



**Minutes of Annual Shareholders Meeting of Marlin Global Limited held at the  
Ellerslie Event Centre, Auckland on Wednesday 28<sup>th</sup> October 2009 commencing at  
10.30am**

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**PRESENT**

Directors

Rob Challinor - Chairman  
Annabel Cotton – Independent Director  
Ian Hendry – Independent Director  
Carmel Fisher – Executive Director

Shareholders and invitees

135 Shareholders and accompanying guests

5 Invitees

15 Visitors

**IN ATTENDANCE**

Ken Applegate - Fisher Funds Management Limited  
(Portfolio Manager – International Equities)  
Nivedita Findlay - Marlin Corporate Manager/Company Secretary  
Bruce Baillie - PricewaterhouseCoopers – Auditor  
Philip Taylor - PricewaterhouseCoopers – Auditor  
Darren White - Deloitte – Taxation Consultant  
Renee Sonntag - Deloitte – Taxation Consultant  
Erich Bachman - Hesketh Henry – Legal Adviser

**PRELIMINARY** The Chairman:

- Welcomed shareholders and invitees to Marlin's ASM meeting;
- Introduced the Directors, Portfolio Manager and Corporate Manager;
- Advised of venue safety procedures and administrative matters;
- Noted that the Notice of Meeting had been circulated to shareholders and confirmed that a quorum was present;
- Declared the meeting open; Announced that 15,572,485 proxies had been received from 417 shareholders;
- Advised that the minutes from the last Annual Shareholders Meeting held on 22 October 2008 were approved by the Marlin Board on 18 November 2008 and made available on the Marlin

website. Copies were also available at the registration desk for inspection;

- Noted that the 2009 Annual Report containing the financial statements and Auditors report thereon for the year ended 30 June 2009 had been circulated to shareholders;

## **CHAIRMAN'S ADDRESS**

The Chairman:

- Commented that the Directors were pleased to advise of a net surplus of \$6.2 million for the year to 30 June 2009 which was attributable to the strong recovery in international markets in the last four months of the year;
- Reviewed the change in the Net Asset Value (NAV) per share for the year – NAV had increased by 7 cents per share or 8% since the beginning of the financial year. This return per share was more relevant to shareholders than the overall net surplus;
- Provided an update on the NAV per share and share price at 30 September and 20 October. Since balance date, performance had continued its upward trend with a further 8% gain, notwithstanding a strong recovery in the NZ dollar during this period;
- Commented that Marlin paid its first dividend of two cents per share in September 2009 and this was included in calculating the 8% return;
- Presented graphs of the NAV and share price performance since listing and explained that the current discount between diluted NAV and share price was around 17%;
- Commented that the discount for Marlin and for other listed investment companies globally typically widened in falling markets and narrowed in rising markets and that discounts were not uncommon for such entities; He added that it seemed illogical that Marlin's discount had reached over 40% earlier in the calendar year which perhaps reflected the distressed sale of shares without regard to fundamentals;
- Explained the Board's decision not to buy back shares when discounts levels were at their peak. The Board had concluded that buying back shares in an irrational falling market would have little impact on the price. He re-iterated the Board's view that significant volumes would need to be bought back to have any meaningful impact on the NAV;
- Commented that the recent closing of the discount was most likely due to improving market sentiment aided perhaps by the more aggressive buybacks undertaken;
- Concluded his presentation by outlining the other capital management initiatives of the company. Marlin's dividend payments were expected to be modest in the short term as international shares tended to pay low dividends. He added that the Board did consider introducing a managed distribution policy however concluded that it was not appropriate for Marlin considering the company was still young and there were warrants outstanding. The Board would review this next year.

He further added that a dividend reinvestment plan (DRP) had been established in July and that 750,000 shares had been re-issued from treasury stock to those shareholders who elected to receive shares instead of cash dividends.

## **MANAGER'S ADDRESS**

Ken Applegate, representing the Manager:

- Reviewed the market environment over the last 12 months. The first six months was very challenging as investor sentiment hit a 19 year low, however it was the best time to buy shares;
- Reminded shareholders that investing for the long-term was critical;
- Presented a graph showing Marlin's continued market outperformance compared to the MSCI World Small Cap and MSCI World indices. Marlin had achieved positive absolute performance over the year but the objective was long-term wealth creation;
- Provided actual and forecasted earnings growth of the Marlin portfolio and emphasised that ultimately stock prices followed earnings;
- Highlighted the companies added to and sold out of the Marlin portfolio in the last 15 months;
- Outlined the four themes that characterised the Marlin portfolio: urbanisation in China, demographics impacting healthcare companies, successful US businesses expanding their borders and companies that were leaders in market niches;
- Concluded that Marlin provided access to a number of growing companies from around the world, including China and Asia, through a single investment. China and Asia were the investment destination of the future and were still undervalued. There were plenty of great investment opportunities out there and it was the Manager's job to find them.

## **QUESTIONS**

The Chairman thanked Mr Applegate for his interesting and informative presentation and declared the meeting open for questions.

A few shareholders and proxy holders asked questions concerning share buybacks and warrants which were responded to by the Chairman and Carmel Fisher.

The Chairman thanked the attendees for their questions and said there would be an opportunity for further questions at the conclusion of formal business. He then moved the meeting to the next item on the agenda.

## **STRUCTURE OF MARLIN GLOBAL AND THE KPMG REPORT**

The Chairman noted that shareholders would have received letters from the directors concerning the structure of Marlin, read about it in the paper and received the KPMG Report. He highlighted significant points from the KPMG report. Marlin was a listed or "closed –end" investment company which meant that one had to buy or sell shares through a stock broker. The discount to net asset value led to a suggestion from Mr. Cross and

others to change the structure of Marlin to an "open-end" fund in which investors subscribe for or withdraw their capital at current net asset value, adjusted for entry or exit fees, if any. Given the complexities involved and on the encouragement of Mr Cross, Board commissioned a report from KPMG which set out the benefits and costs and risks of the two structures. The key issue related to the warrants – while the warrants were on issue, it would be unwise to change the structure. The warrant holders would need to approve any proposed change independently of, and prior to shareholders. If warrant holders voted against changing the structure, then it could not proceed. This was because it was prejudicial to the interests of warrant holders as they have a potential interest in the assets of the company. Warrant holders would require compensation, at a premium, if the company's structure was to be changed before the warrants expired. It did not mean that changing the structure could not be considered next year after the warrants expired. The KPMG report concluded that due to the necessity of having to buy-out the warrant holders or obtain their approval, it was in the shareholders' interest not to consider the restructure of Marlin until the warrants expire. Finally, the Chairman emphasised that the report further concluded that circumstances, investment objectives and preferences of individual share and warrant holders do differ. Each would need to form his or her own opinion on the action to take. While the Board did not support a restructure of the Company at this time, they would revisit this issue next year.

The Chairman invited discussion from shareholders and requested that Mr. Gary Cross, a Marlin shareholder speak first. Mr. Cross spoke to the meeting. He explained that the point of looking at the structure of Marlin was to achieve the best value for shareholders. He maintained that the Board has a duty to look at all avenues of increasing the wealth of shareholders; his proposal was one avenue. He proceeded to outline what he believed were the shortcomings in the KPMG report. He contended that the main omission was the lack of comparison between the performance, costs and liquidity of Marlin to the Fisher Funds International Growth Fund and the International Premium Fund which were open-end funds. He did not consider the report provided the full information to shareholders as to what could be achieved by restructuring Marlin.

The Chairman thanked Mr. Cross for his address and pointed out that there were a few factual errors in some of the comments. He reiterated that closer to when the warrants expired, there was nothing to prevent the KPMG report being used by shareholders as a basis to put forward a formal proposal to restructure Marlin.

Carmel Fisher stated that Mr. Cross had criticised the KPMG report for its lack of specific comparison of Marlin to the Fisher Funds international funds, however this was not what Mr. Cross and others had asked for. They had requested a report considering the pros and cons of a listed versus an unlisted fund. Both were legitimate structures and some investors preferred one over the other. Mrs. Fisher then addressed some

of the factual errors in Mr. Cross's address and responded to a few other comments from the floor.

A lively discussion amongst shareholders and Directors followed indicating differing opinions and that many shareholders did not favour an open-end fund. A shareholder queried the cost of producing the KPMG report and the associated legal and taxation costs, to which the Chairman replied that the cost was approximately \$80,000.

The Chairman thanked those that expressed their opinion on this issue and moved to the next item on the agenda.

## **ELECTION OF DIRECTORS**

The Chairman noted that the independent Directors of Marlin were also on the Boards of Kingfish and Barramundi. Although he viewed that this was appropriate for the size of NZ he accepted that The UK Code for Listed Investment Companies stated that a Director would no longer be independent if they served on the Board of more than one company managed by the same Manager. He emphasised that the independent directors of Marlin did conduct themselves as fully independent of the Manager however agreed that independence was also about perception. To that end, the Chairman advised that the Marlin Board would commence a formal process next year to identify and appoint a new Director. For this reason, the Board did not support the election of Bevan Killick as a Director of Marlin. Mr Killick could however put his name forward next year if he wished to.

The Chairman requested polls on the resolutions for the election of Directors.

Under the Company's Constitution, one third of the independent directors must retire by rotation. Ian Hendry retired by rotation and, being eligible, offered himself for re-election.

At the invitation of the Chairman, Mr. Hendry spoke to the meeting in support of his re-election.

The Chairman invited Annabel Cotton to deliver an address on behalf of Mr. Bevan Killick who was nominated as a Director to the Marlin Board by a shareholder. Mr. Killick was unable to attend the meeting due to the imminent birth of his first child and had sent his apologies for his absence.

Annabel Cotton read the statement from Mr. Killick.

Ms. Cotton noted a few points in Mr Killick's statement which she did not agree with.

Further comments were made from the floor.

## **POLL ON ELECTION**

**OF DIRECTORS** The poll was conducted by Computershare with the Company's auditors, PricewaterhouseCoopers acting as scrutineers. The Chairman advised that the results would be announced at the conclusion of the meeting.

## **APPOINTMENT AND RENUMERATION**

**OF AUDITOR** As no other nomination had been received, PricewaterhouseCoopers, the existing auditors, automatically continued in office for the year ending 30 June 2010. A resolution was however required to authorise the Directors to set their remuneration.

It was moved and seconded "THAT the Directors be authorised to set PricewaterhouseCoopers remuneration for the current year."

The Chairman declared the motion unanimously carried by a show of hands.

## **GENERAL BUSINESS**

The Chairman invited members to raise matters of a general nature. Discussion followed relative to a number of matters including whether the recovery of equity markets would be "V shaped" and how the Manager had found investing in Japan. Ken Applegate responded to these queries.

## **CLOSURE**

The Chairman thanked attendees and the participants in the healthy debate. He concluded that he was proud to be a director and shareholder of Marlin and was confident that through the Manager Fisher Funds, Marlin was in good hands.

He invited those present to join the Directors for light refreshments.

The meeting was declared closed at 12.15pm.

## **OUTCOME OF POLLS**

The scrutineers confirmed, following the meeting, the results of the poll which are summarised below:

### **Resolution 2: Re-elect Ian Hendry as a Director of Marlin Global Limited**

Resolution Passed

Votes For: 13,220,204

Votes Against: 4,003,570

### **Resolution 3: Elect Bevan Killick as a Director of Marlin Global Limited**

Resolution Not Passed

Votes For: 3,010,680

Votes Against: 13,954,269

The outcome of the poll and advice as to those Directors determined to be independent were announced to the market following the meeting.

CONFIRMED by Board resolution, 10 December 2009:



Chairman