

30 October 2020

## **Marlin Global Limited Annual Meeting**

### **Chair's Address from Alistair Ryan**

[Slide: Marlin Global Limited Annual Meeting of Shareholders]

Welcome to the 13<sup>th</sup> Marlin annual meeting of shareholders. I am Alistair Ryan, Chair of Marlin.

It is pleasing to be able to hold this annual shareholders meeting in-person, and to also be able to offer the virtual meeting option to those who are unable to attend in-person, & have joined the meeting via the Lumi virtual ASM platform.

An annual meeting is an important event in a company's calendar and we hope that in future the familiar in-person annual meeting will be able to continue without the COVID-19 and lockdown uncertainty that we've had to deal with this year.

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.

For those here in-person there will be a light lunch at the conclusion of the meeting. We look forward to meeting many of you after the meeting.

[Slide: Agenda]

The Agenda today.

Firstly preliminary matters:

- The minutes of the 2019 annual shareholders' meeting held on 18 October 2019 are available at the registration desk and are also on the Marlin website.
- The 2020 annual report has been circulated to shareholders – additional copies are available at the registration desk.

Today I'll give a brief update on the Marlin 2020 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 two resolutions for you to consider and vote on today, which are set out in the Notice of Meeting.

[Slide: Online Attendees – Question Process]

Before we start though, a bit of guidance on how to submit any questions if you're joining this meeting via the online portal.

You should be able to see a Q&A icon at the top centre of your screen.

To send in a question, simply click in the “Ask a Question” box, type your question and press the send arrow.

This method won’t allow you to take into account any questions already asked by other online participants, as will be the case for those actually here at the physical meeting. Because of this Wayne Burns, our Corporate Manager, will be consolidating any duplications and overlaps.

We’ve set aside a time at the end of the two presentations for general questions relating to the operations and management of the business.

For today’s meeting, if you’re joining us online then you can submit your questions at any time during the meeting – up until we close the questions session.

Questions relating to the two resolutions will be dealt with in conjunction with each of those resolutions.

To facilitate the smooth running of this hybrid (i.e. in-person and online) ASM, can we ask that shareholders limit themselves to a maximum of two questions please.

We’d also like to point out that general shareholder questions, not covered at this meeting, can also be sent to the company via the website via [enquire@marlin.co.nz](mailto:enquire@marlin.co.nz) and we will endeavour to answer them as they are received.

[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 Corporate Manager for Marlin.

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

And it was certainly a turbulent period of ups, downs and ups.

As Marlin shareholders we gained strongly up until the middle of February, with the Marlin share price reaching \$1.10 on the 19 February, then we dropped rapidly and significantly to \$0.71 on 23 March. These were volatile and uncertain times.

Since late March we’ve seen global sharemarkets seek to recover the ground lost in February and March, and on Wednesday night this week the Marlin share price closed at \$1.15

However, we can’t be complacent about the impact that COVID & lockdowns can & will continue to have on the global economy, as the future is still somewhat unclear.

Fortunately for Marlin, with a 30 June balance date, there has been time for the recent recovery phase to occur.

The recovery of the Marlin portfolio clearly demonstrates how well the portfolio is constructed and managed, based on a rigorous and robust investment approach, which has held your investment in good stead during the on-going COVID-19 pandemic.

So let's have a quick review of our investment objectives

[Slide: Marlin's Investment Objective]

As directors, and managers, we typically start our annual meetings with a quick reminder of what we are here to achieve, being:

- 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 2020 financial year.

[Slide: Corporate Governance]

Turning now to corporate governance.

The board is committed to strong governance principles and to overseeing the Manager's portfolio performance on behalf of shareholders.

In a normal year the board generally meets formally six times per annum, plus other meetings as required, but during the initial period of the COVID-19 crisis, when market volatility was at its peak (March and through April 2020), the board scheduled a number of additional meetings with the Manager to check that appropriate risk management processes and procedures, including rigorous application of the STEEPP process, were being adhered to. The board has continued to have additional monthly meetings with the portfolio manager.

These additional meetings enable the board to monitor and closely oversee the portfolio management process undertaken by the Manager as part of its mandated approach.

In addition to the special meetings referred to above, 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 Marlin Audit and Risk Committee generally meets twice a year, on a six monthly basis, to review the company's financial reporting, internal controls and risk management systems, and to meet with the external auditor and receive their report on both the interim and year end accounts.

The Marlin 2020 result was announced in August, but I'll highlight some of the key performance measurements on the next slide, and Ashley will discuss the underlying performance in his presentation.

[Slide: 2020 Overview]

So how has 2020 treated shareholders?

- We are pleased with Marlin's performance during what was a particularly volatile and challenging period. It's worth noting that the volatile market conditions of February and March reduced Marlin's nine month result to a NPAT loss of (\$1.9m), which was turned around in the last quarter of the financial year to a year end NPAT profit of \$22.6m, a recovery of \$24.5m. This significant turnaround and the difference between the position as at March versus the year end result shows the volatility of equity markets but also, we believe, the underlying quality of Marlin's portfolio.
- Despite the very strong recovery in the last quarter of the financial year we weren't quite able to match the recorded NPAT from the 2018 financial year of \$23.8m.
- The total shareholder return for the year was 21.5%, well up from last years 15.5% return. This return measure looks at the share and warrant price movements, the dividends paid and the warrants exercised. Over the course of the financial year the share price moved from \$0.90 to \$0.98, (a 9% increase). Marlin paid almost 8 cents per share in quarterly dividends, (a dividend yield of just under 9%). All of this helped contribute to the overall shareholder return.
- The NAV per share at year end was \$1.03, up from last years closing NAV per share of \$0.96, which is of course after dividends were paid out.
- The adjusted NAV return was +16.6% for the period which represents the net return to an investor after expenses, fees and tax, which was significantly up from the 2019 result of +6.8%.
- Over the 2020 financial year, the share price to NAV discount narrowed from 6.2% (30 June 2019) to be 2.9% at 30 June 2020. In fact for almost all of the financial year the discount was below 8%, and more recently we've seen periods when the Marlin share price has been at a premium to the NAV per share.
- It's worth noting that while one of the Board's initiatives for managing the share price to NAV discount remains the buyback programme, the narrowing of the discount meant that Marlin did not acquire any of its own shares during the 2020 financial year.

[Slide: 2020 Overview - Continued]

As mentioned in the previous slide the Adjusted NAV return was +16.6% for the period which represents the net return to an investor after expenses, fees and tax.

This slide compares that return, and the gross performance return, to Marlin's benchmark return, the S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was flat for the same period.

As you can see from this slide both the three & five year annualised adjusted NAV returns compare favourably with the equivalent period benchmark returns.

Ashley will discuss the global market dynamics and how the portfolio performed shortly in the Manager's Review.

[Slide: Use of Shareholder Funds]

The chart shows the Marlin NAV of \$141m as at June 2019, increased \$15m to \$156m at the end of the June 2020 reporting period.

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

- plus \$22.6m net profit,

*And movements due to our capital management initiatives:*

- less \$12m dividends paid, adding back \$5m for dividends reinvested by shareholders.

[Slide: Quarter 1, 2021]

The first quarter of Marlin's 2021 financial year has seen global sharemarkets continue to show strong momentum, but we've also seen ongoing market volatility.

This slide provides a snapshot of those first three months of the current financial year to 30 September 2020, where you can see that:

- Total shareholder return for the quarter was +16.1%.
- Unaudited net profit for the three months was \$11.6m.
- NAV per share was \$1.08, (bearing in mind that Marlin made a quarterly dividend payment of 2.06 cents per share in late September, paid on 25 September).
- As at 30 September the share price was actually at a 1.5% premium to the NAV, but has generally been at a small discount or small premium through all of the first quarter.
- Marlin's adjusted NAV return for those first three months was +7.4%, which represents the net return to an investor after expenses, fees and tax, and
- The benchmark index for the same three months was up 5.7%.

[Slide: Marlin Warrants]

The final exercise price for the Marlin warrants (MLNWD) of **\$0.86** was announced to the market on Friday 25 September.

All warrant holders have been sent details with regards to the exercise of the warrants, which included details for the special purpose Marlin warrant website, hosted for us by Computershare, as well as the separate Exercise Letter and Exercise Form.

It's worth noting, for those who are still using cheques to pay for the likes of the exercise of warrants, that this will probably be the last warrant exercise where Computershare will accept cheques, which as you'll all be aware are being phased out by the banks.

### 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