</td> <td>1 October 2022</td> <td>Nil consideration</td> </tr> <tr> <td>3</td> <td>166,667</td> <td>1 October 2023</td> <td>Nil consideration</td> </tr> </tbody> </table>	Tranche	Maximum number of Performance Rights	Vesting date	Issue price	1	166,666	1 October 2021	Nil consideration	2	166,666	1 October 2022	Nil consideration	3	166,667	1 October 2023	Nil consideration
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3	166,667	1 October 2023	Nil consideration														
Additional information	<p>Performance Rights are forfeited where performance measures are not met.</p> <p>Performance Rights are subject to forfeiture during the vesting period if the CEO leaves Mainstream, except in certain circumstances (such as retirement, redundancy, death or change of control). Malus and clawback provisions apply in the event of a material financial or reputation event.</p> <p>The general terms and conditions of the Performance Rights are set out in the Employee Share Plan.</p>																

CEO's remuneration

Full details of the CEO's awarded remuneration in respect of the financial year ended 30 June 2020 are shown in the Remuneration Report (page 19). This comprised:

- › Fixed remuneration (including superannuation) of \$546,369.
- › Share based payment incentives of \$156,588.

Remuneration for the current financial year ending 30 June 2021 will also consist of fixed remuneration and share based payment incentives. Fixed remuneration remains unchanged and the allocation of share based payments is subject to achievement of performance measures and vesting conditions, as outlined in the key terms above.

Previous awards

Since the Employee Share Plan was approved by shareholders at the 2018 AGM, the following securities have been issued to the CEO as at the date of this Notice:

Name	Approval	Scheme	Number of awards approved	Vested	Unvested	Forfeited	Consideration
Martin Smith	2019 AGM	LTI	500,000	Nil	250,000	250,000	Nil
	2018 AGM	LTI	500,000	108,333	216,667	175,000	Nil
	2018 AGM	DSO ¹	33,000	Nil	Nil	33,333	Nil
	2018 AGM	SMSO ²	340,000	226,666	113,334	Nil	Nil

There are no loans in relation to the acquisition of securities under the Employee Share Plan.

Technical information required by ASX Listing Rule 14.1A

Should Shareholders approve resolution 4, the Company will be able to proceed with the issue of the Performance Rights to Martin Smith. Additionally, as approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under ASX Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

¹ The Director Share Offer (DSO) was a legacy offer under the Employee Share Plan. It was replaced by the LTI in 2018. Refer to the 2018 Notice of Meeting for further details.

² The Senior Management Share Offer (SMSO) was a legacy offer under the Employee Share Plan. It was replaced by the LTI in 2018. Refer to the 2018 Notice of Meeting for further details.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Performance Rights and may be:

- a) required to re-negotiate the employment agreement with Mr. Smith;
- b) in breach of the current agreement with Mr. Smith;
- c) required to pay the Mr. Smith an equivalent value in cash to the deemed value of the Performance Rights; and
- d) in the event the Company cannot come to a further agreement with the Mr. Smith, may be liable for claims against it for breach of contract.

Directors' Recommendation

The non-executive directors consider the allocation of securities to be reasonable and appropriate having regard to the circumstances of the Company and the executive director's responsibilities.

The Board recommends that shareholders vote in favour of the adoption of this Resolution. Subject to the Voting Exclusion Statement, the Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Annual General Meeting.

Annual General Meeting Explanatory Statement means the explanatory statement accompanying the Notice of Annual General Meeting.

Annual General Meeting Proxy Form means the proxy form accompanying the Notice of Annual General Meeting.

Annual General Meeting Resolutions means the resolutions set out in the Notice of Annual General Meeting, or any one of them, as the context requires.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Mainstream Group Holdings Limited (ACN 112 252 114).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

LTI means long term incentive under the Company's Employee Share Plan.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Notice of Annual General Meeting means this notice of meeting including the Annual General Meeting Explanatory Statement and the Annual General Meeting Proxy Form.

Performance Rights means an entitlement to receive a Share subject to completion of one or more performance or service related conditions and compliance with the applicable exercise procedure.

Resolution means a resolution set out in the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.