

31 October 2018

Marlin Limited Annual Meeting

Chair's Address from Alistair Ryan

[Slide: Marlin Global Limited Annual Meeting of Shareholders]

Welcome to the 11th Marlin Global Limited Annual Meeting of Shareholders. I am Alistair Ryan, Chair of Marlin.

We are duly convened as a notice of meeting has been circulated to shareholders and I can confirm that a quorum is present so I declare the meeting open.

Please note that the exits are at the back and front of the room. Please ensure you turn off your cell phones.

At the conclusion of the meeting there will be a light lunch. We look forward to meeting many of you after the meeting.

[Slide: Agenda]

To briefly cover off preliminary matters:

- The minutes of the 2017 annual shareholders' meeting held on 14 November 2017 are available at the registration desk and are also on the Marlin website.
- The 2018 annual report has been circulated to shareholders – additional copies are available at the registration desk.

Now to today's agenda. Firstly, I will give a brief update on Marlin's 2018 financial year, and then Marlin's Senior Portfolio Manager, Ashley Gardyne will review the Marlin portfolio.

After the Manager's Review, we will have a Q&A session, and will then move to the formal business of the meeting. There are three resolutions for you to consider and vote on today, which are set out in the notice of meeting.

[Slide: Introductions]

Let me introduce the front table.

Firstly, the directors. To my right is Carmel Fisher, then Andy Coupe and Carol Campbell.

Next to Carol is Ashley Gardyne, Senior Portfolio Manager for Marlin. Next to Ashley, is Wayne Burns, who joined us in August as the new Corporate Manager for Marlin. Wayne has had an extensive accounting career working mainly within the New Zealand financial services industry.

Also here today are Senior Investment Analysts Chris Waters and Harry Smith who are in the audience, please stand Chris and Harry.

We are also pleased to have representatives from our share registrar, Computershare, auditor, PricewaterhouseCoopers, our tax agent, Deloitte and our legal advisors, Bell Gully in the audience today.

[Slide: Chair's Overview]

Shareholders, it is my pleasure to again present the Chair's Overview at this meeting.

[Slide: Marlin's Investment Objective]

Before we begin the review of the year ended 30 June 2018, it is useful to refresh ourselves as to the key investment objectives of Marlin, namely:

- to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- to provide access to a diversified portfolio of international quality growth stocks through a single tax-efficient investment vehicle.

Both of these objectives were achieved for the 2018 financial year.

The Board is committed to strong governance principles and to overseeing the Manager's portfolio performance on behalf of shareholders. The Investment Committee meets twice a year, on a six monthly basis, to hear from the Manager about what has gone well and what has disappointed, and to engage in a comprehensive review session covering key performance metrics, some of which we will go through on the following slides. The Board meets formally six times per annum plus other meetings as required.

We are pleased to report that Marlin has reported a strong net profit result and a strong absolute return for the 2018 financial year which I will highlight further on the next slide and which Ashley will discuss in more detail in the Manager's Review.

[Slide: 2018 Overview]

So how has 2018 treated shareholders?

Marlin delivered a strong net profit of \$23.8m for the 2018 financial year, well ahead of last year's net profit result of \$15.7m.

Due to the strong performance in 2018, the overall net asset value (NAV) per share grew from \$0.89 (as at 30 June 2017) to \$1.02 (as at 30 June 2018) – even after dividends were paid out.

Marlin paid dividends during the year of 7.59 cents per share, in line with the dividends paid in the prior year of 6.81 cents per share.

[Slide: 2018 Overview Continued]

Total shareholder return, (the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares) was 21.5% for the year, well ahead of the 2017 total shareholder return of 9.1%.

Marlin's regular dividends continued to contribute to the total shareholder return with the 7.59 cents per share paid in dividends per my earlier slide producing a dividend turn of +9.6% (2017: +8.6%).

Total shareholder return also reflected the improved Marlin share price which rose from \$0.79 cents at the beginning of the year to \$0.86 cents at year end, a 9% gain.

As the NAV improved, the share price to NAV discount (inclusive of the warrants on a pro-rated basis), widened slightly from 11.2% (30 June 2017) to 13.7% (30 June 2018). Since year end, there has been a narrowing of the discount to 7%, with the share price at \$0.91, warrants at \$0.08 and the net asset value at \$0.97.

The Board has a number of initiatives in place to help manage the share price to NAV discount including the buyback programme. Over the 12 months to 30 June 2018, 3.8 million Marlin shares were purchased under the buyback programme when the shares were trading at sufficiently deep discounts. Shares purchased under the buyback programme are held as treasury stock and primarily utilised under the dividend reinvestment plan.

[Slide: Use of Shareholder Funds]

The chart shows the Marlin NAV of \$106m (as at 30 June 2017) increased \$15m to \$121m (as at 30 June 2018).

The movements during the year as represented by the grey and purple columns were:

- plus \$23.8m net profit,

And movements due to our capital management initiatives:

- less \$8.9m dividends paid,
- adding back \$3.7m for dividends reinvested by shareholders, and
- less \$3.1m for buybacks.

[Slide: Portfolio Performance]

As I mentioned earlier the investment objective of Marlin is to achieve a high real absolute rate of return, comprising both income and capital growth, within acceptable risk parameters. Pleasingly, we have seen an improvement in the portfolio performance this year.

The adjusted NAV return was +23.6% for the period which represents the net return to an investor after fees and tax, which was significantly ahead of the 2017 return of 16.8%. The increase in return was largely driven by stronger portfolio performance.

Marlin also outperformed its benchmark, which rose by 17.1% over the same period. Ashley will discuss the international market dynamics and how the portfolio performed shortly in the Manager's Review.

While it isn't an explicit investment objective, we do monitor the Manager's performance relative to its investment universe, and for Marlin we believe this is best represented by the S&P Large Mid Cap/S&P Small Cap Index (hedged 50% to NZD) from 1 October 2015. Prior to 1 October 2015, the benchmark was the World Small Cap Gross Index. As you can see, performance relative to the very strong index performance has been somewhat challenging on a 3 year and 5 year annualised basis.

[Slide: Quarter 1, 2019]

The first quarter of Marlin's 2019 financial year was relatively settled and markets had risen slightly, that is before the significant global share market correction in the current month of October.

This slide provides a snapshot of those first three months of the current financial year to 30 September 2018, where you can see that:

Total shareholder return for the quarter was +12.7%.

Unaudited net profit for the three months was \$6.0m.

NAV per share was \$1.05, (bearing in mind that Marlin made a quarterly dividend payment of 2.05 cents per share in late September (paid on 28 September).

The share price to NAV discount, (Inclusive of the warrants on a pro-rated basis) narrowed to 7%, from 13.7% at 30 June.

Marlin's adjusted NAV return for those first three months was +5.0%, which represents the net return to an investor after fees and tax, and

The benchmark index for the same three months, which was 4.3%.

New Zealand and global share markets have been experiencing significant volatility during October. Currently the above benchmark index is down approximately 10% for the month of October, and Marlin's performance for the month is broadly in line with the benchmark. We recognise that these periods of high volatility can cause concern for many investors, however we believe that the Marlin diversified portfolio of quality companies coupled with the robust investment philosophy of Marlin's investment managers will ensure that Marlin continues to perform well over the long term.

[Slide: Warrants]

We formally announced the issue of 29.7 million Marlin warrants to the market on 16th April 2018, & those warrants have been listed and traded on the NZX Main Board since early May of this year. Currently listed at \$0.08

The Exercise price for each warrant is \$0.83, less the dividends paid per share between 2 May 2018 & 12 April **2019**.

Warrants give holders the right, but not the obligation, to purchase additional shares in Marlin at a discounted exercise price that has been adjusted downward for dividends declared between the date of allotment of the Warrants and ending on the last business day before the final exercise price is announced. The final exercise price will be announced next year in March.

Warrant holders have the option to exercise their warrants, sell their warrants on market or let their warrants lapse. All warrants must be exercised by 12 April **2019**. Any warrants not exercised by then will lapse.

Closing remarks

In closing, on behalf of the Board I'd like to thank you shareholders for your continued support of Marlin. I will now hand over to Ashley Gardyne, Senior Portfolio Manager of Marlin.

ENDS