# Annual Report and Financial Statements

## MARWYN VALUE INVESTORS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

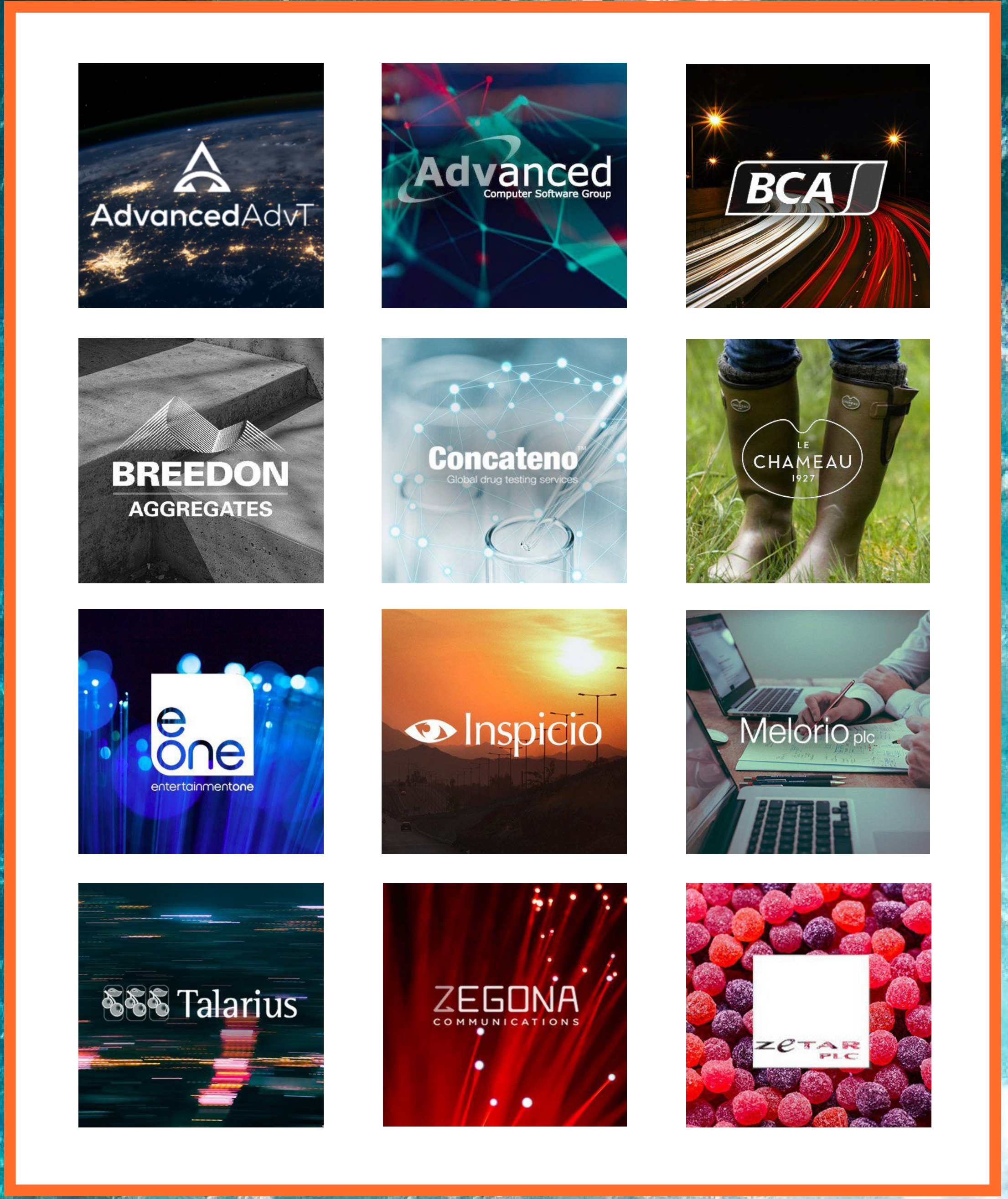
MARWYN

## Contents



Defined terms used throughout the Annual Report and Financial Statements are as described on page 82.

2020



# **Report** of the Chairman

## Strategic Report

I am pleased to present to shareholders the audited Annual Report and financial statements of Marwyn Value Investors Limited (LSE: MVI and MVIR) for the year ended 31 December 2020.

2020 will inevitably be remembered for COVID-19, a global pandemic which resulted in human loss, disruption to the global economy and the way we have lived our daily lives. Despite these extraordinary events, the NAV per share of both the ordinary shares and realisation shares grew, each by 2.6p and have been on an upward trajectory thus far in 2021. Our mature portfolio assets, Zegona and Le Chameau, have both contributed to recent gains and the pipeline of acquisition targets, as discussed in more detail in the Report of the Manager, provide real potential for growth and significant shareholder returns.

### Discount Management

The level of the Company's ordinary share price discount to underlying net asset value remains a prime area of focus for the Board and the Manager. Despite a range of measures introduced over the last 10 years, the discount continued to grow through the start of 2020, reaching a peak of 49% in early May, driven, at least in part, by a market perception of an excess supply of shares from shareholders seeking liquidity. Consequently, we announced and completed an accelerated bookbuild to purchase ordinary shares, funded by the proceeds from the crystallisation of the ordinary share carried interest. This has had both short-term and long-term benefits to the Company's ordinary shareholders including an immediate and significant liquidity event for exiting shareholders, increased alignment of interests between the Manager and the Company's shareholders, a reduction in the perceived excess supply of shares, and the re-introduction of a preferred return hurdle to the ordinary share carried interest, ensuring ordinary shareholders receive a 7.5% preferred return before any future carry accrues.



Post the period end, in May 2021, the shareholder register saw the Company's largest shareholder exit their position, with some existing shareholders strengthening their positions and some notable new shareholders joining the register. The Board welcomes new shareholders who have joined the register and thanks existing shareholders for their continuing support.

### Dividend

To further understand the views and concerns of our shareholders, the independent directors have recently met, or offered to meet, with all of the Company's larger shareholders to reconsider the effectiveness of the discount management. As a result of feedback received on the implementation of the Ordinary Share Distribution Policy, we have suspended the share buy-back programme that has been in place since 2018, reverting to the payment of dividends. Under our policy, distributions are maintained or grown on a per-share basis and currently represent an annual dividend of 9.06 pence per share, paid in equal quarterly instalments. Based on a share price of £1.21 as at 31 May 2021, this represents a yield of almost 7.5%.

### Board composition

In 2020, we conducted a full review of our Board composition, considering in detail the recommendations of the AIC Code, following which we were pleased to appoint two new independent non-executive directors, Peter Rioda and Victoria Webster, and appoint Martin Adams as Senior Independent Director. Biographies for all Board members are included on our website, www.marwynvalue.com. The Board now comprises a majority of independent non-executive directors and the experience and expertise that Peter and Victoria bring to the Board complements our existing strong business and investment expertise and improves our governance.

### November 2021 realisation share conversion

In November 2021, ordinary shareholders will be given the option to convert their shares into a new (second) series of realisation shares, which will provide investors with the ability to receive underlying, undiscounted net asset value, as and when investments are ultimately realised. Whilst this provides a mechanism for shareholders to realise the value of the discount, returns are only made on the exit of investments and there is no accelerated divestment for the realisation class. Furthermore, shareholders who convert their shareholding to the new series of realisation shares will not be exposed to any new Portfolio Companies in which the Company invests after creation of the new series of realisation shares, nor will they enjoy the benefits of distributions under the Ordinary Share Distribution Policy. The Board and the Manager will not be converting any of their shareholdings to the realisation class. Full details will be released through the publication of a prospectus relating to the admission of the new series of realisation shares to trading on the Specialist Fund Segment in due course.

### Looking forward

As a Board, we support the Manager's view that the recent resurgence of public markets and institutional interest in alternative listed securities provides a strong market backdrop to launch a bespoke and improved European public market solution for investors, management teams and vendors. The Manager has a proven track record of generating shareholder value through listed acquisition vehicles and the Board are excited by the proposition of the 'MAC Model' which, alongside exceptional Management Partners, we believe can drive significant returns for the Company's shareholders.

**Robert Ware**
Chairman
29 June 2021

MARWYN

# **Performance** Summary

## Ordinary Shares

The NAV per ordinary share of the Company increased during the period by 2.6p to £1.631, an increase of 1.6%, whilst the FTSE All-Share declined by 9.8%. As at 31 December 2020, the discount of the share price to NAV per ordinary share was 34.1%, compared to 34.3% as at 31 December 2019.

| | NAV Total Return[1] | FTSE All-Share |
|---|---|---|
| 1 year (to 31 December 2020) | 1.6% | (9.8)% |
| 2021 YTD (to 31 May 2021) | 14.6% | 10.9% |
| Since inception (23 February 2006 to 31 December 2020) | 135.2% | 110.5% |
| Since inception (23 February 2006 to 31 May 2021) | 169.6% | 133.5% |

## Realisation Shares

The NAV per realisation share of the Company increased during the period by 2.6p to £1.767, an increase of 1.5% whilst the FTSE All-Share declined by 9.8%. Shareholder total return, including the cash returns to shareholders during the year, was 0.8%. As at 31 December 2020, the discount of the share price to NAV per realisation share was 23.6%, compared to 18.1% as at 31 December 2019.

| | Shareholder Total Return[2] | FTSE All-Share |
|---|---|---|
| 1 year (to 31 December 2020) | 0.8% | (9.8)% |
| 2021 YTD (to 31 May 2021) | 26.2% | 10.9% |
| Since inception (30 November 2016 to 31 December 2020) | (14.6)% | 15.5% |
| Since inception (30 November 2016 to 31 May 2021) | (5.3)% | 28.2% |

## 2020 Performance

The increase in NAV per ordinary share and realisation share over the period was primarily attributable to an increase in the Master Fund's carrying value of its investment in Le Chameau arising from significant sales growth in their online channels; this is a trend that has been seen by a number of other retailers and has accelerated due to the COVID-19 pandemic. However, this increase in the carrying value of Le Chameau was largely offset by a realised loss on the indirect investment in Safe Harbour.

Despite the uncertainty and effects of the COVID-19 pandemic on the economy causing market volatility on a global scale, throughout the period the NAV for both ordinary and realisation shares remained relatively stable, reflecting the large proportion of the look-through portfolio retained in cash and the resilience of the active Portfolio Companies. The 2020 year-to-date performance of the FTSE All-Share index benchmark showed its greatest fall to March 2020 when it was down by over 34%,whereas the largest year-to-date drop for the ordinary shares and realisation shares throughout 2020 was 7.1% and 13.7% respectively.

Whilst global markets recovered somewhat from the March 2020 low-point, the ordinary shares and realisation shares both produced positive annual total returns for shareholders in 2020, despite the benchmark FTSE All-Share remaining down 9.8% for the year.

## Performance since inception (to 31 December 2020)

From inception in February 2006 to 31 December 2020, the Ordinary Share NAV Total Return was 135.2%, compared to the FTSE All-Share performance over the same period of 110.5%.

The Realisation Share performance since inception on 30 November 2016 to 31 December 2020 was (14.6)%, compared to the FTSE All-Share performance over the same period of 15.5%.

## 2021 Performance to date

The 2021 year-to-date (to 31 May 2021) Ordinary Share NAV Total Return was 14.6% and the Realisation Shareholder Total Return was 26.2%, reflecting the positive performance of both Zegona (ticker ZEG LN) and Le Chameau and, for the Ordinary Shares only, the performance of AdvancedAdvT (ticker ADVT LN). The FTSE All-Share performance for the same period was 10.9%.

This brings the performance since inception for the Ordinary Shares to 169.6% (FTSE All-Share for the same period: 133.5%) and since inception for the Realisation Shares of (5.3)% (FTSE All-Share for the same period: 28.2%).

A review of the performance of the underlying investment assets is set out in the Report of the Manager.

[1] For the ordinary shares, inception to date movement is based on the combined weighted average NAV of Marwyn Value Investors I, II and B shares prior to their amalgamation, using the conversion ratio published on 17 April 2008. Total return assumes the reinvestment of dividends paid to shareholders into the Company at NAV and is calculated on a cum-income basis.

[2] For the realisation shares, shareholder total return is calculated as the movement in total shareholder value, including all distributions made to realisation shareholders over the relevant period.



# **Allocation** of Net Asset Value

## ORDINARY SHARES

Allocation of NAV by company at 31 December 2020

Based upon the Company's indirect investments in the Portfolio Companies through its interest in the Master Fund and MVI II LP, the Company's total NAV attributable to ordinary shareholders as at 31 December 2020 is broken down as follows:

| COMPANY | TICKER | FOCUS | % OF NAV | NAV/SHARE CONTRIBUTION (£) | HELD BY |
|---|---|---|---|---|---|
| Zegona Communications plc | ZEG LN | TMT | 34.9% | 0.57 | MVI II LP |
| Le Chameau | Unlisted | Luxury Goods | 11.7% | 0.19 | Master Fund |
| Marwyn Acquisition Company plc [3] | MACP LN | Various | 5.5% | 0.09 | MVI II LP |
| AdvancedAdvT Limited [4] | ADVT LN | Software | 0.4% | 0.01 | MVI II LP |
| Marwyn Acquisition Company II Limited | MAC2 LN | Various | 0.4% | 0.01 | MVI II LP |
| Marwyn Acquisition Company III Limited | MAC3 LN | Various | 0.4% | 0.01 | MVI II LP |
| Cash | | | 48.8% | 0.79 | Various[5] |
| Other assets / liabilities | | | (2.1)% | (0.04) | Various |
| Net assets | | | 100.0% | 1.63 | |

Allocation of NAV by company at 31 May 2021

Based upon the Company's indirect investments in the Portfolio Companies through its interest in the Master Fund and MVI II LP, the Company's total NAV attributable to ordinary shareholders as at 31 May 2021 is broken down as follows:

| COMPANY | TICKER | FOCUS | % OF NAV | NAV/SHARE CONTRIBUTION (£) | HELD BY |
|---|---|---|---|---|---|
| Zegona Communications plc | ZEG LN | TMT | 43.2% | 0.79 | MVI II LP |
| Le Chameau | Unlisted | Luxury Goods | 12.3% | 0.22 | Master Fund |
| Marwyn Acquisition Company plc | MACP LN | Various | 4.9% | 0.09 | MVI II LP |
| AdvancedAdvT Limited | ADVT LN | Software | 18.2% | 0.33 | MVI II LP |
| Marwyn Acquisition Company II Limited | MAC2 LN | Various | 9.4% | 0.17 | MVI II LP |
| Marwyn Acquisition Company III Limited | MAC3 LN | Various | 9.4% | 0.17 | MVI II LP |
| Cash | | | 7.7% | 0.14 | Various |
| Other assets / liabilities | | | (5.1)% | (0.09) | Various |
| Net assets | | | 100.0% | 1.82 | |

All portfolio assets are held at fair value by the funds which hold them in accordance with International Financial Reporting Standards. Where there is no active market for a listed investment, or where the investment is unlisted, the valuation methodologies applied are fully compliant with International Private Equity and Venture Capital valuation guidelines as updated.

[3] Formerly Wilmcote Holdings plc

[4] Formerly Marwyn Acquisition Company I Limited

[5] Cash is primarily held by the Master Fund

## REALISATION SHARES

Allocation of NAV by company at 31 December 2020

Based upon the Company's indirect investments in the Portfolio Companies through its interest in the Master Fund, the Company's total NAV attributable to realisation shareholders as at 31 December 2020 is broken down as follows:

| COMPANY | TICKER | FOCUS | % OF NAV | NAV/SHARE CONTRIBUTION (£) | HELD BY |
|---|---|---|---|---|---|
| Zegona Communications plc | ZEG LN | TMT | 71.9% | 1.27 | Master Fund |
| Le Chameau | Unlisted | Luxury Goods | 20.0% | 0.35 | Master Fund |
| Cash | | | 28.0% | 0.50 | Various |
| Other assets / liabilities | | | (19.9)% | (0.35) | Various |
| Net assets | | | 100.0% | 1.77 | |

Allocation of NAV by company at 31 May 2021

Based upon the Company's indirect investments in the Portfolio Companies through its interest in the Master Fund, the Company's total NAV attributable to realisation shareholders as at 31 May 2021 is broken down as follows:

| COMPANY | TICKER | FOCUS | % OF NAV | NAV/SHARE CONTRIBUTION (£) | HELD BY |
|---|---|---|---|---|---|
| Zegona Communications plc | ZEG LN | TMT | 78.6% | 1.75 | Master Fund |
| Le Chameau | Unlisted | Luxury Goods | 18.6% | 0.41 | Master Fund |
| Cash | | | 22.6% | 0.50 | Various |
| Other assets / liabilities | | | (20.2)% | (0.44) | Various |
| Net assets | | | 100.0% | 2.23 | |

# **Report** of the Manager

## Who we are

Founded in 2005, we are a specialist institutional sponsor of European listed acquisition companies. We partner with experienced industry executives who have built careers in their industries and developed deep-routed expertise and relationships to enhance deal-sourcing and subsequent platform build-out, utilising their wealth of sector-specific knowledge.

## Marwyn Strategy

Marwyn's strategy is to identify, support, invest in and work alongside high-calibre, sector-leading, experienced, operational management teams to acquire, manage, build, and grow businesses headquartered in the UK, Europe, or the Americas.

→

**Long standing** experience in **acquisition companies** across a range of sectors

→

Immersive **management partnership** model delivering deep sector expertise

→

**Bespoke acquisition vehicle structure,** providing executional advantages, no promoter shares and which are better aligned with delivering long term investor returns

→

**Tried and tested origination model** based upon 15+ years of market relationships across a range of sectors

→

**Experts in completing reverse acquisitions** with a long track record of raising equity from and delivering returns to blue chip institutional investors

→

**Investment focus on companies** where we can apply our management-led value creation expertise

# Report of the Manager

## Europe's Leading Sponsor

Our acquisition companies have delivered over £5.0 billion of profits to equity investors.

## A Track Record of Success

| Company | Ticker | Sector | Total Equity Invested | Total Equity Value [1] | % Equity Returns | Outcome |
|---|---|---|---|---|---|---|
| **Current Vehicles** | | | | | | |
| Zegona Communications | ZEG | Telecoms | £387m | £504m | 30% | |
| Le Chameau [2] | n/a | Luxury Goods | £93m | £15m | (84%) | |
| AdvancedAdvT | ADVT | Software | £133m | £163m | 23% | |
| Marwyn Acquisition Company II | MAC2 | Broad scope | £13m | £13m | 0% | |
| Marwyn Acquisition Company III | MAC3 | Broad scope | £13m | £13m | 0% | |
| Marwyn Acquisition Company PLC | MACP | Broad scope | £31m | £7m | (78%) | |
| **Exited Vehicles** | | | | | | |
| BCA | BCA | Automotive | £1,163m | £2,137m | 84% | Acquired by TDR in Nov-19 for an EV of £2.1bn |
| eOne | ETO | Media | £747m | £2,824m | 278% | Acquired by Hasbro Inc in Dec-19 for an EV of £3.3bn |
| Breedon Aggregates | BREE | Construction Materials | £696m | £1,823m | 162% | Listed on LSE (Mkt Cap £1.8bn as at 31 May 2021) |
| Advanced Computer Software Group | ACS | Computer Software | £126m | £725m | 477% | Acquired by Vista in Mar-15 for an EV of £750m |
| Concateno | COT | Healthcare | £117m | £130m | 11% | Acquired by Inverness Medical in Aug-09 for an EV of £154m |
| Inspicio | INP | Testing & Inspection | £116m | £229m | 97% | Acquired by 3i in Feb-08 for an EV of £271m |
| praesepe | PRA | Leisure | £57m | £39m | (31%) | Acquired by MMP in Jul-11 for £39m |
| Silverdell | SID | Remediation | £58m | £1m | (99%) | Entered into business administration in Dec-13 |
| Talarius | TLS | Leisure | £48m | £128m | 170% | Acquired by Tattersalls in Mar-07 for an EV of £158m |
| Melorio plc | MLO | Training | £44m | £98m | 121% | Acquired by Pearson plc in Jun-10 for an EV of £113m |
| Zetar | ZTR | Confectionery | £35m | £41m | 15% | Acquired by Zertus in Dec-12 for an EV of £55m |
| Safe Harbour | SHH | B2B Services | £33m | £21m | (37%) | No platform acquisition made |
| gloo networks | GLOO | Digital Media | £31m | £13m | (58%) | No platform acquisition made |
| **TOTAL** | | | **£3.9bn** | **£8.9bn** | **127%** | |

[1] Total Equity Value reflects both realised and unrealised value to 31 May 2021
[2] Includes total capital invested and returned in related predecessor and successor entities

# **Report** of the Manager

## Who we are

Founded in 2005, Marwyn is a specialist institutional sponsor of European listed acquisition companies

### James Corsellis

James founded one of the earliest strategic technology consultancies in 1994 and was Chief Executive Officer of icollector plc, a leading provider of live auction trading platforms. He later negotiated its joint venture with eBay, which saw icollector become the exclusive partner worldwide for traditional auction houses. James co-founded and leads Marwyn and typically holds board positions on Marwyn's acquisition companies.

### Mark Brangstrup Watts

Mark has been advising the boards of UK public companies since 1998. As a management consultant, he was responsible for strategic development projects for international clients including Ford Motor Company, Cummins and 3M. Mark co-founded and leads Marwyn and typically holds board positions on Marwyn's acquisition companies.

→ Mark and James are supported by a team of 18, based in London and Jersey

→ To date, Marwyn has set up 19 acquisition vehicles that have deployed £3.9 billion of equity capital since 2005

→ These acquisition vehicles have completed over 80 further bolt-on acquisitions demonstrating the continuing support and value-add of Marwyn

→ Marwyn is a well-aligned investor in the Company with 17.6% of the Company's ordinary shares held by Marwyn partners

→ Marwyn Funds typically act as the lead cornerstone investor in the Portfolio Company

→ Additional capital to fund Marwyn acquisition companies is drawn from both our club of public equity-focussed co-investors with whom we have long standing relationships and new investors introduced by our Management Partners

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# **Report** of the Manager

## How we invest

Over the last 15+ years, we have gained extensive experience in executing successful investment strategies in the public markets. Throughout this time, we have invested across a broad range of sectors and successfully launched 11[6] listed acquisition companies in conjunction with leading executives or management teams (our "Management Partners") which have completed a business combination. These have gone on to make more than 80 subsequent follow-on acquisitions, delivering more than £5.0 billion in equity profits.

By partnering with exceptional teams, our Management Partners have added value through the origination of investment opportunities, the assessment and due diligence process and by playing a long-term role in the hands-on execution of the strategy, commonly taking the role of Chairman or Chief Executive Officer.

A key competitive advantage over other investment managers in both originating opportunities and subsequent long-term performance has arisen due to the formation of long-term partnerships with Management Partners. Management Partners sourced either from our network and/or from the existing leadership of previous target companies, have been pivotal in the success of our investee companies. They remain a central part of the strategy for the origination of business combination opportunities and the plan for long-term value creation for our Portfolio Companies. A number of our previous Management Partners are shareholders in our new vehicles validating the value that they believe Marwyn adds to its Portfolio Companies.

## Our competitive strengths

### *Track record in transaction origination and execution in the public markets*

Under our current investment strategy, alongside our Management Partners, we have launched 11 acquisition vehicles that have successfully completed a platform acquisition. We have developed significant expertise in structuring and executing transactions in the public markets, including raising significant equity capital from institutional investors.

### *Track record of identifying and attracting high quality Management Partners*

We believe that we offer a compelling proposition to potential Management Partners, emphasising the importance of their leadership and the depth of understanding they have of their sector, leveraging our transactional, investment and public market expertise to support their work. Our priority is to identify and engage Management Partners, commonly ahead of pursuing specific targets for a business combination, to ensure their leadership and ultimate ownership of the subsequent investment thesis. We commonly provide our Management Partners with a substantial operating infrastructure (including office space, IT support and HR support) and, historically, the majority have elected to remain headquartered at our offices for the entire period of their investment.

We have sourced these Management Partners across a range of industries and, to date, over 40% of the enterprises we have backed have been led by women, as either CEO or Chair. All of our Management Partners have an exceptional operational track record, usually have experience in managing listed companies and bring their own deep sector knowledge and experience, as well as their own network of people and relationships.

Management Partners have historically been significant participants in the long-term incentive arrangements in each Portfolio Company and may also invest directly in the shares of the Portfolio Company.

We believe that our proposition to management teams is highly competitive compared to a role in listed acquisition businesses or to other public company roles and our track record of partnering with management teams, our continued relationship with Management Partners we have previously worked alongside, and the long term alignment of interests we have through the Long-Term Incentive Plans (LTIP) we believe will assist us in securing partnerships of the highest quality for current and future acquisition companies.

### *Track record of delivering long term value to shareholders*

Our public company track record over the last 15+ years demonstrates our ability to source, structure and complete business combinations, work alongside management and other stakeholders to deliver strategic plans and ultimately to return value to investors either through share price gains (and dividends) or an exit.

[6] excludes Praesepe and Le Chameau, investments which were not launched as listed acquisition vehicles comparable to our current strategy and entities that did not complete a platform acquisition.



## Market Opportunity

We believe that the resurgence of public markets and institutional interest in alternative listed securities provides a strong market backdrop to launch a bespoke and improved European public market solution for investors, management teams and vendors. As an early mover in the European SPAC market, we believe there is an opportunity to deliver a solution that improves the existing reverse acquisition process, along with other improvements on existing models to create a competitive advantage. With this in mind, our key strategic objectives are:

i. recruit exceptional Management Partners;
ii. invest in sectors and companies that have the potential to deliver attractive long-term returns; and
iii. increase each Portfolio Company's attractiveness to equity investors and business owners.

To take advantage of this market opportunity, coupled with the significant pipeline of potential acquisition targets that we are analysing, we launched three new Marwyn acquisition vehicles during 2020, providing us with four Portfolio Companies seeking platform acquisitions. Launching these companies simultaneously provided efficiencies and savings through the sharing of costs and provides us with the ability to react to opportunities, as and when they arise, without any lead-time to establish a vehicle.

The four acquisition vehicles we have are:

- **Marwyn Acquisition Company plc** – renamed from Wilmcote Holdings plc to better facilitate the introduction of new management teams and acquisition opportunities generated by association to our investment network. MAC plc is an AIM-listed vehicle which is focussed on transactions in the industrials, manufacturing, engineering, construction, building products or support services sectors. The target company size for MAC plc is expected to be smaller than the other vehicles and will focus on opportunities that would specifically benefit from the use of a listing on the AIM Market.
- **AdvancedAdvT Limited** – renamed in March 2021 from Marwyn Acquisition Company I Limited, ADVT has already appointed Vin Murria OBE as Chairman and raised £130 million through a placement of new listed ordinary shares in March 2021. ADVT's strategy is to invest in a software business or businesses, using the extensive knowledge and expertise of Vin in this sector. Vin was previously our Management Partner for Advanced Computer Software Group plc which was sold for an enterprise value of £750m in 2015 to Vista Private Equity and was one of Marwyn's (and the Company's) most successful investments. The partnership with Vin for a second time underlines the attractive infrastructure and support we provide to our Management Partners.
- **Marwyn Acquisition Company II Limited** and **Marwyn Acquisition Company III Limited** are both listed on the Standard Segment of the London Stock Exchange and are actively considering a possible further equity issue of up to £200 million each in redeemable listed shares and warrants. If they decide to go ahead with the fundraising, the 'MAC Model' that it is proposed that they both follow is further described below.

## MAC Model: The better model

We have designed the MAC Model from the following guiding principles, as compared to a traditional US or European SPAC:

1) reduce upfront dilution and improve long-term economic alignment of all stakeholders which we believe will make MAC II and MAC III more attractive to institutional investors and vendors therefore improving the prospects of executing a successful business combination;
2) ensure that the incentives in place for Management Partners and Marwyn are wholly aligned with delivering long-term equity profits to investors; and
3) provide a competitive advantage in facilitating an accelerated initial business combination and private unlisted capital fundraising.

To date, the Company's ordinary shares have indirectly invested £9.6 million as part of the Marwyn Funds' total investment of £12.5 million into each of MAC II and MAC III to support their objectives.

# **Report** of the Manager

The key characteristics of the MAC Model will, when implemented by a MAC company, be:

*No upfront promote structure reduces dilution*
The MAC Model would not have a promote structure (present in traditional SPACs) that allows the promoter to receive 20% of the acquired company often with no or limited performance criteria. Instead, an LTIP would be put in place based on achieving long-term performance and would provide a share of equity profits to be delivered to shareholders. This would minimise dilution at the time of the initial business combination and dilution would only occur if specific shareholder returns are achieved.

*A performance linked LTIP rewards long-term value creation*
The performance-related LTIP would ensure alignment with shareholders and long-term performance. The LTIP would be structured to provide Management Partners and Marwyn with a share of equity profits, subject to a minimum compound annual preferred return to the company's shareholders and would be exercisable between three and seven years following the initial business combination.

The value of the profit share would be calculated on the growth in equity value generated for shareholders, subject to a minimum annual preferred return, typically 7.5%.

A properly capitalised operating platform with sufficient capital to support the strategy and a thorough due diligence process ahead of a business combination
We believe that it is important that MAC vehicles are sufficiently capitalised to not only finance their initial launch but also to provide sufficient operating capital to support the execution of their strategies, including a high standard of due diligence, as well as appropriate legal and financial advice consistent with a public company transaction.

Unlike a typical SPAC, the MAC vehicles would have material operating capital, in excess of their initial launch and underwriting expenses.

*A competitive advantage in closing a business combination and raising private capital*
We believe that there is an opportunity to enhance the existing reverse acquisition process. The MAC Model, in addition to traditional transaction structures, would have the ability, in appropriate circumstances, to execute a transaction on an expedited basis through an 'accelerated initial business combination', which we believe would make it highly competitive compared with US SPACs and typical European acquisition companies, whilst still maintaining the quality of due diligence and documentation consistent with conventional public market transactions for listed market investors.

In an accelerated initial business combination, new unlisted shares would be issued to selected investors in a private placement, with the proceeds funding the transaction, or to vendors as consideration, enabling a shorter timeframe to execution certainty in comparison to more traditional acquisition structures. Such unlisted shares would later automatically convert into listed ordinary shares, subject to meeting regulatory requirements.

We believe that the transaction approach, as described above, would have the following core benefits:

- **Confidentiality:** We would be able to provide vendors with a confidential transaction process, where there is no regulatory need to announce the transaction until there is execution certainty.
- **Accelerated completion:** We would be able to complete a business combination in advance of any required public documentation.
- **Enhanced execution certainty:** The accelerated transaction timetable and confidential private capital raise process would be able to provide vendors of high-quality businesses with a shorter timeframe to execution certainty, ahead of further committing cost and resource to a business combination process.
- **Material cost saving on aborted transactions:** As the business combination could be completed without any required public documentation having to be prepared contemporaneously, in the event that a transaction were to abort for any reason, the costs incurred would likely be significantly less than a public capital raise equivalent.

We believe that this structure would be highly attractive and would effectively compete against private equity processes, allowing the development of a significant pipeline of attractive opportunities.

*Redeemable capital*
Subsequent to any private completion of a business combination, the shareholders who invested in the initial redeemable listed shares would have the option to redeem their shares or convert them into listed ordinary shares in the ongoing enlarged company. Prior to the option to redeem or convert, the proceeds from the issue of the redeemable shares would be held in trust and would not be available to meet any of the company's expenses.

## Outlook

Our new acquisition company model (when adopted by MAC companies), together with the expected return of capital from Zegona, following the successful sale of Euskaltel, provide us with both the structure and the capital resources to take advantage of the resurgence of interest in public markets from experienced executives and institutional investors. Our Management Partner approach has secured a number of exceptional individuals and teams to lead our vehicles and through them we are seeing some of the strongest investment opportunities for a number of years.

We are delighted to be working alongside Vin once again – raising £130 million of permanent equity into AdvancedAdvT is testament to the support she has and we are confident that AdvancedAdvT will acquire an attractive business.

After several difficult years, the rapid digitalisation of Le Chameau has seen that business grow, particularly online, despite the obvious challenges faced by the retail sector due to COVID-19. Under the stewardship of the new management team installed in November 2019, we expect continued growth in the coming years.

The proposed Zegona return represents an almost 50% uplift on the 31 December 2020 share price and gives the firepower to back our investment vehicles and attract new Management Partners to help us generate returns for the Company's shareholders.

We expect significant progress during the remainder of 2021 and look forward to updating you in the next interim report.

## Environmental, Social and Governance

*The importance of ESG considerations*
With the global impact of COVID-19 being felt by everyone, across many aspects of people's day to day lives, the importance of sustainability and responsible investing has never been more prominent. We believe that the pandemic has accelerated the pace of change, with an unprecedented increase in digitalisation, affecting the way people live, work and consume, and how businesses operate, engage and sell to their customers.

As an investment company, the Company delegates the day-to-day management of its business to the Manager (the authority of the Manager is detailed in the Report of the Directors). Whilst the Company looks to the Manager in relation to the execution of its investment strategy, in carrying out its activities and in its relationships with service providers, the Company aims to conduct itself responsibly and fairly.

As the Manager, we believe it is important to invest in companies that act responsibly in relation to social, governance, ethical and environmental issues. Whilst our strategy considers multiple sectors, our approach to identifying both Management Partners and target businesses, and the continuous evolution of those investments through both operational improvements and bolt-on acquisitions can, at each stage, integrate the same fundamental ESG principles to meet investors financial and sustainability objectives.

# **Report** of the Manager

## Our Firm:

As a firm, Marwyn is committed to:

### Environmental awareness and action

We are mindful of our place in the communities in which we work and live. COVID-19 has had a well-documented effect on global carbon emissions, as with almost all firms, our working practices have dramatically changed over the last 15 months.

We know that even the little things count, such as recycling and avoiding single use plastics. We have paused and reflected on the way we work, going paperless, enabling our people to work from home and utilising technology to meet virtually without the need for travel. All of which have a positive impact on emissions and the use of natural resources.

Beyond the day-to-day, environmental awareness and understanding is inbuilt to our investment strategy. We are committed to continually expanding our understanding and knowledge and looking at new and innovative ways of working and business opportunities.

### People, diversity, and charity

Our people are fundamental to our business. We are committed to providing an inclusive and collaborative place to work that encourages diversity, where people are recognised and rewarded for delivering on our strategic ambitions and values (including sound and effective risk management) and incorporating measures to avoid conflicts of interest and excessive risk taking. Our incentive scheme ensures that the team are aligned with the Company's shareholders, whilst providing an incentive that allows us to hire and retain the best talent.

Our dynamic team includes people from a wide range of countries, with various qualifications, backgrounds, and expertise, with half of our team being women. We have a highly qualified team and foster a culture of continued learning and development to keep our team at the forefront of market practices.

The health and wellbeing of our team is imperative. Alongside encouraging a work-life balance, we have an on-site gym and can arrange virtual training sessions.

We also operate the Marwyn Trust which provides financial support to charities both in the UK and further afield.

### Corporate Governance

As a regulated business, our Corporate Governance manual includes requirements to ensure compliance with all applicable laws and regulations, including the bribery act and MAR, with careful monitoring of gifts and hospitality. We also have a whistleblowing procedure, should employees wish to raise concerns, and an employee handbook which addresses dignity at work, equal opportunities, disability and harassment. Marwyn does not make any political donations, nor is it involved in political lobbying.

Investing responsibly is in our nature. We do not make short term investments, we carefully conduct due diligence on investment opportunities and consider many requirements for our investments, of which ESG is a factor.

We believe that ESG is holistic, covering a great range of topics including the protection of data, tax compliance and ethics. The global ESG reporting landscape is evolving and we are considering how best to monitor and report our ESG credentials. We endeavour to integrate processes, policies and procedures into our day-to-day operations to both mitigate risk and create opportunity from the developing themes around ESG.

## Examples of what we do

### The Marwyn Trust

The Marwyn Trust was formed in 2009 and was established to make donations to charitable institutions working with the underprivileged and in the fields of education, healthcare, economic development and supporting individuals in the arts profession. In 2019, grants made to charitable institutions amounted to £735,000, supporting two charities, the Sumbandila Scholarship Trust ("Sumbandila") and the Helen Bamber Foundation ("HBF").

Sumbandila provides full scholarships to private schools, as well as an educational outreach program to children living in rural areas in South Africa. This aims to transform the lives of underprivileged children, creating entrepreneurs and leaders who will make significant contributions to the future of South Africa. Marwyn management have built strong relationships with Sumbandila, having seen first-hand the work that they do.

The HBF is a human rights charity that gives survivors of trafficking and torture the strength to move on. Each of their clients has a complex, unique and painful history. Most survivors have either been trafficked to the UK or have fled their country of origin after experiencing some of the most abhorrent crimes. The HBF ensures survivors are free, healthy, safe and are protected from re-victimisation, detention and poverty.

### Diversity in our team

Marwyn has a team built on ability and performance, promoting from within and encouraging a wide range of skills and expertise. Half of our team are female, with one of the four partners also being female. Over the years we have had people join us from many different countries, all bringing with them different expertise and experiences.

### Board diversity

Of the enterprises backed by Marwyn, over 40% have been led by female executives as either CEO or Chair.

Sumbandila show the way

HELEN BAMBER FOUNDATION strength to fly

## ESG Integrations within the investment lifecycle

### Establish an acquisition vehicle

Perform in depth due diligence on the Management Partners to build an exceptional and diverse team

Understand the sector, perform detailed due diligence on potential targets, the industry, opportunities, regulations, trends and risks

Consider deal structuring and ability to exit

Establish an incentive scheme that completely aligns the management team with shareholders

### Development of the acquisition vehicle

Perform full due diligence on the board, including that conducted by the broker

Investment thesis presented to cornerstone investors

Board composition revisited – focus on corporate governance best practice, diversity and required skills and expertise

Preparation of key company policies, MAR compliance manual, anti-bribery and corruption and whistleblowing policies to ensure compliance with relevant legislation

Preparation of the FPPP to provide the framework within which the company will operate, including prescribed matters reserved for the board

Full disclosure of the board, strategy, key agreements included in the prospectus

### Identify and complete the platform acquisition

Extensive due diligence performed on target business

Consideration of ESG risks specific to the target business along with red flags from due diligence reports prepared by third party providers

Due diligence to cover financial, pension & HR, tax, IT, legal, commercial, environmental, insurance and asset integrity as needed

Creation of the 100-day plan in conjunction with the FPPP to ensure risks minimised and key operational considerations made

Revisit board composition, executive management and their incentivisation to ensure correct mix of skills and experience to lead the enlarged group

### Operations control and bolt-on acquisitions

Monitor resolution of items on the 100 day plan

Regular board meetings to review progress, issues identified and further investment opportunities

Oversight by the board of ESG issues and opportunities, reporting to shareholders through their annual reports on relevant topics

Ongoing monitoring of compliance with listing rules and all internal policies and procedures



# **Report** of the Manager - Current Portfolio

## Zegona Communications plc — TMT — www.zegona.com

| | | | |
|---|---|---|---|
| Platform acquisition date | August 2015 | % voting rights held by the Marwyn Funds | 19.2% |
| Carrying value attributable to the Company's ordinary shares | £43.9m | % attributable to the Company's ordinary shares | 13.8% |
| Carrying value attributable to the Company's realisation shares | £6.5m | % attributable to the Company's realisation shares | 2.0% |

As at 31 May 2021

### Zegona Return of Capital

In May 2021, Zegona announced its intention to return £335 million to its shareholders in cash via a capital return, contingent on receipt of the proceeds from the proposed acquisition of Euskaltel by MasMovil. The capital return will be implemented using the mechanism which the Zegona directors believe offers the best combination of timeliness, cost effectiveness and tax efficiency. Zegona is committed to completing the capital return as soon as is reasonably practicable.

The return of capital, should it take place, represents a value of £1.53 per Zegona share and will result in proceeds of approximately £46.1 million attributable to the Company's ordinary shares and approximately £6.8 million attributable to the Company's realisation shares, With the remaining net asset value per Zegona share expected to be equivalent to £0.05 (resulting in total value per Zegona share of £1.58), this will generate a 1.4x return for the Marwyn Funds over the life of our investment. The remaining cash held by Zegona leaves the business in a position to source its next investment opportunity.

### Management team

- Led by Eamonn O'Hare (CEO/Chair) and Robert Samuelson (COO)
- Experienced telecommunications executives
- Ex-Virgin Media team

### Overview

Over the course of 2020, Zegona announced a series of key commercial and operational developments at its underlying investment, Euskaltel, including:

- the appointment of Ángel Olabuenaga Burón as CFO,
- the appointment of two new independent board directors alongside a reduction in the size of the Euskaltel board to help accelerate decision making and ensure greater dynamism within the business.
- a new management incentive scheme based on a three-year plan which allows senior management at Euskaltel to share in up to 4% of equity value creation (the maximum amount only achieved if Euskaltel's share price appreciates to €19 per share, from €7.90 at 30 June 2020); and
- a license agreement to introduce the Virgin brand to Spain as part of a national expansion (using Euskaltel's existing platform in the north of Spain), which aims to bring a value, high quality quad-play offering to a slightly more value-conscious customer segment in the 85% of Spain in which Euskaltel was previously not present.

Euskaltel's 2020 results reported growth in the main financial metrics. Revenues increased year-on-year by 1.7% and EBITDA (before the Virgin launch and early growth costs) grew 2.3%, whilst the annual growth in mass market fixed customers was the highest since the business was listed in 2015 and Virgin telco customer growth was more than 50% ahead of plan.

Over the year to 31 December 2020, Zegona's share price decreased by 3.5p to £1.055, with dividends totaling 4.8 pence per share paid in the year.

On 29 March 2021, Zegona announced that a wholly owned subsidiary of MasMovil had launched a tender offer to acquire 100% of Euskaltel for €11.17 per share in cash (the "Offer"). Whilst there remain additional regulatory and shareholder approvals outstanding in order for the Offer to become unconditional, Euskaltel's three largest shareholders, including Zegona, have irrevocably undertaken to tender all their shares.

# **Report** of the Manager - Current Portfolio

## Le Chameau Luxury Goods www.lechameau.com

| | | | |
|---|---|---|---|
| Platform acquisition date | October 2012 | % voting rights held by the Marwyn Funds | 50.0% |
| Carrying value attributable to the Company's ordinary shares | £12.5m | % attributable to the Company's ordinary shares | 43.4% |
| Carrying value attributable to the Company's realisation shares | £1.5m | % attributable to the Company's realisation shares | 5.3% |

As at 31 May 2021
[1] Includes equity and debt into the Le Chameau operating group and excludes other investments made by its holding company

### Value creation opportunity

- The business is growing strongly across all channels, particularly online, and has returned to profitability in 2021
- There is a significant opportunity for a valuation uplift to a luxury goods multiple once further progress has been made in delivering scale and margin growth

### Management team

- Led by Corry Taylor (CEO)
- Strong operational background
- Leveraging Bradshaw Taylor's infrastructure and experience across consumer-focused businesses


### Overview

Since partnering with Bradshaw Taylor, the global distributor of Schöffel Country, in November 2019 and with Corry Taylor as CEO, Le Chameau has successfully implemented extensive cost-out and integration changes, which have significantly improved the business' ability to achieve profitability and positive cash generation. This has included the closure of the London office, a reduction in workforce at the factory, sell-down of excess inventory and consolidation of warehouse, fulfilment and back-office functions with other Bradshaw Taylor operations.

The impact of COVID-19 has been particularly severe on retail markets, with high-street stores being forced to shut in many areas and with significantly decreased footfall when those shops have been able to open. Despite this, Le Chameau's 2020 sales outperformed both prior year and against budget. Le Chameau's retail channel sales have remained relatively stable, due partly to many retailers having a strong online presence (and therefore being able to continue trading through major lockdowns) and also through the significant growth of Le Chameau's online channel sales. COVID-19 has acted as a catalyst for growth in the online segment, driving more consumers to purchase items online and has anecdotally led to higher use of outdoor footwear products during the lockdown periods. Le Chameau has witnessed a large number of new customers and a step up in conversion rates on the website.

Le Chameau has significant momentum despite a difficult trading environment with COVID-19, headwinds in the broader retail sector and greater costs of UK firms to trade in the EU post-Brexit. The combination of increased forecast sales and reduced costs have resulted in a positive earnings forecast for 2021 and a write-up of the Master Fund's investment from £4.7 million in December 2019 to £12.3 million in December 2020. With continued growth being delivered into 2021, the investment in Le Chameau was written up further at 31 March 2021 to £14.4 million (£14.0 million of which is attributable to Company's shareholders).



## AdvancedAdvT Limited Software www.advancedadvt.com

| | | | |
|---|---|---|---|
| Platform acquisition date | Yet to acquire a platform asset | % voting rights held by the Marwyn Funds | 15.4% |
| Carrying value attributable to the Company's ordinary shares | £18.6m | % attributable to the Company's ordinary shares | 11.8% |
| Carrying value attributable to the Company's realisation shares | £-m | % attributable to the Company's realisation shares | -% |

As at 31 May 2021

### Value creation opportunity

- Newly established vehicle with an experienced and highly credible management team
- Sufficient capital to acquire assets of scale
- Exposure to software sector set to benefit from structural changes brought about by the current macro environment, driving digitalisation and automation across the workplace

### Management team

- Led by Vin Murria (Chairman)
- Former Founder and CEO of ACS and Computer Software Group, one of Marwyn's most successful investments

### Overview

On 2 December 2020, AdvancedAdvT Limited (previously Marwyn Acquisition Company I Limited) completed the issue of 700,000 ordinary shares at a price of £1.00 per ordinary share, raising £700,000 to fund operating expenses and due diligence in the pursuit of acquisition opportunities.

On 31 December 2020, the Company entered into a letter of appointment with Vin Murria OBE, pursuant to which she was appointed Chairman of the company. Vin is an experienced executive and has operated and/or advised public companies for over 30 years. Vin was the founder and former CEO of Advanced Computer Software Group plc, a London Stock Exchange listed acquisition vehicle backed by Marwyn. The investment was highly successful, generating equity returns of 477%. Vin's previous directorships have included serving as a non-executive director at Sophos Group plc, Zoopla Property Group plc, Chime plc, DWF plc and COO of Kewill Systems plc (now Blujay).

In March 2021, the company raised £130 million through a fundraising from high-calibre institutional investors, changing the company's name to AdvancedAdvT Limited in the process. As part of this, the Company's ordinary share class indirectly invested £13.4 million, taking the total indirect investment by the Company's ordinary share class to £15.7 million (of the total £20.5 million invested across all Marwyn Funds).

# Report of the Manager - Current Portfolio

## Marwyn Acquisition Company plc
## Marwyn Acquisition Company II Limited
## Marwyn Acquisition Company III Limited – Acquisition Companies

| | MAC plc | MAC II | MAC III |
|---|---|---|---|
| Carrying value attributable to the Company's ordinary shares | £5.0m | £9.6m | £9.6m |
| Carrying value attributable to the Company's realisation shares | £-m | £-m | £-m |
| % voting rights held by the Marwyn Funds | 94.4% | 75.0% | 75.0% |
| % attributable to the Company's ordinary shares | 74.1% | 57.3% | 57.3% |
| % attributable to the Company's realisation shares | -% | -% | -% |

As at 31 May 2021
For each of MAC II and MAC III, the Marwyn Funds own 75% of the 700,000 issued ordinary shares which carry voting rights, and 100% of the 12,000,000 issued A Shares which do not carry any voting rights but may convert to ordinary shares in the future.

### Overview

- MAC II and MAC III are newly launched LSE listed acquisition companies
- Proposed MAC model and alignment believed by the Manager to be substantially better for vendors and long-term equity investors
- £12.5 million invested by the Marwyn Funds in each of MAC II and MAC III with 1-1 warrants (at £1/5 year) to compensate the Marwyn Funds for early-stage investing
- Each of MAC II and MAC III actively considering an equity fundraising of up to £200 million (supported by JP Morgan and Barclays)
- MAC plc, AIM quoted, with focus on smaller UK centric opportunities

### Value creation opportunity

- Significant interest from management teams, companies and investors in European listed acquisition companies
- Opportunity to deliver enhanced alignment with investors versus the typical US SPAC model
- Opportunity to deliver an enhanced European model
- Attractive model for experienced Management Partners

### Target sectors

MAC II & MAC III:

- Automotive & Transport
- B2B Services
- Clean Technology
- Consumer & Luxury Goods
- FinTech, InsurTech & Related Verticals
- Healthcare & Diagnostics
- Media & Technology

MAC plc:

- MAC plc is focussed on the industrials, manufacturing, engineering, construction, building products and support services sector

The Manager has identified and continues to work with a number of promising executive teams.



# **Fund Structure** and Investment Policy

## Status and activities

Marwyn Value Investors Limited is a closed-ended investment company registered by way of continuation in the Cayman Islands (registered number MC-228005). The rights of shareholders are governed by Cayman law and the Company's Articles. These rights may differ from the rights and duties owed to shareholders in a UK incorporated company.

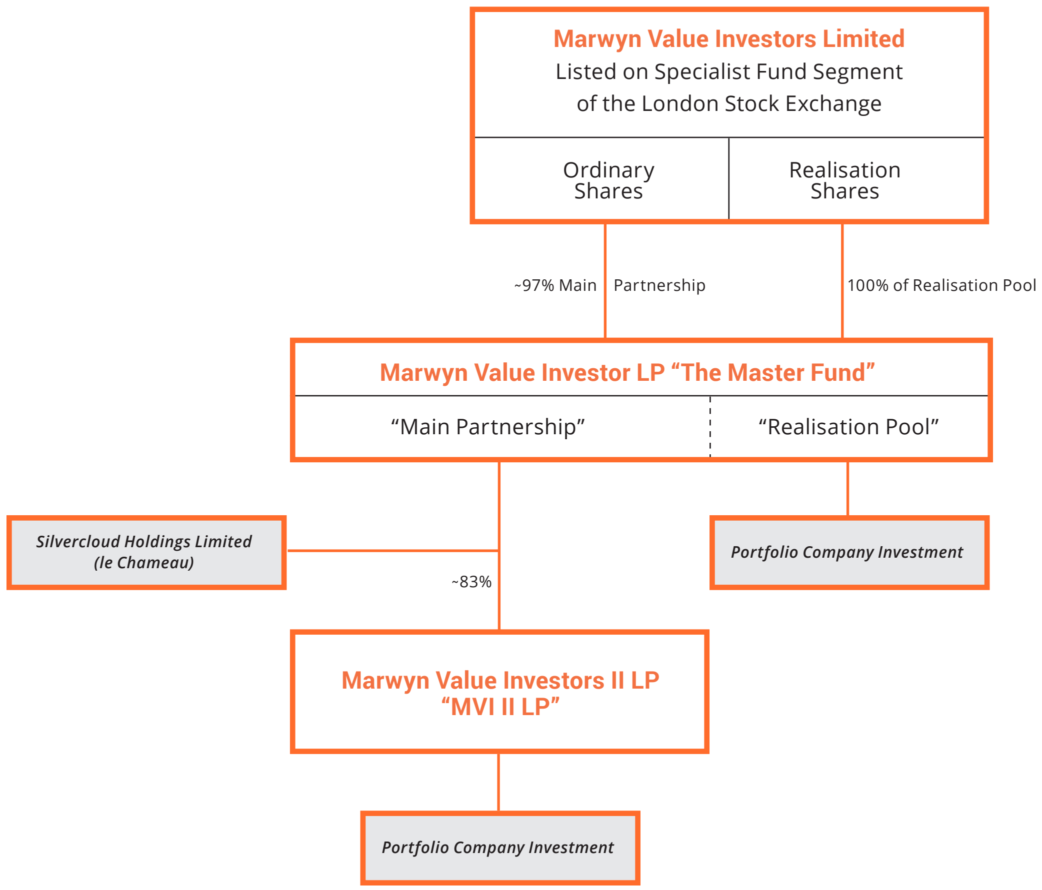
The Company was admitted to trading as a closed-ended investment company on the Specialist Fund Market (the precursor to the Specialist Fund Segment) on 8 December 2008.

## Fund Structure

The Company is a feeder fund which has invested all of its available capital into limited partnership interests in the Master Fund. The Company has no redemption rights for its investment in the Master Fund.

The Master Fund has invested in a second master fund, MVI II LP, a private equity fund structure through which the majority of the Master Fund's investments attributable to ordinary shareholders are made. Assets attributable to the realisation shareholders (the "realisation pool") are held directly by the Master Fund. A look-through breakdown of the NAV attributable to the ordinary and realisation shareholders along with ownership of the assets is detailed in the Allocation of Net Asset Value.

The structure of the Marwyn Funds, as detailed in the structure chart below has evolved since inception to provide access to a wider investor base. The Company was added as a feeder to the Master Fund to allow access to public market investors through the Company's listing on the SFS and MVI II LP was launched to provide access to private equity investor capital.




[7] The Portfolio Company investments of MVI II LP are held by MVI II Holdings I LP, which aggregates the investments of MVI II LP and its stapled co-investment vehicle, MVI II Co-Invest LP



## Investment objective

The investment objective of the Company is to maximise total returns primarily through the capital appreciation of its investments.

## Investment policy

There are no investment restrictions applicable to the Company or the Master Fund.

MVI II LP has the following investment restrictions:

- no investment can exceed 30% of the MVI II LP limited partners' aggregate commitments at the time of investment;
- it cannot engage in derivative trading except to hedge or enhance an investment in an existing or prospective Portfolio Company;
- it cannot invest in any blind-pool investment fund; and
- it may recycle distributed capital, up to an amount equal to 100% of the partners' aggregate commitments, which may only be used to acquire assets, and not pay fees.

The Master Fund and MVI II LP invest either directly or indirectly into the Portfolio Companies. The Master Fund (with the exception of the classes attributable to realisation shareholders) and MVI II LP (during its investment period being five years from the final close on 31 March 2019) are permitted to make follow-on investments into the Portfolio Companies and invest in new Portfolio Companies. In the case of capital relating to the Company's realisation shares, the Master Fund is only permitted to invest cash in follow-on investments in the Portfolio Companies within three years of creation of the realisation class which for the existing realisation class expired in November 2019.

The Master Fund also has an express power to use cash to acquire the Company's shares at a discount to their NAV for cancellation. Any such acquisitions and cancellations will be NAV enhancing for the continuing holders of ordinary shares. The use of such power is periodically reviewed by the Manager and the Board.

The assets attributable to the realisation pool are managed with a view to maximising investment returns, realising investments and making distributions to the holders of realisation shares as realisations are made. The realisation pool is permitted to invest cash allocated to it upon its creation in follow-on investments into existing Portfolio Companies made within three years of the creation of the realisation pool. Unlike the investment policy in respect of the assets relating to ordinary shareholders, cash generated on the sale of an investment in the realisation pool may not be re-invested and are, subject to amounts held back for reasonable working capital requirements, distributed to realisation shareholders.

# **Report** of the Directors

## The directors submit their Annual Report and the audited financial statements for the year ended 31 December 2020.

As announced on 10 July 2020, Ronald Hobbs and Louisa Bonney resigned from the board and Victoria Webster and Peter Rioda were appointed. Victoria Webster and Peter Rioda were re-elected by shareholders at the first AGM following their appointment.

The directors of the Company who served during the year and to the date of this report were:

**Robert Ware**
CHAIRMAN

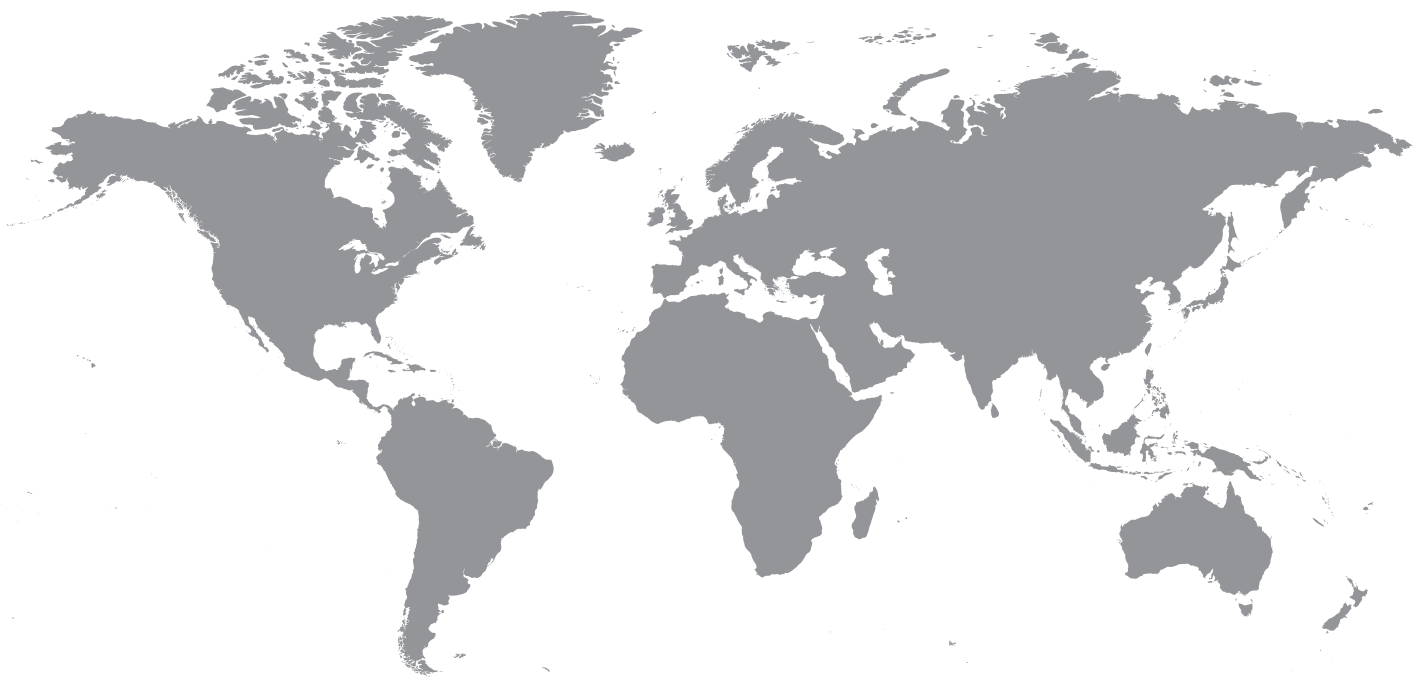
**Martin Adams**
SENIOR INDEPENDENT DIRECTOR

**Peter Rioda**
INDEPENDENT NON-EXECUTIVE DIRECTOR (APPOINTED 9 JULY 2020)

**Victoria Webster**
INDEPENDENT NON-EXECUTIVE DIRECTOR (APPOINTED 9 JULY 2020)

**Ronald Hobbs**
INDEPENDENT NON-EXECUTIVE DIRECTOR (RESIGNED 9 JULY 2020)

**Louisa Bonney**
NON-EXECUTIVE DIRECTOR (RESIGNED 9 JULY 2020)



### 01. Robert Ware

(Non-Executive Chairman)
Committee membership:
Nomination Committee – Chairman

Length of service: 15 years
Date of appointment: 3 October 2006
Last re-elected to the Board: 3 September 2019 at the Company's AGM

Robert served first as corporate development director and then as deputy chief executive of MEPC between June 1997 and June 2003. MEPC was the fourth largest property company quoted on the LSE until September 2000, when Leconport Estates, a company jointly owned by clients of Hermes Pensions Management Limited and GE Real Estate, took the company private. During his tenure at MEPC, Robert and the team realised over £6 billion of international properties and invested over £2 billion, mainly in the UK. Prior to joining MEPC, Robert served as a director of Development Securities plc between 1988 and 1994.

Robert is currently chief executive officer of The Conygar Investment Company PLC, an AIM quoted property investment and development company formed in 2003 by Robert and members of the ex-MEPC team.

The Nomination Committee's considerations on Robert's tenure are included in the 'Nomination Committee' section of the Report of the Directors.

### 02. Martin Adams

(Senior Independent Non-Executive Director)
Committee membership:
Audit Committee – Member
Nomination Committee – Member
Remuneration Committee – Chairman

Length of service: 6 years
Date of appointment: 8 May 2015
Last re-elected to the Board: 26 June 2018 at the Company's AGM

Martin has served for over 30 years in executive and non-executive capacities, both as chairman and director of over 20 closed-end funds and fund-invested operating companies listed on European stock exchanges; and on the boards of fund management companies. His investment experience encompasses private equity, property, infrastructure and renewables assets, predominantly in Asia and Europe. Prior to serving on the boards of listed funds, he founded Vietnam Fund Management Company, raised and managed the first institutional investment fund for Vietnam and has been involved as a director, manager or sponsor of 11 investment funds and managers in Vietnam.

Martin is currently the Chairman of Eastern European Property Fund Limited and a non-executive director of National Investment and Infrastructure Fund Limited in India, Metage Funds Limited and Vietnam Phoenix Fund Limited. He started his career with the Lloyds Bank group, where he was based in the UK, Hong Kong, Portugal and the Netherlands.

In July 2020, Martin was appointed as the Senior Independent Director.

### 03. Peter Rioda

(Independent Non-Executive Director)
Committee membership:
Audit Committee – Member
Nomination Committee – Member
Remuneration Committee – Member

Length of service: <1 year
Date of appointment: 9 July 2020
Last re-elected to the Board: 15 January 2021 at an Extraordinary General Meeting

Peter is a qualified chartered accountant and independent non-executive director with over 25 years of industry experience who specialises in the establishment and management of alternative investment funds. He successfully established and developed Sanne Group's fund administration business between 2006 and 2016 exiting following its IPO in 2015. He has strong investment, risk management, governance and compliance skills acquired through directorships on a wide range of regulated and unregulated fund structures.

Peter is the independent non-executive chairman of Marwyn General Partner II Limited (the general partner of MVI II L.P.). Marwyn General Partner II Limited is not a Marwyn operating company and is regulated by the Jersey Financial Services Commission. It is a special purpose company whose role is as a general partner to MVI II LP, the fund into which the Ordinary Shares are ultimately invested. Peter's role as an independent director of Marwyn General Partner II Limited provides him with insight on Marwyn's investment process. The Board considers that this provides increased oversight and transparency into the investment structure and enhances the role Peter plays on the Board, without impugning his independence as a director of the Company. As such, the Board has determined him to be independent of Marwyn and any shareholders of the Company.

### 04. Victoria Webster

(Independent Non-Executive Director)
Committee membership:
Audit Committee – Chairman
Nomination Committee – Member
Remuneration Committee – Member

Length of service: <1 year
Date of appointment: 9 July 2020
Last re-elected to the Board: 15 January 2021 at an Extraordinary General Meeting

Victoria is a member of the Institute of Chartered Accountants in England and Wales having qualified with PriceWaterhouseCoopers. She has worked in Guernsey, London and New York, specialising in the audit of alternative investment funds. Victoria is the Managing Director of an independent chartered accountancy practice, Cleland & Co., which specialises in owner-managed companies and regulated entities across all sectors.

Victoria has no relationship with any Marwyn group entity and has no relationships with any other director, other than her role on the Board. The Board has determined that she is independent.

# **Report** of the Directors

## Directors' interests

The directors' interests in the ordinary shares of the Company were as follows as at 31 December 2020 and 31 December 2019.

| | Ordinary shares 2020 | Ordinary shares 2019 |
|---|---|---|
| Robert Ware | 700,174 | 500,000 |
| Martin Adams | 40,000 | 40,000 |
| Peter Rioda | Nil | N/A |
| Victoria Webster | Nil | N/A |

The only change in the directors' holdings between 31 December 2020 and the date of approval of these financial statements was that Peter Rioda purchased 10,000 ordinary shares in the Company on 26 January 2021.

The directors' interests in the realisation shares of the Company were nil as at 31 December 2020 (2019: nil) and to the date of the approval of these financial statements.

The Board has put in place measures to ensure that the MAR is adhered to.

## Results

The results attributable to the shareholders for the year are shown in the Statement of Comprehensive Income.

## Ordinary Share Distribution Policy

The Company's Ordinary Share Distribution Policy is comprised of two parts:

### 1. Minimum annual return

*Policy*

The Company will deliver a minimum annual return to Shareholders by making distributions in each quarter. Pursuant to the Ordinary Share Distribution Policy, in each year the Minimum Annual Distribution will be maintained or grown on a pence per share basis.

In circumstances where the Board decides to make a dividend payment which cannot be funded by income received by the Master Fund or MVI II LP, the Master Fund may make distributions from the capital attributable to Ordinary Share Interests to enable the Company to meet its obligations.

Any distribution of the minimum annual return may be made by way of :
(i) repurchases of ordinary shares;
(ii) by payment of dividends; or
(iii) a combination of both.

*Implementation*

Throughout 2020, the minimum return was effected via the share repurchase programme which commenced on 1 October 2018 (the "Buyback Programme"). Over the year, the Master Fund purchased 5,052,845 ordinary shares in the Company for a total of £5,374,604. These ordinary shares were converted into exchange shares under the Company's Exchange Procedure (as defined and described in the Company's prospectus dated 19 October 2016) and the corresponding limited partnership interests cancelled. The NAV-accretive benefit of these buybacks at a discount to NAV was 4.7p per remaining ordinary share.

Following feedback from the Company's significant shareholders on the implementation of this policy, the Board has determined that, from the start of 2021, the most suitable method to satisfy the minimum distribution is through the payment of dividends rather than through the Buyback Programme. Interim dividends of 2.265p per ordinary share were paid in February and May 2021, each being a total payment of £1,265,022.

### 2. Returns following Net Capital Gains

*Policy*

Where the Master Fund or MVI II LP disposes of an asset for a Net Capital Gain and the Company has not already returned to ordinary shareholders an aggregate amount since 19 November 2013 in excess of 50 per cent. of that gain and any previous such gains pursuant to the Ordinary Share Distribution Policy (Minimum Annual Distribution payments referred to above are treated as if they had been returns of gains for this purpose), the Master Fund will distribute the difference to the Company. The Company will, in turn, make a corresponding distribution to ordinary shareholders by way of tender offers, share repurchases or other returns of capital and distributions. Any share repurchases may alternatively be made by the Master Fund and cancelled using the Exchange Procedure described in the Company's prospectus dated 19 October 2016. Returns following a Net Capital Gain may also be made by way of an extraordinary distribution.

The balance of any Profitable Realisation, after the payment of any incentive allocation, will be retained in the Master Fund and available for new and follow-on investments and to meet the Master Fund's reasonable working capital requirements, although all or part of the balance may be used to augment distributions under the Ordinary Share Distribution Policy.

There is no adjustment, or offset, of any Net Capital Gains for any investments realised at a loss.

*Implementation*

Since the last distribution made under this section 2 of the Ordinary Share Distribution Policy following the disposal of the investment in Entertainment One, a total of over £37.9 million has been returned to ordinary shareholders (including the May 2021 dividend) compared to realised gains attributable to ordinary shareholders totaling £28.4 million (50% of which is £14.2 million). Accordingly, the Company has distributed £23.7 million in excess of what would be required under this policy and realised gains attributable to ordinary shareholders in excess of £45.0 million will be needed before any return on a Profitable Realisation is made. Should Zegona's return of capital complete, as discussed in the Report of the Manager, the additional realised gain is estimated to be £6.6 million (taking into account the dividend announced by Zegona in June 2021).

Since the implementation of this policy in November 2013, a total of £64.7 million has been returned to ordinary shareholders.

For the avoidance of doubt, the Company's Ordinary Share Distribution Policy applies only to the Ordinary Shares. The Realisation Shares carry no rights to participate in the Company's Ordinary Share Distribution Policy.

## Realisation class cash return

In October 2020, the Company announced that funds attributable to realisation shareholders received from the initial distribution from the liquidation of Safe Harbour, along with cash held by the Master Fund attributable to realisation shareholders not required to be held for reasonable working capital purposes would be returned to realisation shareholders by way of a redemption of realisation shares. Following a redemption of the Company's interests in Class R(F) and Class R(G) of the Master Fund to the value of £0.84 million, the distribution to realisation shareholders was effected by way of a redemption of 503,171 realisation shares which were subsequently cancelled.

An incentive allocation payment in respect of Class R(F) of £163,888 was paid alongside the redemption of the realisation shares.

## Accelerated bookbuild

On 27 May 2020, the Company announced the completion of an accelerated bookbuild whereby Liberum, the Company's broker, on behalf of MLTI, invited eligible shareholders to tender the Company's ordinary shares for purchase by MLTI on the terms and subject to the conditions set out in the Company's announcement on 22 May 2020.

The purpose of the accelerated bookbuild was to:

- return capital to eligible shareholders seeking to realise, in whole or in part, their investment in the Company;
- enhance the alignment of interests between Marwyn and ordinary shareholders by increasing the Marwyn principals' beneficial shareholdings of ordinary shares in the Company;
- narrow the discount to the prevailing NAV per ordinary share at which the ordinary shares are trading in the secondary market;
- reduce, in part, the perceived excess supply of ordinary shares; and
- reset Marwyn's future carried interest entitlement, including introducing a new 7.5% preferred return which is discussed in more detail below.

The accelerated bookbuild was funded through the sale of the accrued incentive allocations in respect of Class F and Class G interests in the Master Fund (the "Ordinary Share Carried Interest Entitlement") to the Company. This had the effect of crystallising the Ordinary Share Carried Interest Entitlement as at the close of business on 21 May 2020 and accelerated its payment (to the extent amounts were then payable).

The consideration paid by the Company for the acquisition of these incentive allocations was £19,111,102, being the value of the accrued but unpaid Ordinary Share Carried Interest Entitlement as at 21 May 2020. Of the Ordinary Share Carried Interest Entitlement, £6,027,458 was already beneficially owned by the Master Fund through its ownership of Marwyn RP Limited (the entity which was set up to acquire the incentive allocation owed to former partners and employees of Marwyn).

# **Report** of the Directors

Consequently, of the total consideration, a net amount of £13,083,644 was paid. This amount, net of tax and other costs was used to satisfy the accelerated bookbuild with the remainder of £1.6 million being used alongside the quarterly distribution amount for ongoing buy backs under the Company's existing Ordinary Share Distribution Policy. Following the crystallisation of the carry amount attributable to Marwyn RP Limited, it was subsequently liquidated.

*Redemption and issue of interests in the Master Fund*

The consideration for the purchase of the Ordinary Share Carried Interest Entitlement by the Company was funded by a partial redemption of interests in the Master Fund held by the Company in an amount equal to the consideration paid.

Following completion of the sale and purchase of the Ordinary Share Carried Interest Entitlement, the Company contributed the Ordinary Share Carried Interest Entitlement to the Master Fund in consideration for the issue of interests in the Master Fund in an amount equal to the consideration paid. Subsequent to this contribution, the Master Fund owned the Ordinary Share Carried Interest Entitlement and therefore the liability of the Master Fund in respect of the Ordinary Share Carried Interest Entitlement was extinguished.

Alongside this, the Class F interests and Class G interests were merged to simplify the interests into which the Company remains invested in. As a result, the Company's ordinary shareholders are now invested solely in Class F and the Company's realisation shareholders are now invested in Class R(F)1 and Class R(G)1 interests in the Master Fund.

*Future carried interest entitlement*

As discussed above, as part of the accelerated bookbuild, the future carried interest entitlement which would otherwise have accrued after 21 May 2020 (the "Future Carried Interest Entitlement") was reset with a reference amount of £90,289,249, being the Company's estimated ordinary share NAV as at close of business on 21 May 2020. Once returns to ordinary shareholders totalling £90,289,249 have been made (through any means including dividends, share buy backs and any additional amounts returned where required on the exit of any investment), returns will be divided 80/20 between ordinary shareholders and carried interest partners, subject to ordinary shareholders receiving a preferred return of 7.5%.

Full details of the Future Carried Interest Entitlement are included in the Company's RNS announcement on 22 May 2020.

## Share capital

As at 31 December 2020, the Company had 55,850,842 ordinary shares in issue (2019: 60,903,687) and 3,684,055 realisation shares in issue (2019: 4,187,226).

## Portfolio Company costs

Entities within the Marwyn group may provide services to the Portfolio Companies indirectly invested in by the Company. These services include, but are not limited to, corporate finance advisory, transactional support, company secretarial, administrative and accounting services.

Fees for any services provided are negotiated and agreed with the independent management teams running each Portfolio Company and are in accordance with any regulatory or corporate governance requirements, as applicable. There is no obligation for any Portfolio Company to use the services offered by the Marwyn group and third party service providers could be, and frequently are, used.

Due to the shareholdings that the Marwyn Funds have in the Portfolio Companies and directorships that the Marwyn principals have on their boards, Marwyn group entities are invariably considered to be 'related parties' to the Portfolio Companies and as such, all fees payable to Marwyn entities are fully disclosed in the Portfolio Companies' audited accounts, with all contracts deemed 'significant' also being disclosed in any Portfolio Company admission document or prospectus.

The Portfolio Company costs indirectly borne by the Company are proportional to the Company's indirect holding in each Portfolio Company. The holding in each as at the balance sheet date are disclosed in the Portfolio Company pages in the Report of the Manager.

## Directors' remuneration

The emoluments of the individual directors for the year were as follows:

| | 2020 | 2019 |
|---|---|---|
| Robert Ware | 45,000 | 45,000 |
| Ronald Hobbs* | 60,986 | 40,000 |
| Martin Adams | 40,000 | 40,000 |
| Louisa Bonney** | 20,436 | 40,000 |
| Peter Rioda | 16,789 | N/A |
| Victoria Webster | 16,789 | N/A |
| | 200,000 | 165,000 |

*Ronald Hobbs' remuneration includes £40,000 payment in lieu of notice
**Payable to Axio Capital Solutions Limited

Directors' fees are paid directly from the Master Fund. The above fees do not include reimbursed out-of-pocket expenditure. From 1 January 2021, the annual fees payable to Robert Ware and Martin Adams increased to £50,000 and £45,000 respectively.

## Manager

Throughout 2020, Marwyn Asset Management Limited was the manager of the Company, the Master Fund, MVI II LP, its stapled co-investment vehicle, MVI II Co-Invest LP and MVI II DCI I LP, a discretionary co-investment vehicle and was advised by Marwyn Investment Management LLP. Effective 1 April 2021, Marwyn Investment Management LLP replaced Marwyn Asset Management Limited as the manager on the same contractual terms as applied to MAML, included as to fees, updated to account for regulatory developments and the additional requirements placed on a manager regulated by the FCA.

The management agreement governing the Company's appointment of the Manager allows for the investment strategies that the Manager may employ to be in any securities, instruments, obligations, guarantees, derivative instrument or property of any nature in which the relevant vehicle is empowered to invest and as contemplated by its investment policy.

The Manager is entitled to a management fee, payable by the Company in arrears, equal to 1/12th of 2% per month of the NAV from the Company where such investment is not in the Master Fund. As the Company's investments are all through the Master Fund, the Company does not currently pay a management fee to the Manager and will not do so for as long as all investments are through the Master Fund.

The Manager receives a management fee from the Master Fund, payable monthly in arrears, equal to 1/12th of 2% of the NAV before management fees and incentive allocations in respect of Class F, Class G (up to the point it was merged with Class F following the accelerated bookbuild), Class R(F)1 and Class R(G)1 interests of the Master Fund into which the Company invests. From 30 November 2018, being 2 years after the creation of the realisation pool, the management fee on the realisation share interests is calculated by reference to NAV before management fees and incentive allocation less the aggregate value of cash and near cash investments attributable to the realisation share interests.

The Manager may, at its discretion, pay from the management fee to any person to which it has delegated any of the functions it is permitted to delegate. MUFG Alternative Fund Services (Ireland) Limited) as administrator to the Master Fund, calculated the management fee payable to the Manager by the Master Fund up to 31 December 2020. From this date, the new administrator to the Marwyn Funds, Aztec Financial Services (Jersey) Limited, calculates the management fee payable. The Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. The Company does not pay any management fee or carried interest charge as a result of its indirect investment in MVI II LP through the Master Fund.

## Incentive allocation

Incentive allocations are due from the Master Fund in respect of interests in Class F, Class R(F)1 and Class R(G)1 into which the Company invests. These incentive allocations are only payable on returns being made to shareholders as disclosed in the Company's RNS announcement published on 22 May 2020 for the Class F interests and as disclosed in Part II, section 9 of the Company's prospectus published on 19 October 2016 for the Class R(F)1 and R(G)1 interests. These documents are available on the Company's website.

The incentive allocations are deducted from the Gross Asset Value of the Master Fund in deriving the NAV. The NAV is used to calculate the value of the Company's holding in the Master Fund.

As part of the accelerated bookbuild in May 2020, as described earlier, the accrued incentive allocation in respect of the classes invested in by the Company's ordinary shares (being Class F and Class G at the time) was crystallised and paid in full. This had no impact on the NAV attributable to ordinary shareholders, but resulted in a new Class F incentive allocation, including a new 7.5% preferred return to ordinary shareholders. Full details of these arrangements are included in Note 7 of the financial statements.

# Report of the Directors

## Substantial shareholdings

**At 31 December 2020 the following interests in 3% or more of the issued ordinary shares had been notified to the Company.**

| | NUMBER OF ORDINARY SHARES | PERCENTAGE OF ORDINARY SHARE CAPITAL |
|---|---|---|
| Invesco Asset Management | 21,532,614 | 38.55 |
| Marwyn Long Term Incentive LP | 9,238,481 | 16.54 |
| Armstrong Investments Limited | 7,000,000 | 12.53 |
| Barclays Funds Investments Limited | 3,409,090 | 6.10 |
| Charles Stanley & Co | 2,296,254 | 4.11 |
| Premier Funds Managers Limited | 1,855,000 | 3.32 |

**At 31 December 2020 the following interests in 3% or more of the issued realisation shares had been notified to the Company.**

| | NUMBER OF REALISATION SHARES | PERCENTAGE OF REALISATION SHARE CAPITAL |
|---|---|---|
| Fidelity International Limited (FIL) | 2,645,200 | 71.80 |
| Third Point LLC | 728,380 | 19.77 |
| CG Asset Management | 228,628 | 6.21 |

**At 31 May 2021 the following interests in 3% or more of the issued ordinary shares had been notified to the Company.**

| | NUMBER OF ORDINARY SHARES | PERCENTAGE OF ORDINARY SHARE CAPITAL |
|---|---|---|
| Marwyn Long Term Incentive LP | 9,238,481 | 16.54 |
| Armstrong Investments Limited | 7,650,000 | 13.70 |
| 1607 Capital Partners, LLC | 5,160,000 | 9.24 |
| Pula Investments Limited | 4,500,000 | 8.06 |
| Barclays Funds Investments Limited | 3,409,090 | 6.10 |
| Cenkos CI Limited | 2,714,237 | 4.86 |
| Octopus Investments Limited | 2,640,000 | 4.73 |
| Premier Funds Managers Limited | 2,636,740 | 4.72 |
| Charles Stanley & Co | 2,557,364 | 4.61 |

**At 31 May 2021 the following interests in 3% or more of the issued realisation shares had been notified to the Company.**

| | NUMBER OF REALISATION SHARES | PERCENTAGE OF REALISATION SHARE CAPITAL |
|---|---|---|
| Fidelity International Limited (FIL) | 2,645,200 | 71.80 |
| Third Point LLC | 728,380 | 19.77 |
| CG Asset Management | 228,628 | 6.21 |



## Auditors

As announced by the Company on 23 October 2020, the audit services provided to the Company and the Master Fund by PricewaterhouseCoopers LLP, in addition to those provided by Ernst & Young LLP to MVI II LP, were unified in a single provider: Baker Tilly.

Baker Tilly was appointed by shareholder resolution at the first AGM following their appointment.

The Audit Committee does not have any reason to believe that Baker Tilly did not conduct an effective audit.

Baker Tilly has expressed its willingness to continue to act as auditor to the Company and a resolution for its re-appointment will be proposed at the forthcoming AGM. Audit fees for the year ended 31 December 2020 for the Company total £20,250. No non-audit services were provided by Baker Tilly for the Company in the year.

## Expenses

All Company-related expenses are paid by the Master Fund and allocated to the relevant Master Fund class interest as described in Note 3.8 to the financial statements.

A summary of costs ultimately incurred by both the ordinary shareholders and realisation shareholders is included in the 'Key Information Documents', located on the 'Documents' section of the Company's website, www.marwynvalue.com.

## Annual General Meeting

The notice of the AGM will be forwarded to shareholders under separate cover.

## Corporate Governance

The directors, however, recognise the importance of maintaining sound corporate governance that meet the listing requirements and so seek to ensure that the Company adopts a framework for corporate governance, including policies and procedures which reflect those principles of good corporate governance that are appropriate to the Company's size and status as an investment company and are in line with the best practices in relation to matters affecting shareholders, communities, regulators and other stakeholders of the Company.

The Company is a member of the AIC and the Board has considered the principles and recommendations of the AIC Code.

The AIC Code sets out a framework of best practice in respect of the governance of investment companies. It has been endorsed by the UK Financial Reporting Council. The AIC Code is available on the AIC's website (www.theaic.co.uk).

The Board considers that reporting against the principles and provisions of the AIC Code provides the most relevant information to shareholders given that the Company is an externally managed investment company.

The Company has complied with the principles and provisions of the AIC Code, except as set out in this report.

## Board Composition and Meetings

The Chairman, Robert Ware, is not considered to be independent due to his tenure as Chairman and his having interests in, and having other directorships within, the Marwyn group. As detailed more fully in the 'Nomination Committee' section later in the Report of the Directors, the Nomination Committee believes that Robert's high level and range of business knowledge, financial experience and integrity enables him to provide clear and effective leadership and, in conjunction with his fellow Directors, proper stewardship of the Company. The Company's independent non-executive directors are of the view that Robert's position as Chairman ensures the smooth running of the business and a co-operative and aligned relationship with the Manager.

Martin Adams, Peter Rioda and Victoria Webster are considered to be independent in terms of their respective directorships. Whilst, Martin Adams and Peter Rioda have a beneficial interest in the Company as detailed in the 'Directors' Interests' section of this report, this is not considered to impugn on their independence, and serves to further align the interests of the directors with those of shareholders.

# **Report** of the Directors

In July 2020, Martin Adams was appointed as senior independent director to provide a sounding board for the chairman and serve as an intermediary for the other directors and shareholders. He is also responsible for leading the annual appraisal of the Chairman's performance.

The Board has adopted a policy on tenure which requires the Nomination Committee to annually consider the appropriateness of the tenure of the Chairman and each director alongside the skills, experience and knowledge the directors bring to the Board, as detailed in the Nomination Committee section of this report. In line with the guidance provided by the AIC Code, the Board recognises that whilst the Company should benefit from a regular infusion of new appointments to the Board (demonstrated by the 2020 appointments of Peter and Victoria), investment companies are more likely, compared to other companies, to benefit from having at least one director with considerably longer experience. This is the case with Robert Ware, the Chairman, who has served on the Board for more than nine years. The relevant criteria when assessing the board composition include continuity, self-examination and the ability to do the job.

One-third, or the nearest number to one-third, of the directors shall retire and offer themselves for re-appointment at each AGM in accordance with the Articles, facilitating the Board's stability and decision making ability. All directors are re-elected at the next AGM following their appointment and thereafter retire by rotation, subject also to the requirement that all directors are required to offer themselves for re-election at least every three years.

The Board meets on a quarterly basis to consider, among other things, the investment performance and associated matters, such as marketing and investor relations, risk and portfolio management, the suitability of the investment policy, performance of the share price as well as NAV performance and any discount between the share price and the NAV, the shareholder profile of the Company and the performance and cost of service providers, to ensure control is maintained over the Company's affairs. Regular ad hoc informal meetings are also held with the Manager principally to review the performance of the investments and material events affecting the Company.

The Directors bring both significant funds and professional expertise and commercial operating experience, having managed businesses across a wide range of industries and economic environments. The Board consists of a majority of independent non-executive Directors. The Chairman, in his role of leading the Board, managing Board meetings, and encouraging constructive challenge between Board members is central to setting the tone from the top. The Board meets frequently, both formally and informally, and across all means of communication, which fosters openness and honesty. This is mirrored in the relationships the Board has developed with the Company's service providers.

The Board meets frequently with the Manager throughout the year at each quarterly board meeting and at any ad-hoc Board or informal meetings held dependent on the investment activity of the funds through which the Company directly or indirectly invests. The Board provides constructive challenge as well as honest and frank feedback on significant portfolio activity, contributing independent viewpoints and scrutiny to the investment process. The Board also conveys shareholder feedback to the Manager ensuring the interests of shareholders as a whole are a primary consideration for all investment decisions. The Board-level governance arrangements and relationship with the Manager facilitate the sustainability of the Company's business model and investment strategy.

The Board evaluates its performance through completion of annual confidential questionnaires with the results reported to the Nomination Committee. The Board also considers the tenure and independence of each Director, at least annually, via discussions at the Nomination Committee meetings.

### Culture

The Board is acutely aware that the Company's culture needs to clearly align with the Company's purpose, value, and strategy. The Company is small and, as at the date of these financial statements, consists of four Directors. The Company culture is therefore set by the Board and demonstrated through Board interaction and in turn the relationships the Board develops with service providers and, in particular, the Manager.

Remuneration plays a role in impacting company behaviour and culture. The Remuneration Committee has reviewed the Company's remuneration policy and Director remuneration and are satisfied that this is aligned with Company culture, ensuring that remuneration is at level to attract individuals of a calibre appropriate to the Company's future development, without compromising Director independence.

### Shareholder and Stakeholder Engagement

The Chairman regularly meets with representatives of the Manager and is in regular communication with his fellow Directors. In addition, the Board maintains open and frequent communication with the Manager, Administrator and Broker throughout the year so that any ad hoc items for the Board's consideration are able to be considered in a timely manner by all members of the Board. The Chair of the Audit Committee has regular discussions with the auditor.

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Chairman and the independent Directors are always available for communication with shareholders, with the Chairman and Senior Independent Director regularly meeting with the Company's larger shareholders and all shareholders have the opportunity, and are encouraged, to attend and vote at the AGMs of the Company, during which the Board and the Manager will be available to discuss issues affecting the Company. The Board is regularly informed of shareholders' views via updates from the Manager and Broker as to meetings and other communications they may have had with shareholders.

### Shareholder Resolutions with Significant Votes Against

At the Extraordinary General Meeting held on 15 January 2021, four resolutions received over 20% of votes cast against them. These related to: i) the approval of the annual report and accounts; ii) the re-election of Peter Rioda as a Director; iii) the re-election of Victoria Webster as a Director, and iv) the purchase of the Company's own shares.

The independent directors have met, or offered to meet, all of the Company's significant shareholders to understand their views and consider any actions that need to be taken as a result of these voting results. From these meetings, the directors note that shareholder concerns were raised regarding the independence of the Board, tenure of Directors and that shareholders, considered in aggregate, had a preference for dividends to be paid rather than effecting the Ordinary Share Distribution Policy through the buyback of the Company's Ordinary Shares.

In 2020, the appointment of two new independent non-executive directors has resulted in a majority of the Board being independent; the rationale for the Board's independence assessment has been included in this annual report. In response to the feedback on the implementation of the Ordinary Share Distribution Policy, this has been amended so that the Company will pay dividends rather than effect the Ordinary Share Distribution Policy through the buyback of the Company's Ordinary Shares.

The Board will continue to engage with shareholders, particularly those who did not vote in favour of the resolutions and is committed to continuing a constructive and open dialogue with shareholders.

### Key Service Providers

Pursuant to the management agreement, the Manager performs a periodic review of the service providers to the Company for consideration by the Board.

In 2020, as part a review of the Company's operating structure with the intention of improving operating efficiencies for the Company and the funds through which it invests, a number of changes were made:

- The administration services provided to the Company by Axio Capital Solutions Limited, in addition to those provided by Mitsubishi UFJ Alternative Fund Services (Ireland Limited) to the Master Fund, and Apex Fund and Corporate Services (Jersey) Limited to update to 'MVI II LP were unified under a single provider: Aztec Financial Services (Jersey) Limited. Established in 2001, the Aztec Group is an award-winning independent provider of fund and corporate services, employing more than 950 people across Jersey, Guernsey, Luxembourg, the Netherlands and the UK. Owner-managed, the Group administers over 440 funds and 4,500 entities for a range of clients, including private equity, real asset and debt fund managers, institutional investors and multi-national corporations. Aztec also have an experienced team which specialise in the establishment and administration of listed fund vehicles for alternative investment managers.

# **Report** of the Directors

To identify a suitable administrator who could appropriately service the whole Marwyn fund group, a list of organisations with listed fund experience, strong accounting capabilities (to produce a weekly NAV), a responsive and flexible team, a commercial and entrepreneurial approach, a stable team and with relevant regulatory experience was draw up with detailed proposals received from three such providers. Following a review of these proposals, interviews with key personnel and discussion and recommendations from industry contacts, Aztec were appointed.

- The audit services provided to the Company and the Master Fund by PricewaterhouseCoopers LLP, in addition to those provided by Ernst & Young LLP to MVI II LP were unified in a single provider: Baker Tilly Channel Islands Limited. Baker Tilly Channel Islands is the Channel Islands member firm of Baker Tilly International, a top 10 Global Accountancy Network with member firms in more than 148 territories and combined revenues of US$4.0 billion.

Proposals were received from three firms for the audit of the Marwyn Funds, including firms both within and outside the accounting 'Big 4'. Following a review of the proposals and costs and interviews with the Chair of the Audit Committee, Baker Tilly were appointed.

- In order to appropriately segregate the activities of the Company, new roles were created to act as dedicated resources for the Board and provide effective oversight of service providers to the Company. These roles are undertaken by individuals with significant knowledge of the Company, its structure and operations.

## Attendance record:

The number held has been shown for each individual to reflect the number of meetings held over the year or since the date of their appointment or prior to the date of their resignation.

| | Quarterly Board Meetings | | Ad Hoc Board Meetings | | Audit Committee | | Nomination Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|---|---|
| Director: | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Robert Ware | 4 | 4 | 6 | 6 | 4 | 4 | 3 | 3 | 3 | 3 |
| Martin Adams | 4 | 4 | 6 | 6 | 4 | 4 | 3 | 2 | 3 | 3 |
| Peter Rioda | 3 | 3 | 3 | 3 | 2 | 2 | - | - | 1 | 1 |
| Victoria Webster | 3 | 3 | 3 | 3 | 2 | 2 | - | - | 1 | 1 |
| Louisa Bonney | 1 | 1 | 3 | 3 | 2 | 1 | 3 | 2 | 2 | 1 |
| Ronald Hobbs | 1 | 1 | 3 | 2 | 2 | 1 | 3 | 1 | 2 | 1 |

## Board Committees

The Company uses a number of committees to manage its operations. Each committee has formal written terms of reference, which clearly define their responsibilities and are reviewed and reassessed for their adequacy on an annual basis. The terms of reference are available on the Company's website.

## Audit Committee

Effective 6 April 2021, the Audit Committee comprises all the independent non-executive Directors of the Company and meets at least twice a year. Prior to this date, Robert Ware was also a member of the committee. As Robert Ware is a chartered accountant and has significant investment company experience, the Board values his input and so he is ordinarily invited to attend committee meetings as an observer. Victoria Webster, a chartered accountant, is Chairman of the Audit Committee. The Audit Committee provides a forum through which the Company's auditor has access to and can report to the Board. Its functions relate to the Company only and do not apply to the Master Fund, MVI II LP or any other vehicle.

As part of an overall operational review, the Company's auditor was changed from PwC to Baker Tilly in 2020. As part of the tender process, Baker Tilly conducted standard independence assessments to ensure they could undertake the external audit function in accordance with audit standards on independence. The Audit Committee has no reason to consider the auditor to be non-independent and will continue to review the relationship and assess independence.

The Audit Committee performs the following functions:

- selection of the statutory auditor and making recommendations relating to the appointment of the statutory auditor to the Board;
- monitoring the financial reporting (including cash and securities reconciliations) process and submitting recommendations or proposals to the Board in order to ensure the integrity of that process;
- monitoring the statutory audit of the Company's annual financial statements and the performance of the Company's auditor, taking into account any findings and conclusions by the Financial Reporting Council under article 26 (6) of Regulation 538/2014 (the Audit Regulation);
- reviewing and monitoring auditor independence in accordance with paragraphs 2(3), 2(4), 3 to 8 and 10 to 12 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649) and article 6 of the Audit Regulation, and in particular the appropriateness of the provision of non-audit services to the issuer in accordance with article 5 of the Audit Regulation;
- informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial reporting process and what role the Audit Committee played in that process; and
- keeping under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.

During the year, the Audit Committee met four times, the key matters discussed included the review and consideration of:

- the Audit Committee's terms of reference;
- the composition of the Audit Committee including the change in Chair;
- the appointment of Baker Tilly as auditor;
- the Company's annual financial statements for the year ended 31 December 2019 and interim financial statements for the six-month period ended 30 June 2020, including review of the RNS announcements released in connection with these accounts;
- the independence of the auditor and the effectiveness of the audit;
- the Company's policy and procedures, including compliance arrangements in relation to anti-bribery and corruption and whistleblowing;
- the Company's cash flow and reconciliation to bank statements;
- the need for an internal audit function; and
- cash flow management and the payment control system.

# **Report** of the Directors

The Audit Committee concluded that an internal audit department was not required as all of the Company's day-to-day management and administrative functions are outsourced to regulated third parties.

During the year, the Audit Committee's terms of reference were updated.

### Nomination Committee

The Nomination Committee comprises all the Directors of the Company, resulting in a majority of the members of the committee being independent non-executive directors whilst retaining access to the knowledge and experience of Robert Ware, who chairs the committee. The committee meets at least twice a year. Members of the Nomination Committee do not participate in the review of their own position, and further, Robert Ware will not chair a meeting of the Nomination Committee when it is dealing with the matter of succession to the chairmanship of the Board.

The function of the Nomination Committee is to consider the appointment and re-appointment of directors. When considering the appointment and re-appointment of directors, the Nomination Committee and the Board consider whether the Board and its committees have a balance of skills, experience, length of service, knowledge of the Company, its diversity, how the Board works together and any other factors relevant to the effectiveness of the Board including if the director or candidate being reviewed has sufficient time to devote to the Company to carry out their duties effectively.

During the year, and in line with best practice, the Board appointed Korn Ferry, the international recruitment consultants, to identify suitable candidates to fill two independent non-executive director positions to enhance the independence of the Board and to identify a suitably qualified and experienced individual to chair the Company's Audit Committee. As a result, the Board and Korn Ferry compiled a list of 22 candidates from which it interviewed eight applicants over the period to July 2020. Following that process and considering skills, experience, knowledge, board diversification and succession planning, the Board selected Peter Rioda and Victoria Webster as the best candidates and both were appointed to the Board on 9 July 2020. Victoria was also appointed as chair of the Company's Audit Committee. Both were subsequently re-elected at the first AGM following their appointment.

Korn Ferry have been utilised by the Company in the past, but have no other connection to the Company or its directors.

Formal induction training is provided to new directors on request. All new directors meet with the Chairman, the Senior Independent Director, members of the Nomination Committee, the Manager and any other relevant key advisers, prior to appointment in order to discuss the Company, the Manager, the responsibilities of a director of the Company and investment company industry matters.

Any new directors will meet with the full Board at the earliest opportunity following their appointment. In addition, all directors have full access to the Administrator, broker, Manager and legal counsel.

The Nomination Committee, on at least an annual basis, considers the performance of the Board, along with the tenure and independence of each director. Following the changes in Board membership, as detailed in the Report of the Chairman, the committee believes there is a suitable combination of experience, knowledge and skills to operate as an effective Board. The significant level of shareholder engagement from the Chairman, the Senior Independent Director and the two newly appointed Independent Directors has ensured shareholders views have been fully understood by the Board and appropriate actions have been taken, including working alongside the Manager to amend the implementation of the Company's Ordinary Share Distribution Policy and further detailed disclosure in these accounts around governance, strategy and director independence.

The committee acknowledges that the Chairman, Robert Ware, has been a Board member since 2006 and is not independent of the Manager but believe that the skills and experience he brings to the Board significantly outweigh any actual or potential conflicts arising from his position. Robert has served as an independent non-executive chairman of several listed investment funds (and thus understands and respects the role of the Company's independent directors); he has a long relationship with the Manager and their key personnel; he has intimate knowledge of the Company's corporate history and long experience of running operating businesses such as those held in the portfolio. These rare skills and experience in the context of the Company combine to provide Robert the ability to bridge the views and suggestions of the independent directors with those of the Manager.

In any situation where the Chairman is conflicted, or could be perceived to be conflicted, he abstains from comment and vote and, in any case, the independent directors form a majority of the Board. The independent directors are of the view that, given the structure of the Company and its management arrangements, the Chairman is important to ensuring the smooth operation of the business and it is in the best interests of the Company and its shareholders that Robert remain as a director and Chairman.

The Nomination Committee considers that the three other Board members are all independent of the Company and the Manager, as detailed in the 'Board Composition and Meetings' section earlier.

During the year the Nomination Committee met three times, the key matters discussed included the review and consideration of:

- the Nomination Committee's terms of reference;
- the structure, size and composition of the Board and its committees;
- the appointment of Martin Adams as the Senior Independent Director;
- the appointment of Victoria Webster and Peter Rioda as Independent Directors; and
- the recommendation that, in accordance with the Company's Articles, Victoria Webster and Peter Rioda should be put forward for election at the 2020 AGM.

During the year, the Nomination Committee's terms of reference were updated.

### Remuneration Committee

Effective 6 April 2021, the Remuneration Committee comprises all the independent non-executive directors of the Company and meets at least twice a year. Prior to this date, Robert Ware was also a member of the committee and as with the Audit Committee, the Board values Robert Ware's input so he is ordinarily invited to attend committee meetings. Members of the Remuneration Committee do not participate in the review of their own remuneration.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. The maximum aggregate remuneration of all of the Directors is £200,000.

During the year the Remuneration Committee met three times to discuss the Remuneration Committee's terms of reference and duties, the remuneration of the independent directors appointed in the year, and the increase in level of remuneration for the existing directors. The Company does not have a workforce.

As part of the review of the remuneration of existing directors, it was approved that the fees for Robert Ware and Martin Adams, be increased to £50,000 and £45,000 respectively, considering the roles they have as Chairman and Senior Independent Director respectively and to ensure the fees, following a benchmarking analysis performed across comparable entities listed on the Specialist Fund Segment, were brought in line with market standards for their roles and tenures.

Following review and consideration of the Company's remuneration policy, the Remuneration Committee concluded that the current remuneration policy of the Company is set at a level to attract, motivate and retain individuals of a calibre appropriate to the Company's future development and that the structure of the Company's remuneration remains appropriate for the size and the activities of the Company.

During the year, the Remuneration Committee's terms of reference were updated for minor administrative items.

### Management Engagement Committee

The Board considers that due to its size and structure as a feeder fund, it would be unnecessarily burdensome to establish a separate management engagement committee. The review of the performance of, and contractual arrangements with, the Manager is undertaken by the Board. However only Directors independent of the Manager are involved with this review.

# **Report** of the Directors

## Authority of the Manager

The authority of the Manager is set out in writing in the management agreement. Under the terms of the management agreement the key duties of the Manager are the negotiation of any investment, consolidation disposal of an investment, in accordance with the relevant investment policy.
In performing these services, the Manager is granted authority to:

- give instructions to administrators and sub-administrators in relation to acquisitions and disposals of investments;
- cause money to be retained in cash or placed in deposit;
- negotiate contracts, agreements and other undertakings as may be reasonable;
- instruct and appoint any advisors and specialists which are believed necessary or advisable for the purposes of implementing the investment policy and/or managing the investments;
- use reasonable endeavours to obtain all licences, permissions and consents necessary to complete, maintain or dispose of any investment;
- prepare all necessary documentation and where necessary submit to the board for execution;
- borrow or raise monies as required;
- assist as necessary in the valuation of unlisted investments;
- advise on availability and appropriate source of funds to be utilised as distributions;
- carry out quarterly reviews of the investment portfolio, or at any other time as directed by the Company;
- prepare at least quarterly a report detailing the activities and performance of the Manager during the quarter; and
- monitor investment policy and propose changes to the Board.

Any areas of decision making not under the authority of the Manager remain the responsibility of the Board.

## Statement of going concern

Under the relevant class agreements between the Company and the Master Fund, the Master Fund is required to meet the Company's expenses and as such, the directors consider that there is no mismatch between the Company's assets and liabilities.

The Board and the Manager are continually assessing the economic and wider implications of the COVID-19 pandemic, and whilst the long-term impact is uncertain, considering the forecast cash position of the Master Fund (including a reasonably possible forecast of portfolio company investment and divestment), the directors continue to believe that the Company, via the Master Fund, has sufficient resources to meet all liabilities as they fall due for the foreseeable future and continue to adopt a going concern basis in preparing the financial statements.

## Internal control

The Board is responsible for establishing and maintaining the Company's system of internal quality control and risk management and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Company and the particular risks to which it is exposed.

The procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

The duties of managing the investments and accounting are segregated:

- throughout the year, MUFG Alternative Fund Services (Ireland) Limited, a company independent of the Manager and the Board, provided administrative and accounting services to the Master Fund. These services are now provided by Aztec Financial Services (Jersey) Limited;
- custodian services are provided by an independent party to the Master Fund and are segregated from the administrative and accounting services provided;
- throughout the year, Axio provided administrative and accounting services to the Company and the provision of these services was independent from the investment management services provided by the Manager. These services are now provided by Aztec;
- the Board reviews financial information produced by the Manager and Axio/Aztec as appropriate on a regular basis;
- the Manager, Axio and Aztec are all regulated entities and are subject to an annual audit by an independent auditor. This is confirmed to the Board on an annual basis; and
- assets attributable to the realisation shares are segregated from those attributable to the ordinary shares.

The Company does not have an internal audit function as all of the Company's management functions are delegated to third parties and the Board therefore considers that there is no need for the Company to have an internal audit function.

The Audit Committee has reviewed the Company's risk management and control systems and believes that the controls are satisfactory given the nature and size of the Company.

## Financial Risk Profile

The Company's financial instruments comprise investments, cash and various items such as payables and receivables that arise directly from the Company's operations. The main purpose of these instruments is the investment of shareholders' funds. The main risks are detailed in Note 14 to the financial statements and in the Risk section.

# **Report** of the Directors

## Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union (IFRS).

The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and to confirm that the reports contained in these financial statements includes a fair review of the performance of the business and the position of the Company.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Cayman law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on page 31, confirms that, to the best of their knowledge:

- these financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the reports contained in these financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

**On behalf of the Board**

| | |
|---|---|
| **Robert Ware** | **Victoria Webster** |
| Chairman | Director |
| 29 June 2021 | 29 June 2021 |



# **Report** of the Independent Auditor

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARWYN VALUE INVESTORS LIMITED

### Opinion
We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report") of Marwyn Value Investors Limited (the "Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes including a summary of significant account policies. The financial reporting framework that has been applied in their preparation is applicable Law and International Financial Reporting Standards as adopted by the European Union ("IFRS").
In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRS.

### Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter
The financial statements of the Company for the year ended 31 December 2019 were audited by the previous auditor, as listed on the Advisers page, who expressed an unmodified opinion on those financial statements on 30 April 2020.

### Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified in our audit.

### Significant risks and our response
#### (i) Investments
There is a risk that the investments are not held at an appropriate fair value, due to incorrect valuation methodology being applied to underlying investments or the inappropriate allocation of gains, losses and expenses within the underlying fund, or that the rights to ownership are not held. The value of the investment in the Master Fund is largely driven by the valuation of the investments held by the Master Fund, and therefore the risk extends to the appropriate valuation of the underlying investments of the Master Fund.

### Our response
Our audit procedures with respect to investments included, but were not limited to:

- Recalculating the closing investment position from the audited financial statements of the Master Fund, to ensure the closing balance had been calculated appropriately;
- Reviewing and understanding the investments made prior to the start of the year to ensure historic treatment was accurate;
- Review of the financial information of the underlying investments of the Master fund held at cost and holding discussions with management to ensure there have been no events in the year that may suggest a new valuation methodology is required;
- For unlisted underlying investments of the Master Fund which have been the subject of a valuation, we obtained the valuation and relevant back up information and critically reviewed the methodology applied, with reference to valuation guidelines and required accounting disclosures. An auditor recalculation of the valuation was performed to assess whether management's assessment appeared reasonable;
- For listed investments of the underlying Master Fund we verified the share prices to reliable external sources, ensuring there was an adequate active market to support the valuation;
- Reconciling gains and losses to underlying calculations, and agreed any transactions to signed agreements and bank transactions; and
- Carrying out confirmation procedures to ensure the underlying investments were still held by the Master Fund.

  We have no issues to note from our testing and the investments balance appears reasonable.

#### (ii) Revenue recognition
There is a risk that the revenue recognised could be misstated due to inappropriate valuation methodology or not recognising all valuation movements.

### Our response
Our audit procedures with respect to investments included, but were not limited to:

- Obtaining a breakdown of revenue recognised during the year and performing a recalculation on the investments to ensure accurate year movement in fair value; and
- Testing gains / losses from valuation reports back to the revenue listing for both completeness and accuracy.

  We have no issues to note from our testing and the fair value movement recognised appears reasonable.

# **Report** of the Independent Auditor

### (iii) Management override of controls

There is a risk of management override of controls to achieve certain predetermined outcomes in financial statements and execution of transactions.

### Our response

Our audit procedures with respect to management override of controls included, but were not limited to:

- audit procedures with respect to management override of controls included, but were not limited to:
- Review of all Board minutes;
- Journal entry testing including enquiry and agreeing to source documents for significant management journals, unusual journals, year end journals, and post year end journals; and
- Review of the general control environment, including walkthroughs of adequate controls which reduce the risk of management override of controls.

  We have no issues to note from our testing.

### (iv) Covid-19

The COVID-19 pandemic has caused significant economic uncertainty across the globe, leading to declines in global markets. This could impact the Company directly when considering the impact on the appropriateness of the Going Concern basis of accounting, or indirectly through a potential adverse impact upon the valuation of the underlying investments of the Master Fund, which could lead to losses for the Company.

### Our response

The audit team recognise the uncertainty arising globally as a result of COVID-19. We performed the following to assess the Company's going concern status:

- Review the balance sheet position, cash flow assessments and investment performance forecasts for a period at least 12 months from the date of signing the financial statements;
- Critically assessed the reasonableness of these forecasts, performing sensitivity analysis to ascertain headroom based on a number of different potential market scenarios, so as to assess whether the Going Concern basis was appropriate for the Company; and
- Understand the impact of Covid-19 on the underlying investments of the Master Fund, in particular identifying any adverse and lasting impacts which may result in a permanent loss of value.

  Overall, the investments of the Master Fund appear to have rebounded well following the initial global impact of Covid-19, and the audit team consider the Going Concern basis of accounting to be an appropriate and reasonable basis on which to prepare the financial statements.

### Our application of materiality

In accounting terms, a material error is one that, if it were unadjusted, would cause a user of the financial statements to alter their view of those statements or the results or the financial position of the entity being reported on. Materiality, therefore is incapable of monetary definition, since it has both quantitative and qualitative elements. Auditors examine accounts on a test basis. The level of testing we have carried out is based on our assessment of the risk that an item in the financial statements may be materially misstated.
We assess risk both at the overall financial statement level and at the individual item level. The nature and volume of audit work we have conducted is directly related to our risk assessments. We plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole.

In making our assessment and being cognisant of the challenges of defining materiality, we considered a threshold of £976,000 to be an indicator of materiality for the financial statements as a whole. This threshold was based on 1% of net assets. Assets are considered to be the most important benchmark for the primary users of the financial statements. We have reported, to the Audit Committee, all corrected and uncorrected misstatements we identified through our audit with a value in excess of £49,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

### An overview of the scope of our audit

Our audit approach is risk based and focuses on identification of key business risks and those areas of operation that are considered significant to the results for the year and the position at the statement of financial position date. It focuses on the robustness and effectiveness of the Company's internal control environment established by management to ensure sound operational and financial control and the mitigation of risk.
The audit approach is a balance between systems and controls reliance, analytical review and detailed substantive testing (including obtaining independent third party confirmations) and is determined by assessment of the internal control environment and factors influencing inherent risk.
During our preliminary and planning phases of our audit, we gained an understanding of the business environment, including internal controls at the administrator and manager, along with the Board of Directors and respective Committees (referred to for purposes of this document as "management") where these are relevant to the audit. This ensured a robust and efficient audit at the execution stage. Where possible, we seek to validate and subsequently place reliance on the controls that are in place, in order to increase the efficiency of our audit work. Our audit comfort comes from evaluating and validating how management monitor and control the business and financial risks.

Based on our understanding of the business mentioned above, we undertook substantive testing on significant balances, transactions and disclosures in line with our risk assessment including the results of the work performed at the planning phase.

# **Report** of the Independent Auditor

## Other information

The other information comprises the information included in the annual report, other than the audited financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities on page 46, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We performed analytical procedures on significant and material balances, notably being financial assets and equity, corroborating the information therein with underlying agreements;

- We undertook journal testing including analysis and substantive testing to assess whether there were unusual entries that indicated irregularities, including fraud; and

- We confirmed bank balances to third party confirmations and reviewed the controls associated with the bank reconciliations and processing of payments.

  A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Use of this report

This report is made solely to the Members of the Company, as a body, as required by the Company's governing documents agreement dated 19 November 2013 in accordance with our engagement letter and for no other purpose. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ewan Spraggon
**For and on behalf of Baker Tilly Channel Islands Limited**
Chartered Accountants
St Helier, Jersey

Date: ............................

# Income Statement

## For the year ended 31 December 2020

| | Notes | Year ended 31 December 2020 £ | | | Year ended 31 December 2019 £ | | |
|---|---|---|---|---|---|---|---|
| **INCOME** | | Revenue | Capital | Total | Revenue | Capital | Total |
| Finance income | | 242 | - | 242 | 570 | - | 570 |
| Net loss on financial assets measured at fair value through profit or loss | 6 | - | (1,199,172) | (1,199,172) | - | (26,958,160) | (26,958,160) |
| **TOTAL NET INCOME / LOSS** | | 242 | (1,199,172) | (1,198,930) | 570 | (26,958,160) | (26,957,590) |
| **EXPENSES** | | | | | | | |
| Finance cost and bank charges | | 242 | - | 242 | 570 | - | 570 |
| **TOTAL OPERATING EXPENSES** | | 242 | - | 242 | 570 | - | 570 |
| **(LOSS) / PROFIT FOR THE YEAR** | | - | (1,199,172) | (1,199,172) | - | (26,958,160) | (26,958,160) |
| **TOTAL COMPREHENSIVE (EXPENSE) / INCOME** | | - | (1,199,172) | (1,199,172) | - | (26,958,160) | (26,958,160) |
| **RETURNS PER SHARE** | | | | | | | |
| Attributable to holders of ordinary shares | | - | (1,257,962) | (1,257,962) | - | (24,917,777) | (24,917,777) |
| Weighted average ordinary shares in issue for the year ended 31 December | 12 | - | 59,329,997 | 59,329,997 | - | 66,600,638 | 66,600,638 |
| Return per ordinary share - basic and diluted | | - | (2.12)p | (2.12)p | - | (37.41)p | (37.41)p |
| Attributable to holders of realisation shares | | - | 58,791 | 58,791 | - | (2,040,383) | (2,040,383) |
| Weighted average realisation shares in issue for the year ended 31 December | 12 | - | 4,090,991 | 4,090,991 | - | 6,540,262 | 6,540,262 |
| Return per realisation share - basic and diluted | | - | 1.44p | 1.44p | - | (31.20)p | (31.20)p |

Notes 1 to 19 on pages 58 to 74 form an integral part of these financial statements.



# Statement of Financial Position

## As at 31 December 2020

| | Notes | 31 December 2020 £ | 31 December 2019 £ |
|---|---|---|---|
| **NON CURRENT ASSETS** | | | |
| Financial assets measured at fair value through profit or loss | 6 | 97,597,788 | 105,008,302 |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 128,614 | 128,372 |
| **TOTAL ASSETS** | | 97,726,402 | 105,136,674 |
| **CURRENT LIABILITIES** | | | |
| Loan payable | 7 | (125,000) | (125,000) |
| Accruals | | (3,614) | (3,372) |
| **TOTAL LIABILITIES** | | (128,614) | (128,372) |
| **NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS** | | 97,597,788 | 105,008,302 |
| **CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | | | |
| Share capital | 12 | 91 | 91 |
| Share premium | 12 | 64,436,254 | 70,449,867 |
| Special distributable reserve | 13 | 26,346,979 | 26,346,979 |
| Exchange reserve | 13 | 54,386 | 54,386 |
| Capital reserve | 13 | (4,976,238) | 851,513 |
| Revenue reserve | 13 | 11,736,316 | 7,305,466 |
| **TOTAL EQUITY** | | 97,597,788 | 105,008,302 |
| Net assets attributable to ordinary shares | | 91,089,862 | 97,722,427 |
| Ordinary shares in issue at 31 December | | 55,850,842 | 60,903,687 |
| Net assets per ordinary share | | 163.09p | 160.45p |
| Net assets attributable to realisation shares | | 6,507,926 | 7,285,875 |
| Realisation shares in issue at 31 December | | 3,684,055 | 4,187,226 |
| Net assets per realisation share | | 176.65p | 174.00p |

The financial statements on pages 54 to 74 were approved by the Board of Directors and authorised for issue on 29 June 2021. They were signed on its behalf by:

**Robert Ware** **Victoria Webster**

Notes 1 to 19 on pages 58 to 74 form an integral part of these financial statements.

# **Statement** of Cash Flows

## For the year ended 31 December 2020

| | Notes | 31 December 2020 £ | 31 December 2019 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | 242 | 570 |
| Bank charges paid | | - | (25) |
| Distributions received on Class F and Class G interests in MVI LP | 6 | 836,738 | 4,096,272 |
| Net cash inflow from operating activities | 11 | 836,980 | 4,096,817 |
| **Cash flows used in financing activities** | | | |
| Dividends paid to ordinary shareholders | 12 | (836,738) | (4,096,272) |
| Net cash flow used in financing activities | | (836,738) | (4,096,272) |
| **Net increase / (decrease) in cash and cash equivalents** | | 242 | 545 |
| Cash and cash equivalents at the beginning of the period | | 128,372 | 127,827 |
| Cash and cash equivalents at the end of the period | | 128,614 | 128,372 |

Notes 1 to 19 on pages 58 to 74 form an integral part of these financial statements



# **Statement** of Changes in Equity

## For the year ended 31 December 2020

| | Notes | Share capital £ | Share premium £ | Special distributable reserve £ | Exchange reserve £ | Capital reserve £ | Revenue reserve £ | Total £ |
|---|---|---|---|---|---|---|---|---|
| Opening balance | | 91 | 70,449,867 | 26,346,979 | 54,386 | 851,513 | 7,305,466 | 105,008,302 |
| Total comprehensive /(expense) income for the year | | - | - | - | - | (1,199,172) | - | (1,199,172) |
| Redemption of realisation shares | 12 | - | (545,148) | - | - | (291,590) | - | (836,738) |
| Ordinary share re-purchases and exchange | 12 | - | (5,468,467) | - | 93,863 | - | - | (5,374,604) |
| Transfer of realised losses and exchange to revenue reserve | | - | - | - | (93,863) | (4,336,987) | 4,430,850 | - |
| Closing balance | | 91 | 64,436,252 | 26,346,979 | 54,386 | (4,976,236) | 11,736,316 | 97,597,788 |

## For the year ended 31 December 2019

| | Notes | Share capital £ | Share premium £ | Special distributable reserve £ | Exchange reserve £ | Capital reserve £ | Revenue reserve £ | Total £ |
|---|---|---|---|---|---|---|---|---|
| Opening balance | | 94 | 82,671,859 | 26,346,979 | 54,386 | 28,568,828 | 9,503,662 | 147,145,808 |
| Total comprehensive /(expense) income for the year | | - | - | - | - | (26,958,160) | - | (26,958,160) |
| Redemption of realisation shares | 12 | (3) | (2,744,861) | - | - | (1,351,408) | - | (4,096,272) |
| Ordinary share re-purchases and exchange | 12 | - | (9,477,131) | - | (1,605,943) | - | - | (11,083,074) |
| Transfer of realised losses and exchange to revenue reserve | | - | - | - | 1,605,943 | 592,253 | (2,198,196) | - |
| Closing balance | | 91 | 70,449,867 | 26,346,979 | 54,386 | 851,513 | 7,305,466 | 105,008,302 |

Notes 1 to 19 on pages 58 to 74 form an integral part of these financial statements.

# **Notes** to the Financial Statements

## 1. General information
The Company is a closed-ended investment fund registered by way of continuation in the Cayman Islands (registered number MC-228005) and is traded on the Specialist Fund Segment of the London Stock Exchange. The rights of the shareholders are governed by Cayman law and may differ from the rights and duties owed to shareholders in a company incorporated in England and Wales. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is a feeder fund which has invested all of its available capital into limited partnership interests in the Master Fund. The Company has no redemption rights for its investment in the Master Fund.

The Master Fund has invested in a second master fund, MVI II LP, a private equity fund structure through which the majority of the Master Fund's investments attributable to ordinary shareholders are made. Assets attributable to the realisation shareholders are held directly by the Master Fund.

## 2. New standards and amendments to IFRS
The following standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2020 have had no impact on the Company's financial position or results:

| Revised conceptual framework and amendments | |
|---|---|
| New "bundles of rights" approach to assets | 1 January 2020 |
| Amendments to References of the Conceptual Framework in IFRS Standards | 1 January 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform | 1 January 2020 |
| Amendments to IAS 1 and IAS 8: Definition of Material | 1 January 2020 |

## 2.1 New standards, amendments and interpretations not yet effective
The following standards and amendments are effective for annual periods beginning on or after 1 January 2020 and have not been early adopted in preparing these financial statements. The Company has considered the impact of these and concluded that none of these are expected to have a significant effect on the financial position or results of the Company.

| Revised conceptual framework and amendments | Effective Date |
|---|---|
| IFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current | 1 January 2023 |

## 3. Summary of significant accounting policies
The principal accounting policies, which have been consistently applied in the preparation of these financial statements, are set out below.

## 3.1 Basis of preparation and going concern
The financial statements have been prepared under the historical cost convention on a going concern basis, as modified by the revaluation of financial assets measured at fair value through profit or loss.

Under the relevant class agreements between the Company and the Master Fund, the Master Fund is required to meet the Company's expenses and as such, the directors consider that there is no mismatch between the Company's assets and liabilities.

The Board and the Manager are continually assessing the economic and wider implications of the COVID-19 pandemic, and whilst the long-term impact is uncertain, considering the significant cash balance held by the Master Fund, the directors believe that the Company, via the Master Fund, has sufficient resources to meet all liabilities as they fall due for the foreseeable future and continue to adopt a going concern basis in preparing the financial statements.

## 3.2 Statement of compliance
The financial statements of the Company have been prepared in accordance with IFRS together with the applicable legal and regulatory requirements of Cayman law.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.



The SORP issued in October 2019 by the AIC seeks to best reflect the activities of an investment company. Where the SORP contains recommendations applicable to the Company and involving material balances, its recommendations have been incorporated in these financial statements.

## 3.3 Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). In arriving at the functional currency the directors have considered the currency in which the original capital was raised, any distributions that may be made and ultimately the currency that the capital would be returned in on a break up basis.

The directors have also considered the currency to which the underlying investments are exposed. The directors are of the opinion that Sterling best represents the functional currency and therefore the financial statements are presented in Sterling.

(b) Transactions and balances
Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Non-monetary assets and liabilities that are measured at historic cost in a foreign currency are not retranslated.

## 3.4 Financial assets measured at fair value through profit or loss
### (a) Classification
The Company's investment in the Master Fund was designated by the Board at fair value through profit or loss at inception as it is not held for trading but is managed, and its performance evaluated, on a fair value basis, in accordance with the Company's documented investment strategy.

The Company's business model was re-assessed on adoption of IFRS 9 - Financial Instruments - on 1 January 2018. As the investment in the Master Fund is not held for trading and the Company did not irrevocably elect, at transition, to classify the investment as a financial asset measured at fair value through other comprehensive income, the investment continues to be held as a financial asset measured at fair value through profit or loss under IFRS 9.

Changes in the fair value of investments measured at fair value through profit or loss are recognised in the Capital column of the Statement of Comprehensive Income. On disposal, realised gains and losses are also recognised in the Capital column of the Statement of Comprehensive Income and are transferred from the capital reserve to the revenue reserve in the Statement of Changes in Net Assets.

(b) Recognition, derecognition and measurement
The Company recognises unquoted investments measured at fair value through profit or loss on the date it commits to purchase the instrument. Derecognition of an investment occurs when the rights to receive cash flows from the investment expires or is transferred and substantially all of the risks and rewards of ownership have been transferred.

The amount that may be realised from the disposal of an investment in the Master Fund may differ from the values reflected in the financial statements.

### Fair value estimation
The Master Fund is unquoted and accordingly the fair value of the investment is determined based primarily on the NAV information provided by the administrator of the Master Fund. The NAV of the Master Fund is determined by the administrator of the Master Fund by deducting the fair value of the liabilities of the Master Fund from the fair value of the Master Fund's assets.

## 3.5 Financial liabilities
The Company recognises a financial liability on assuming a financial obligation and derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Borrowings are initially measured at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis in the Statement of Comprehensive Income. Financial liabilities include loans payable, accruals and dividends payable.

# **Notes** to the Financial Statements

### 3.6 Cash and cash equivalents
Cash and cash equivalents comprise bank balances held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates to their fair value.

### 3.7 Finance income
Interest income on cash deposits is accounted for on an accruals basis.

### 3.8 Expenditure
Pursuant to the "Amended and restated agreement relating to Class F, Class G and Class R interests in MVI LP", the Master Fund is legally obliged to settle all expenses specifically attributable to the Company. The Manager does not receive a management fee or incentive allocation from the Company in respect of funds invested by the Company in the Master Fund. A summary of costs ultimately incurred by both the ordinary shareholders and realisation shareholders is included in the 'Key Information Documents', located in the 'Documents' section of the Company's website, www.marwynvalue.com.

### 3.9 Costs directly attributable to the issue of equity
Share issue costs are placing expenses directly relating to the issue of the Company's shares. These expenses include fees payable under share placement agreements, printing, advertising and distribution costs and legal fees and any other applicable expenses. All such costs are charged to equity and deducted from the proceeds received.

### 3.10 Investment in unconsolidated structured entities
IFRS 12 Disclosures of Interest in Other Entities defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements.

The Company has concluded that the Master Fund, in which it invests, but that it does not consolidate, meets the definition of a structured entity because:

- the voting rights in the Master Fund are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- the Master Fund's activities are restricted by its stated investment policy, as disclosed in the Company's prospectus; and
- the Master Fund has a narrow and well-defined objective to provide investment opportunities to investors.

### 3.11 Segment reporting
The Company is organised and operates as one segment by allocating its assets to its investment in the Master Fund which is not actively traded.

## 4. Critical accounting estimates and judgements
The Company makes estimates, judgements and assumptions that affect the reported amounts of assets and liabilities. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The fair value of the investment held in the Master Fund is determined by the directors on the basis of the NAV of the Master Fund as determined by the Administrator at the year-end date. In turn, the NAV of the Master Fund is primarily determined by the fair value of its underlying investments which, as described in Note 6, comprise fair value hierarchy level 1, level 2 and level 3 investments. Due to their unobservable nature, level 3 investments are inherently subject to a higher degree of judgement and uncertainty. The fair value of the investment held by the Master Fund in MVI II LP (also being a fund), is determined by the MVI II LP administrator and is also primarily based on the fair value of its underlying investments, which comprise level 1, level 2 and level 3 fair value hierarchy equities. Please refer to Note 6 for further details of the valuation methodologies applied.

## 5. Taxation
The Company is exempt from all forms of taxation in the Cayman Islands, including income and capital gains. However, dividend income and certain other interest from other countries are subject to withholding taxes at various rates. The Company recognises interest and penalties, if any, related to unrecognised tax benefits as income tax expense in the Statement of Comprehensive Income. During the years ended 31 December 2020 and 31 December 2019, the Master Fund did not incur any interest or penalties. The Company identifies its main tax jurisdiction as the Cayman Islands where the Company makes significant investments (in the Master Fund). The Board has considered the Company's tax positions, and has concluded that no liability for unrecognised tax liabilities should be recorded related to uncertain tax positions for open tax years and the positions to be taken for tax year ended 31 December 2020.

The Directors intend to manage the affairs of the Company in such a way that it is not resident in the United Kingdom for United Kingdom tax purposes. In these circumstances, the Company will not be subject to United Kingdom tax on its profits and gains (other than withholding tax on any interest or certain other income which has a United Kingdom source).

The Company recognises the tax benefits of uncertain tax positions only where the position is 'more likely than not' to be sustained assuming examination by tax authorities. As at 31 December 2020, there are no such tax benefits recognised (31 December 2019: none).

## 6. Financial assets measured at fair value through profit or loss
As at 31 December 2020, 100% (2019: 100%) of the financial assets measured at fair value through profit or loss relate to the Company's investment in the Master Fund. The fair value of the investment in the Master Fund is based on the latest available NAV reported by the administrator of the Master Fund. The limited partnership interests in the Master Fund are not publicly traded.

As a result, the carrying value of the Master Fund may not be indicative of the value ultimately realised on redemption. In addition, the Company may be materially affected by the actions of other investors who have invested in the Portfolio Companies in which the Master Fund has directly or indirectly invested.

### Net Asset Value – investment movements

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **Master Fund** | | |
| Opening cost | 90,910,464 | 106,682,063 |
| Redemption of Class F and Class G interests | (15,484,639) | (12,229,555) |
| Redemption of Class R(F) and Class R(G) interests | (703,474) | (3,542,044) |
| Contribution in specie | 19,111,102 | - |
| Closing cost | 89,036,108 | 90,910,464 |
| Unrealised gain brought forward | 14,097,840 | 40,463,745 |
| Movement in unrealised gain | (5,536,158) | (26,365,907) |
| Unrealised gain carried forward | 8,561,680 | 14,097,838 |
| At fair value in accordance with IFRS 13 | **97,597,788** | **105,008,302** |
| Class F interests | 91,089,862 | 75,322,594 |
| Class G interests | - | 22,399,833 |
| Total attributable to ordinary shareholders | 91,089,862 | 97,722,427 |
| Class R(F)1 interests | 5,083,231 | 5,695,151 |
| Class R(G)1 interests | 1,424,695 | 1,590,724 |
| Total attributable to realisation shareholders | 6,507,926 | 7,285,875 |
| At fair value in accordance with IFRS 13 | **97,597,788** | **105,008,302** |
| Realised gain on redemption of Class R(F) and Class R(G) interests | 133,264 | 554,228 |
| Realised gain/(loss) on redemption of Class F and Class G interests | 4,203,723 | (1,146,481) |
| Total net realised loss on redemptions | **4,336,987** | **(592,253)** |
| Net realised gain / (loss) | (5,536,159) | 26,365,907 |
| Net loss recognised in the Statement of Comprehensive Income | **(1,199,172)** | **(26,958,160)** |

# Notes to the Financial Statements

The net gain or loss recognised on financial assets measured at fair value through profit or loss reported in the Statement of Comprehensive Income consists of the movement in the unrealised gain or loss and the net realised gains or losses on redemptions. Realised gains or losses are subsequently transferred from the capital reserve to the revenue reserve.

Following the redesignation of Class G interests as Class F interests on 27 May 2020, the Company now holds 100% of the Class F interests which represents 91.00% (31 December 2019, on an equivalent basis: 90.91%) of the NAV of the Master Fund.

The Company holds 100% (2019: 100%) of the Class R(F)1 interests which represent 5.08% (2019: 5.30%) of the NAV of the Master Fund and 100% (2019: 100%) of the Class R(G)1 interests which represent 1.42% (2019: 1.48%) of the Master Fund.

During the period, Class F interests worth £19,111,102 (cost: £12,842,713) were redeemed as part of the accelerated bookbuild as described in Note 7, and Class F and Class G interests worth £5,374,605 (cost: £7,439,271) were cancelled through the Company's Share Buyback Programme as described in Note 10. The Class F incentive allocation acquired by the Company as part of accelerated bookbuild with a value of £19,111,102 was contributed in specie to the Master Fund.

As the Company has no legal, operating or management control over the activities of the Master Fund or MVI II LP and has no voting power in either of their affairs, neither the Master Fund nor MVI II LP are considered to be subsidiaries.

### Fair value hierarchy
The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined by the lowest level input that is significant to the fair value instrument. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable, not proprietary and provided by independent sources that are actively involved in the market.

Taking into account the valuation methodology applied to the investments in the Master Fund and in MVI II LP (which is held by the Master Fund at NAV), the Company's valuation of investments is classified as level 3 (2019: level 3). The Portfolio Company investments are categorised as level 1 fair value measurement if they are quoted in active markets (Zegona) or as level 3 if they are unquoted investments (Le Chameau).

For investments which are quoted, but where trading in the stock does not constitute an 'active market,' under IFRS alternative valuation techniques are applied. MAC plc is valued by reference to the observable equity raise in December 2019 and the entity's net asset value, as reported publicly, and therefore is classified as level 2 whilst ADVT, MAC II and MAC III are valued by reference to unobservable inputs, and are therefore classified as level 3. The level 2 and level 3 categorised investments are valued in accordance with IPEV Guidelines.

The following table presents the movement in the Company's investments classified as Level 3 instruments:

| | 31 December 2020 £ | 31 December 2019 £ |
|---|---|---|
| Opening balance | 105,008,302 | 147,145,808 |
| Loss included in Statement of Comprehensive Income | (1,199,172) | (26,958,160) |
| Disposal of Class F and G interests | (5,374,604) | (11,083,074) |
| Disposal of Class R(F) and Class R(G) interests | (836,738) | (4,096,272) |
| Closing balance | 97,597,788 | 105,008,302 |

The following table summarises the valuation methodology used for the Company's investments characterised as Level 3:

| Year end | Security | Fair Value £ | Valuation methodology | Unobservable inputs | Ranges |
|---|---|---|---|---|---|
| At 31 Dec 2020 | Master Fund | 97,597,788 | NAV | Zero % discount | N/A |
| At 31 Dec 2019 | Master Fund | 105,008,302 | NAV | Zero % discount | N/A |

## 7. Accelerated bookbuild
On 27 May 2020, the Company announced the completion of an accelerated bookbuild whereby Liberum, the Company's broker, on behalf of MLTI, invited eligible shareholders to tender the Company's ordinary shares for purchase by MLTI on the terms and subject to the conditions set out in the Company's announcement on 22 May 2020.

The purpose of the accelerated bookbuild was to:

- return capital to eligible shareholders seeking to realise, in whole or in part, their investment in the Company;
- enhance the alignment of interests between Marwyn and ordinary shareholders by increasing the Marwyn principals' beneficial shareholdings of ordinary shares in the Company;
- narrow the discount to the prevailing NAV per ordinary share at which the ordinary shares are trading in the secondary market;
- reduce, in part, the perceived excess supply of ordinary shares; and
- reset Marwyn's future carried interest entitlement, including introducing a new 7.5% preferred return which is discussed in more detail below.

The accelerated bookbuild was funded through the sale of the accrued incentive allocations in respect of Class F and Class G interests in the Master Fund (the Ordinary Share Carried Interest Entitlement) to the Company. This had the effect of crystallising the Ordinary Share Carried Interest Entitlement as at the close of business on 21 May 2020 and accelerated its payment (to the extent amounts were then payable).

The consideration paid by the Company for the acquisition of these incentive allocations was £19,111,102, being the value of the accrued but unpaid Ordinary Share Carried Interest Entitlement as at 21 May 2020. Of the Ordinary Share Carried Interest Entitlement, £6,027,458 was already beneficially owned by the Master Fund through its ownership of Marwyn RP Limited (the entity which was set up to acquire the incentive allocation owed to former partners and employees of Marwyn). Consequently, of the total consideration, a net amount of £13,083,644, was paid. This amount, net of tax and other costs, was used to satisfy the accelerated bookbuild with the amount remaining of approximately £1.6 million being used alongside the quarterly distribution amount for ongoing buy backs under the Company's Ordinary Share Distribution Policy. Marwyn RP Limited was liquidated in 2020.

# **Notes** to the Financial Statements

*Redemption and issue of interests in the Master Fund*
The consideration for the purchase of the Ordinary Share Carried Interest Entitlement by the Company was funded by a partial redemption of interests in the Master Fund held by the Company in an amount equal to the consideration paid.

Following completion of the sale and purchase of the Ordinary Share Carried Interest Entitlement, the Company contributed the Ordinary Share Carried Interest Entitlement to the Master Fund in consideration for the issue of interests in the Master Fund in an amount equal to the consideration paid. Subsequent to this contribution, the Master Fund owned the Ordinary Share Carried Interest Entitlement and therefore the liability of the Master Fund in respect of the Ordinary Share Carried Interest Entitlement was extinguished.

Alongside this, the Class F interests and Class G interests were merged to simplify the interests into which the Company remains invested in. As a result, the Company's ordinary shareholders are now invested solely in Class F interests in the Master Fund and the Company's realisation shareholders are now invested in Class R(F)1 and R(G)1 interests in the Master Fund.

***Future carried interest entitlement***
As discussed above, as part of the accelerated bookbuild, the future carried interest entitlement which would otherwise have accrued after 21 May 2020 (the Future Carried Interest Entitlement) was reset with a reference amount of £90,289,249, being the Company's estimated ordinary share NAV as at close of business on 21 May 2020. After returns have been made to ordinary shareholders totalling the reference amount, returns will be divided 80/20 between ordinary shareholders and carried interest partners, subject to ordinary shareholders receiving a preferred return of 7.5%. This better aligns the interests of shareholders with Marwyn as following this reset, carried interest will now only be paid when shareholders have received the new reference amount and preferred return, incentivising the Manager over the existing assets (both the portfolio companies and the use of the available cash) to deliver returns to shareholders. Full details of the Future Carried Interest Entitlement are included in the Company's announcement on 22 May 2020.

## 8. Loan payable
The Master Fund has made a loan to the Company of £125,000 (2019: £125,000) for which the Company pays interest received on the corresponding cash amount held. The loan will be repaid by set-off on the date that the Company's interests in the Master Fund are redeemed. As a cash balance is held to the value of the loan payable and all interest earned on the cash balance is added to accruals, the effect of discounting is not material to the cash flows or balance sheet position.

## 9. Cash and cash equivalents
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise balances with original maturity of less than 3 months, which total £128,614 as at 31 December 2020 (2019: £128,372).

## 10. Distributions
### Distributions in 2020:
***Ordinary shares***
The Company commenced its Buyback Programme in October 2018 as a mechanism to satisfy the Minimum Annual Distribution of the Company's Ordinary Share Distribution Policy. Liberum Capital Limited, in its capacity as corporate broker to the Company, manages the programme and is authorised to effect on-market purchases of ordinary shares on behalf of the Master Fund. Under the Buyback Programme, during 2020, the Master Fund purchased 5,052,845 ordinary shares in the Company for a total of £5,374,604. These ordinary shares have all been converted into exchange shares under the Company's Exchange Procedure (as defined and described in the Company's prospectus dated 19 October 2016) and the corresponding limited partnership interests cancelled. The Company's exchange shares remain held by the exchange administrator.

***Realisation shares***
In October 2020, the Company announced that funds attributable to realisation shareholders received from the initial distribution from the liquidation of Safe Harbour Holdings plc, along with cash held by the Master Fund attributable to realisation shareholders not required to be held for reasonable working capital purposes, would be returned to realisation shareholders by way of a redemption of realisation shares.

Following a redemption of the Company's interests in Class R(F) and Class R(G) of the Master Fund to the value of £0.84 million, the distribution to realisation shareholders was effected by way of a redemption of 503,171 realisation shares which were subsequently cancelled. As required by IAS 32 – Financials Instruments: Presentation, this has been recognised in equity.

As the Class R(F) reference amount, preferred return and preferred return catch-up (as described in Note 15(a)) have been fully returned, an incentive allocation payment in respect of Class R(F) of £163,888 was paid alongside the redemption of the realisation shares.

### Distributions in 2019:
***Ordinary shares***
In January 2019, the Master Fund, under instruction from the Manager made a partial offer to institutional shareholders for ordinary shares in the Company, conducted by way of a reverse bookbuild process, whereby shareholders were able to offer to sell some or all of their shareholding to the Master Fund; at the end of the offer period, the lowest clearing price submitted, allowing at least £5 million of shares to be purchased, was selected. Full details are set out in the RNS announcement made by the Manager on 3 January 2019 (available on the Company's website 'RNS' page). Pursuant to this offer, the Master Fund acquired 4,030,625 ordinary shares at a price of 130p per share for a total consideration of £5.2 million. Following approval by shareholders at the Company's September 2019 AGM, these shares were converted to exchange shares and the corresponding Master Fund limited partnership interests cancelled.

Under the Buyback Programme, during 2019, the Master Fund purchased 4,651,046 ordinary shares in the Company for a total of £5,843,262. These ordinary shares have all been converted into exchange shares under the Company's Exchange Procedure and the corresponding limited partnership interests cancelled.

***Realisation shares***
In November 2019, the Company announced that funds attributable to realisation shareholders received from the exit of the investment in BCA and the final distribution from the liquidation of Gloo, would be returned to realisation shareholders by way of a redemption of realisation shares.

Following a redemption of the Company's interests in Class R(F) and Class R(G) of the Master Fund to the value of £4.1 million, the distribution to realisation shareholders was effected by way of a redemption of 2,533,505 realisation shares which were subsequently cancelled. As required by IAS 32 – Financials Instruments: Presentation, this has been recognised in equity.

## 11. Reconciliation of net (loss)/profit for the year to net cash inflow from operating activities

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Loss for the year | (1,199,172) | (26,958,160) |
| Loss on financial assets held at fair value through profit or loss | 1,199,172 | 26,958,160 |
| Cash received on redemption of Class R(F) and Class R(G) interests in the Master Fund | 836,738 | 4,096,272 |
| Decrease in receivables | - | - |
| Increase in accruals | 242 | 545 |
| Net cash inflow from operating activities | 836,980 | 4,096,817 |

# **Notes** to the Financial Statements

## 12. Share Capital

As at 31 December 2020 and 31 December 2019 the authorised share capital was as follows:

| | |
|---|---|
| Ordinary shares of 0.0001p each | 10,893,258,506,473 |
| Exchange shares of 0.0001p each | 10,892,176,350,000 |
| Deferred shares of 9.9999p each | 82,156,473 |

The ordinary share capital of the Company of a par value of 0.0001p may be issued or redesignated in classes, and includes realisation shares.

| **Shares in issue** | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Ordinary* | Exchange | Total | Ordinary* | Exchange | Total |
| As at 1 January | 65,090,913 | 25,918,139 | 91,009,052 | 76,306,089 | 17,236,468 | 93,542,557 |
| Redemption | (503,171) | - | (503,171) | (2,533,505) | - | (2,533,505) |
| Exchange | (5,052,845) | 5,052,845 | - | (8,681,671) | 8,681,671 | - |
| As at 31 December | 59,534,897 | 30,970,984 | 90,505,881 | 65,090,913 | 25,918,139 | 91,009,052 |
| Share capital (£) | 60 | 31 | 91 | 65 | 26 | 91 |

**Shares premium**

| Ordinary shares* | 2020 | 2019 |
|---|---|---|
| As at 1 January | 70,449,867 | 82,671,859 |
| Redemption and exchange | (6,013,615) | (12,221,992) |
| As at 31 December | 64,436,252 | 70,449,867 |

*Includes both ordinary and realisation shares, which constitute a single class of share for the purpose of the Company's Articles and Cayman law.

The weighted average number of shares in issue for the year ended 31 December:

| | 2020 | 2019 |
|---|---|---|
| Ordinary | 59,329,997 | 66,600,638 |
| Realisation | 4,090,991 | 6,540,262 |

### (a) Voting rights

(i) Ordinary shares (including realisation shares) carry the right to receive notice of and attend and vote at any general meeting of the Company in accordance with the Articles.

(ii) Exchange shares carry the rights to receive notice of and to attend any general meeting of the Company but not vote unless there are no ordinary shares in issue in which case Exchange shares will have the voting rights set out in (i) above as if exchange shares were ordinary shares.

### (b) Dividends and distributions

(i) Subject to the Companies Law, the Directors may declare dividends (including interim distributions) and distributions on shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available. No dividend or distribution will be paid except out of the realised or unrealised profits of the Company, or as otherwise permitted by the Companies Law. There are no fixed dates on which the entitlement to dividends arises. All dividend payments will be non-cumulative.

(ii) Distributions on each class of ordinary shares may only be paid from proceeds received from the corresponding class of interests in the Master Fund.

(iii) Exchange shares will not confer any rights to dividends or other distributions.

(iv) At the 2015 EGM a new Ordinary Share Distribution Policy was adopted which resulted in:

- a progressive return, payable quarterly in the form of a dividend in January, April, July and October each year that will be maintained or grown on a pence per ordinary share basis.
- in addition to the return detailed above, where the Master Fund or MVI II LP disposes of an asset for a Net Capital Gain and has not already returned an aggregate amount in excess of 50% of that gain and any previous such gains pursuant to the distribution policy, the Company will make an additional capital return of the difference to ordinary shareholders by way of tender offers, share repurchases or other returns of capital and distributions; and
- the opportunity to augment the distribution policy by returning cash in excess of the amounts referred to in (i) and (ii) above being kept under review and to be undertaken through periodic tender offers, share repurchases or other returns of capital and distributions.

(iv) At an ordinary class meeting held on 5 September 2018, the Ordinary Share Distribution Policy was further amended, permitting the 'Minimum Annual Distribution' to be made by the repurchase of ordinary shares. Under the amended policy, returns to ordinary shareholders may be made by repurchase of shares, dividend payments, or a combination of both.

Throughout 2020 and 2019, the Minimum Annual Distribution was satisfied through share repurchases, as described in Note 10. In January 2021, the Company announced that following feedback from the Company's significant shareholders on the implementation of this policy, the Board has determined that from the start of 2021, the most suitable method to satisfy the minimum distribution is through the payment of dividends. Interim dividend of 2021 of 2.265p per ordinary share were paid in February and May 2021.

The Ordinary Share Distribution Policy (described in sections (iv) and (v) above) does not apply to the realisation shares.

### (c) Realisation opportunities

On 19 October 2016, the Company offered its shareholders the opportunity to redesignate some or all of their ordinary shares of 0.0001p each in the capital of the Company as realisation shares of the same par value. The realisation shares rank equally and otherwise carry the same rights as the ordinary shares, save that (i) the investment policy differs to that of the ordinary shares, the realisation pool is only permitted to invest cash in follow-on investments in the Portfolio Companies within three years of creation of the realisation pool and cash generated on the sale of an investment in the realisation pool may not be re-invested, (ii) the distribution policy for the ordinary shares will not apply and (iii) the realisation shares entitle their holders to returns only in respect of realisations made on investments attributable to the realisation pool.

Realisation opportunities will be offered every five years, with the next scheduled for November 2021.

### (d) Rights as to capital

There are no exit penalties for those ordinary shareholders electing to re-designate all or some of their investment into realisation shares or on a return of capital attributable to the realisation shares. Equivalent realisation share offers will be made to ordinary shareholders again in November 2021 and thereafter at five-yearly intervals. Whilst the realisation shares currently in issue are listed on the Specialist Fund Segment, listing of realisation shares from future offers will be subject to the receipt of all required consents and approvals, including the approval of the FCA of a prospectus in relation to their admission to trading.

The surplus capital and assets of the Company will, on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) be paid to the holders of ordinary shares and realisation shares pro rata to their holding of such shares out of the proceeds of the corresponding class of interests in the Master Fund.

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# **Notes** to the Financial Statements

## 13. Reserves

***Special distributable reserve***
A special distributable reserve was created when the Company cancelled all of its share premium account in existence as at 26 January 2007, transferring it to a distributable reserve to allow, among other things, the buy-back and cancellation of the ordinary shares subject to shareholder approval at a subsequent AGM.

***Exchange reserve***
Movements in capital in respect of the exchange procedure are recognised in the exchange reserve. In 2020, a total of £93,863 (2019: £1,605,943) was recognised in the exchange reserve following the exchange of the Company's ordinary shares held by the Master Fund as explained above.

Where the Company's partnership interests in the Master Fund are cancelled following exchanges by the Master Fund out of ordinary shares, the capital amount previously transferred to the exchange reserve is transferred to the revenue reserve. As a result, in 2020, £93,863 (2019: £1,605,943) was transferred from the exchange reserve to the revenue reserve. There were no movements in the prior year.

***Revenue reserve***
Realised gains and losses on redemptions of interests in the Master Fund made during the year are transferred from the capital reserve to the revenue reserve. In the current year, £4,336,987 has been recognised as a realised gains on redemption of interests in the Master Fund (2019: £592,253 realised loss).

***Capital reserve***
Unrealised gains and losses on interests in the Master Fund are recognised in the capital reserve.

## 14. Instruments and associated risks

The Company invests substantially all of its assets in the Master Fund, which is exposed to market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk arising from financial instruments it holds.

As at 31 December 2020, the Company owned 97.50% (2019: 97.69%) of the net assets of the Master Fund.

### Market price risk

The Company is exposed to the same market price risk arising from uncertainties about future changes in the values of the underlying Portfolio Companies. The Board monitors the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Manager. The Board receives quarterly reports from the Manager, meets regularly with the Manager both formally and informally, and at each quarterly board meeting reviews and challenges the Manager on investment performance, providing input and advice on the investment activity of the Manager.

Any movement in the value of the ordinary interests or the realisation interests of the Master Fund would result in an equivalent movement in the reported NAV per ordinary share and realisation share respectively.

The Company's exposure to changes in market prices at 31 December 2020 and 31 December 2019 on its unquoted investments was as follows (as at both dates, changes arise exclusively from the Company's investment in the Master Fund):

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Financial assets measured at fair value through profit or loss – ordinary shares | 91,089,862 | 97,722,427 |
| Financial assets measured at fair value through profit or loss – realisation shares | 6,507,926 | 7,285,875 |
| | 97,597,788 | 105,008,302 |

The following table shows the average monthly performance of the reported NAV of the Company:

| | 2020<br>Analysis of<br>monthly returns | 2019<br>Analysis of<br>monthly returns |
|---|---|---|
| Number of periods | 12 | 12 |
| Per cent profitable | 87% | 33% |
| Average period return | 0.17% | (1.36)% |
| Average return in profitable months | 1.42% | 3.54% |
| Average return in loss making months | (1.56)% | (3.81)% |

The impact on net income and equity of the average monthly period returns set out in the above table as at 31 December 2020 and 2020 is as follows:

| | Monthly returns | | Impact of Increase | | Impact of Decrease | |
|---|---|---|---|---|---|---|
| | Increase (%) | Decrease (%) | Net income (£) | Equity (£) | Net income (£) | Equity (£) |
| 2020 | 1.42 | (1.56) | 1,386,418 | 1,386,418 | (1,518,170) | (1,518,170) |
| 2019 | 3.54 | (3.81) | 3,717,294 | 3,717,294 | (3,996,994) | (3,996,994) |

The Company invests directly in the Master Fund and indirectly in MVI II LP. The Company is therefore exposed to price risks derived from the investment portfolios of the Master Fund and MVI II LP.

The Company is exposed to a loss limited to the value of its investment in the Master Fund if the market value of the Master Fund's investment holdings decreases. The Master Fund's direct and indirect investments in underlying Portfolio Companies are subject to normal market fluctuations and the risks inherent in investment in international securities markets. There is no assurance that the Master Fund's objective of capital appreciation will be achieved.

### Currency risk

The Company is not directly exposed to any material currency risk, although this may be a factor in price risk as a result of the investments made by the Master Fund or by MVI II LP as certain Portfolio Company investments may invest in underlying assets denominated in other currencies. It is therefore considered that the Company is not materially exposed to significant direct currency risk.

| Summary of currency exposure of the Master Fund | 31 December 2020<br>£ | 31 December 2019<br>£ |
|---|---|---|
| Monetary assets in Sterling | 103,942,489 | 124,271,060 |
| Non-monetary assets in Sterling | - | - |
| Monetary liabilities in Sterling | 709,786 | 910,524 |
| Non-monetary liabilities in Sterling | - | - |

# **Notes** to the Financial Statements

### Liquidity risk
The Company may not sell its investment in the Master Fund without the approval of the Master Fund's General Partner. Redemption opportunities are available in relation to ordinary shares in line with the policy adopted at the 2013 extraordinary general meeting and as disclosed in Note 11(c). Further, the Master Fund has no control over the timing of the redemption of its investment in MVI II LP and a significant proportion of the investments in the Portfolio Companies are in publicly traded equities, the holdings of which may not be readily realisable due to their size or in private companies which may also not be readily realisable. As such the Master Fund and/or Company may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from doing so. However, the Company's liquidity profile of its assets is matched with the liquidity profile of its liabilities, as described below.

The Company holds Class F, Class R(F)1 Class R(G)1 interests in the Master Fund. The policy is that the Company should remain fully invested in normal market conditions. The Company is only required to settle its liabilities when its investment is fully redeemed. The following table shows the contractual, undiscounted cash flows of the Company's financial liabilities:

| | Less than 1 month 2020 £ | 1-3 months 2020 £ | Less than 1 month 2019 £ | 1-3 months 2019 £ |
|---|---|---|---|---|
| Loan from Master Fund | 125,000 | - | 125,000 | - |
| Payables and accruals | 3,614 | - | 3,372 | - |

The Company holds, and will continue to hold, a minimum of £125,000 (2019: £125,000) in respect of the £125,000 loan payable to the Master Fund (2019: £125,000) (see Note 8). The remainder of the loan will be repaid by set-off on the date that Master Fund interests are fully redeemed.

As all Company specific operating expenses, other than share issue costs paid directly by the Company from the proceeds of shares issued, are paid by the Master Fund as disclosed in Note 3.8 and as the loan is repayable by set-off, the directors do not consider the Company has any net liquidity risk.

### Interest rate risk
The Company itself is not exposed to significant interest rate risk, however it is indirectly exposed to such risk through its direct investment in the Master Fund and indirect investment in MVI II LP. Details of this exposure to interest rate risk are set out below:

The Master Fund and to a lesser extent MVI II LP hold cash and cash equivalents at short-term market interest rates, resulting in exposure to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows. The impact of any movement in interest rates is not considered to have a material effect on the Master Fund or MVI II LP.

Between 2016 and 2019, loan facilities totalling £33.4 million were extended by the Master Fund to entities associated with the Le Chameau investment with varying rates of interest. In 2020, certain of these loans were waived in full as part of a restructure of the Le Chameau investment, resulting in remaining facilities totalling £7.0 million. As at 31 December 2020 and 31 December 2019, the loan facilities available were fully drawn. These loan balances all have fixed rates of interest. The interest rate risk arising is not considered to be material to the Master Fund.

The remainder of the Master Fund's assets and liabilities are non-interest bearing.

MVI II LP, along with MVI II Co-Invest LP, had an interest-bearing secured committed Sterling revolving credit facility with Barclays Bank for a combined £50 million which commenced in May 2017. On 22 May 2019, the total facility amount was reduced to £30 million. The facility expired on 31 August 2019 and was not renewed nor replaced.

### Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main credit risks for the Company relate to the cash held with financial institutions. The credit risk relating to the direct investment into the Master Fund and indirect investment into MVI II relates to both cash held with financial institutions and equities held by the custodian.

The Company, the Master Fund and MVI II LP manage their exposure to credit risk associated with their cash deposits by selecting counterparties with a high credit rating with which to carry out these transactions. The Company's maximum exposure to credit risk is the carrying value of the cash on the balance sheet.

The Master Fund and MVI II LP manage their exposure to credit risk associated with the custody of their equities by selecting counterparties with a strong credit rating.

The Master Fund does not expect to incur material credit losses on its financial instruments. At 31 December 2020, having considered the Portfolio Companies directly and indirectly held by the Master Fund, the Board considers that credit risk is limited to the extent of the equity investments in the underlying Portfolio Companies (the risks associated with such investments have been considered under Market Price Risk) and the drawn down facility extended to Le Chameau. The carrying value of the debt investment is periodically assessed in accordance with IPEV Guidelines and as 31 December 2020, the Le Chameau facility is considered to be fully recoverable.

## 15. Material contracts and related-party transactions
In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

The Company, the Master Fund and MVI II LP are each managed by the Manager.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

### a) Management fee, investment advisory fee and incentive allocation
***Management fee***
On 29 November 2013, Marwyn Asset Management Limited was appointed Manager to the Company. The Manager engaged Marwyn Investment Management LLP as the Investment Adviser on the same date. Effective from 1 April 2021, the Company appointed Marwyn Investment Management LLP as Manager to the Company on the same commercial terms as applied to Marwyn Asset Management Limited, including as to fees and the agreement with Marwyn Asset Management Limited terminated accordingly.

Under both the Management Agreement dated 29 November 2013 and the Management Agreement dated 1 April 2021, the Company does not pay any fees to the extent that it invests its assets solely in the Master Fund. In respect of any assets of the Company not invested in the Master Fund, the Manager would receive aggregate performance and management fees on the same basis as those to which it would have been entitled if such assets had been those of the Master Fund.

The Company has not made any such investments during the year and, as such, no fees were paid by the Company or payable at the year end (2019: nil).

Under the Master Fund management agreement, the Manager receives monthly management fees from the Master Fund not exceeding 2% of the NAV before incentive allocations of each class of interests in the Master Fund, payable monthly in arrears. From 30 November 2018, being 2 years after the creation of the realisation pool, the management fee on the realisation share interests is calculated by reference to NAV before management fees and incentive allocation less the aggregate value of cash and near cash investments attributable to the realisation share interests. The total management fee expense, borne by the Master Fund in respect of the interests invested in by the Company for the year ended 31 December 2020 was £2,038,957 (2019: £2,765,842).

# **Notes** to the Financial Statements

***Investment advisory fee***
Investment advisory fees, where applicable, are paid by the Manager. From 1 April 2021 no investment advisory fees are payable as Marwyn Investment Management LLP became the Manager.

***Incentive allocation***
Incentive allocations borne by the Class F, Class R(F)1 and Class R(G)1 interests in the Master Fund are only payable on returns being made to shareholders as disclosed in the Company's RNS announcement dated 22 May 2020 for the Class F interests and as disclosed in Part II, section 9 of the Company's prospectus dated 19 October 2016 for the Class R(F)1 and R(G)1 interests. These documents are available on the Company's website.

Returns from each Class in the Master Fund are allocated:
1) to investors up to the value of the 'reference amount';
2) to investors to satisfy a preferred return of 7.5% accrued on the outstanding reference on a daily basis;
3) paid as a 'catch-up' incentive allocation of 25% of the preferred return until returns in excess of the reference amount are split 80:20 between investors and incentive allocations; and
4) all remaining returns are split 80:20 between investors and incentive allocation payments.

In the case of Class R(F)1, an 'initial incentive allocation', equal to 5% of the reference amount, was payable once the full reference amount had been returned to investors.

The incentive allocation accrued by the Master Fund at each valuation date is calculated by allocating the gross asset value for each class in the manner described above.

***Incentive allocation attributable to ordinary shareholders***
As described in Note 7, pursuant to the completion of the accelerated bookbuild, the accrued incentive allocation relating to Class F and Class G interests was settled in full in May 2020 and the Future Carried Interest Entitlement commenced with a new preferred return to ordinary shareholders of 7.5%.

As at 31 December 2020, the outstanding Class F reference amount was £84,757,617 and the preferred return due to investors was £4,024,129. The Class F gross asset value of £92,672,927, being in excess of these, resulted in an incentive allocation accrual at the balance sheet date of £1,583,061 (2019: 14,164,037). The expense relating to Class F for the year was £502,668 (2019: a reduction in accrual of £4,504,915).

***Incentive allocation attributable to realisation shareholders***
Following the return to realisation shareholders as detailed in Note 11, an incentive allocation in respect of Class R(F) of £163,888 was crystallised and settled.

As at 31 December 2020, the Class R(F)1 reference amount, initial incentive amount, preferred return and preferred return catch-up had all been paid in full. The Class R(F)1 gross asset value of £6,354,037 resulted in an incentive allocation accrual at the balance sheet date is £1,270,807 (2019: 1,423,787). The outstanding Class R(G)1 reference amount was £2,829,650 and the preferred return due was £1,624,676. The Class R(G)1 gross asset value of £1,424,696 is all allocated against the outstanding reference amount and accordingly there is no incentive allocation accrual at the balance sheet date (2019: Nil). The total incentive allocation expense attributable to Classes R(F)1 and R(G)1 was £10,910 (2019: a reduction in accrual of £364,847).

The Company does not bear any management fee or make any incentive allocation in relation to the Master Fund's investment into MVI II LP.

### (b) Administration fee
During 2020, Axio Capital Solutions Limited was the administrator of the Company and is considered to be a related party due to common ownership with the Manager.

Axio was paid a fee of £140,000 in 2020 (2019: £140,000) for the administration of the Company, payable monthly in arrears. Axio was also entitled to reimbursement of certain expenses incurred by it in connection with its duties. These fees were paid by the Master Fund as they were in 2019 as per Note 3.8.

From 22 January 2021, Aztec Financial Services (Jersey) Limited was appointed as the administrator of the Company and Axio's appointment was terminated accordingly. Aztec's fees for administration of the Company are £148,000 per annum. Aztec is not considered to be a related party.

### (c) Board of Directors' remuneration
Directors' fees are paid by the Master Fund as per Note 3.8. The directors of the Company received the following fees in the year:

| | | |
|---|---|---|
| Robert Ware | £45,000 | (2019: £45,000) |
| Ronald Hobbs* | £60,986 | (2019: £40,000) |
| Martin Adams | £40,000 | (2019: £40,000) |
| Louisa Bonney** | £20,436 | (2019: £40.000) |
| Peter Rioda | £16,789 | (2019: £Nil) |
| Vicki Webster | £16,789 | (2019: £Nil) |

*Ronald Hobbs' remuneration includes £40,000 payment in lieu of notice
**Payable to Axio Capital Solutions Limited

All directors are entitled to receive reimbursement for all travel and other costs incurred as a direct result of carrying out their duties as directors.

### (d) Secondment services
Effective from 1 December 2020, Marwyn Jersey Limited, a related Marwyn group entity, seconds certain individuals to the Company. In 2020, Marwyn Jersey Limited charged £9,167 for these services for the period to 31 December 2020.

## 16. Capital management policies and procedures
The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise capital return to its equity shareholders.

The Company's capital at 31 December comprises:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Share capital | 91 | 91 |
| Share premium | 64,436,254 | 70,449,867 |
| Special distributable reserve | 26,346,979 | 26,346,979 |
| Exchange reserve | 54,386 | 54,386 |
| Capital reserve | (4,976,238) | 851,513 |
| Revenue reserve | 11,736,316 | 7,305,466 |
| **Total capital** | **97,597,788** | **105,008,302** |

The Board, with the assistance of the Manager, monitors and reviews the structure of the Company's capital on an ongoing basis.

# **Notes** to the Financial Statements

## 17. Ordinary shares - by series

The Company has the ability to issue different series of ordinary shares (including realisation shares), the proceeds of which can be invested in separate classes of the Master Fund. Distributions on each series of ordinary shares may only be paid from proceeds received from the corresponding class of interests in the Master Fund. The surplus capital and assets of the Company will on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) be paid to the holders of each series of the ordinary share pro rata to their holding of such ordinary shares out of the proceeds of the corresponding class of interests in the Master Fund. As at 31 December 2020, ordinary shares and realisation shares remained outstanding as per Note 11. The information in the Risk section starting on pages 76 sets out the risks applicable to these shares in issue.

## 18. Commitments and contingent liabilities

There were no commitments or contingent liabilities of the Company outstanding at 31 December 2020 or 31 December 2019 that require disclosure or adjustment in these financial statements.

## 19. Subsequent events

Under the Company's Ordinary Share Distribution Policy, interim dividends were paid to ordinary shareholders on 26 February 2021 and 28 May 2021, each of 2.265p per ordinary share.

# Risk

The Audit Committee performs a detailed review of the risks applicable to the Company at least annually and reports its findings for the consideration of the Board. The Board have a range of knowledge and contacts across the investment industry and are provided regular updates from the Manager, broker, legal counsel and Administrator to help identify any new risks applicable to the Company. Those risks that are considered most significant are included below.

### Risks applicable to investing in the Company

#### Past performance
The past performance of the Company, the Master Fund, MVI II LP, the Manager and the principals of the Manager may not be indicative of future performance.

#### Dependence on key individuals
The success of the Company, the Master Fund and MVI II LP depends upon the ability of the Manager to develop and implement investment strategies that achieve the Marwyn Fund's investment objectives. If the Manager were to become unable to participate in the investment management of the Funds, the consequence for the Company and the Marwyn Funds would be material and adverse and could lead to the premature winding-up of the Company and/or Marwyn Funds.

#### Economic risk
On 31 January 2020, pursuant to Article 50 of the Treaty of Lisbon, the United Kingdom left the European Union ("Brexit"), with the exit transition period having ended on 31 December 2020.

The long term consequences of Brexit are as yet unclear and will not become clear for some considerable time, but there is a significant possibility that (i) financial markets in the United Kingdom may experience greater volatility than would otherwise be expected; and (ii) securities listed on financial markets across Europe more generally may be more volatile with the potential for all markets to suffer a decline in value in the period within which the outcome of Brexit and its timing is uncertain.

#### Economic uncertainty due to COVID-19
The rapid spread of COVID-19 has caused unprecedented volatility in equity markets, with its impact being seen globally and economic impacts across all business sectors. As a consequence, investments are inherently more risky and the value of the investment portfolios held by the Master Fund and/or by MVI II LP may experience significant losses as a result. The longer term impact of the pandemic is as yet unknown. The situation is being closely monitored by the Board and the Manager.

#### Net asset value considerations
The NAV per ordinary share and realisation share and the NAV of the Master Fund is expected to fluctuate over time with the performance of the Company's, the Master Fund's and/or MVI II LP's investments.

Where, in relation to the calculation of the NAV, there is any conflict between IFRS and the valuation principles set out in the prospectus in relation to the Company, the latter principles shall take precedence.

Where in relation to the calculation of the NAV of the Master Fund there is any conflict between US GAAP and the valuation principles set out in the limited partnership agreement of the Master Fund or its offering memorandum, the latter principles shall take precedence.

Where in relation to the calculation of the NAV of MVI II LP there is any conflict between IFRS and the valuations principles set out in the limited partnership agreement of MVI II LP or its private placement memorandum, the latter principles shall take precedence.

#### Liquidity risk
The investment objectives of the Company, the Master Fund and MVI II LP allow them to invest in instruments which may be both illiquid and scarce. Market conditions may increase illiquidity and scarcity and have a generally negative impact on the Manager's ability to identify and execute suitable investments that might generate acceptable returns. Market conditions may also restrict the supply of investment assets that may generate acceptable returns and thereby cause "cash drag" on the Company's performance. Adverse market conditions and their consequences may have a material adverse effect on the Company's investment portfolio. To the extent that there is a delay in making investments, the Company's returns will be reduced.

#### Market price
There is no guarantee that the market price of the ordinary and realisation shares will fully reflect the underlying value of the investment made by the Company and the underlying investments held by the Master Fund and MVI II LP which are attributable to the ordinary or realisation shares. The underlying investments of the Company may be subject to market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur.

As well as being affected by the underlying value of the assets held, the market value of the ordinary or realisation shares will also be influenced by the supply and demand for the ordinary or realisation shares in the market. As such, the market value of the ordinary shares may vary considerably from the underlying value of the Company's assets attributable to the ordinary or realisation shares.



#### Restriction on auditors' liability
Cayman Islands law does not restrict the ability of auditors to limit their liability. Consequently the engagement letters in relation to the Company, the Master Fund and MVI II LP contain such a provision as well as containing provisions indemnifying the auditor in certain circumstances.

#### Handling of mail
Mail addressed to the Company and/or the Master Fund and received at their respective registered offices is scanned and emailed to the Administrator to be dealt with. None of the Company, the Master Fund, the General Partner or any of its or their directors, officers or providers bear any responsibility for any delay howsoever caused in mail reaching the Administrator as the case may be. There may be further delays resulting from restricted movements imposed by governments as a result of the current COVID-19 pandemic.

#### Financial transactions tax
The European Commission has made a proposal for the implementation of a financial transactions tax, which if implemented may have an adverse effect on investment returns.

### Risks Applicable to Investments in the Company
Each series of ordinary shares is not a separate legal entity The Company may raise additional finance to invest in the Master Fund by selling further series of ordinary shares to investors. The net proceeds of issue of each series of ordinary shares will be invested by the Company in a corresponding class of interests in the Master Fund. In certain circumstances, if the Company incurs a liability in respect of assets attributable to another series of ordinary shares, the ability of the Company to distribute profits or repurchase ordinary shares, not only in relation to that series, but also in relation to any other series may be affected because under the Companies Law, the ability to distribute profits or repurchase ordinary shares has to be determined by reference to the solvency of the Company as a whole, rather than on a series by series basis. Liabilities relating to one ordinary share series cannot be ring-fenced.

Additionally, the investment assets of the Company (i.e. namely, its interests in the ordinary interests and realisation share interests of the Master Fund), are not legally segregated and so assets held by the Company and attributed to realisation shareholders may be required to be liquidated to meet liabilities attributable to ordinary shareholders (or vice versa).

#### Risk of not obtaining distributing or reporting status
There is no guarantee that the Company will continue to obtain distributing or reporting status for UK taxation purposes in relation to the ordinary shares. There is therefore a risk that any gain realised on any disposal of ordinary shares will be taxed as income in the UK, rather than capital gain.

#### Sole purpose
The Company has been established with the sole purpose of investing in the Master Fund. The success of the Company therefore depends on the success of the Master Fund and its ability to successfully implement its investment strategy. Identification and exploitation of the investment strategies to be pursued by the Master Fund involve a high degree of uncertainty.

#### Limited redemption rights
The Company has no right of redemption in relation to the Class F interests, Class R(F)1 interest or Class R(G)1 interest in the Master Fund. The right of shareholders to elect to move into realisation shares does not result in the resulting realisation share interests in the Master Fund (which will be held on behalf of realisation shareholders) being redeemable. They will only be redeemed when the underlying investments are sold.

#### Cayman Islands registration
The Company is registered in the Cayman Islands. As a result, the rights of the shareholders are governed by the laws of the Cayman Islands and the Articles. The rights of shareholders under Cayman Islands law may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England and Wales or the jurisdiction of a shareholder's residence. The following are examples: (i) subject only to the Company's articles of association, the allotment and issue of securities is under the exclusive control of the Directors and there are no pre-emption rights under the Companies Law; (ii) there is no express restriction on the Company making loans to Directors nor the equivalent of substantial property rules for transactions involving directors under the Companies Law; and (iii) assets of the Company are under the exclusive control of the Directors and the Companies Law does not expressly restrict the powers of the directors to dispose of assets. Examples (i) to (iii) above are intended for the purposes of illustration only and are not an exhaustive list. Investors should take appropriate independent legal advice to determine if they are afforded protections they consider are necessary for their specific circumstances.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (i) an act which is ultra vires the company or illegal, (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (iii) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

# Risk

In the case of a company (not being a bank) having a share capital divided into shares, the courts may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and to report thereon in such manner as the courts will direct. Any shareholder of a company may petition the courts which may make a winding-up order if the courts are of the opinion that it is just and equitable that the company should be wound up. Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

### Control over the Master Fund and MVI II LP

The Company, in its capacity as an investor, has no opportunity to control the day-to-day operation, including investment and disposition decisions made by the Manager on behalf of the Master Fund or MVI II LP, the resolution of potential or actual conflicts of interest that may arise, distributions by the Master Fund or MVI II LP or the appointment or removal of service providers to the Master Fund or MVI II LP. The Company does not have the opportunity to evaluate the relevant economic, financial and other information that is utilised by the Manager in its evaluation and selection of investments, does not receive the detailed financial information regarding investments that is available to the Manager and has no right to be informed about actual or potential conflicts of interest.

The Master Fund has adopted the amended distribution policy in relation to Class F, Class R(F)1 and Class R(G)1 interests in the Master Fund. However, the Company has no control over the amount or timing of any redemptions by the Master Fund or MVI II LP or other distributions which may be used to fund extraordinary distributions.

The Master Fund, as a limited partner in MVI II LP, has no control over the investment or disposal decisions of MVI II LP or timing of any redemptions or other distributions by MVI II LP.

### Conflicts of interest

The Master Fund and MVI II LP (together the "Master Funds") are subject to a number of actual and potential conflicts of interest with the Company and with each other. The Company (or, as appropriate, other relevant parties) aims to manage such conflicts to prevent a material risk of damaging any investor's interest. Where this is not possible the conflicts are disclosed.

Certain inherent conflicts arise from the fact that the Manager and its affiliates provide investment management and investment advisory services to both Master Funds and the Company.

In order to ensure an equitable management of the potential conflicts of interest that could arise in managing the interests of ordinary shareholders and realisation shareholders, the Master Funds have agreed the following policies:

- interests in Portfolio Companies held by the Master Fund (with the exception of interests in Le Chameau) attributable to realisation share interests will only be sold when MVI II LP's interests in the same Portfolio Companies are disposed of on a simultaneous basis. All disposals will be pro rata between MVI II LP and the Master Fund;
- interests in Le Chameau held by the Master Fund attributable to realisation share interests will only be sold when the Master Fund disposes of interests in Le Chameau attributable to ordinary share interests on a simultaneous basis. All disposals will be pro rata between the holdings attributable to the realisation share interests and the ordinary share interests; and
- to the extent that the Master Fund and MVI II LP make follow-on investments in any Portfolio Companies held by both, this will be pro rata to the holdings of the Master Fund and MVI II LP in such shares on the date of such follow-on investment, provided that the Master Fund shall not be required to make a follow-on investment to the extent it does not have cash available to fund such investment having regard to its working capital requirements as agreed with the general partner of the Master Fund (with the prior written agreement of the Board

The Company's administrator throughout 2020, Axio, was ultimately owned by the principals of the Manager and certain directors of Axio also provided director services to Marwyn Asset Management Limited, the Company, the general partner of the Master Fund and the general partner of MVI II LP. Axio also provided certain corporate administration services to certain of the Portfolio Companies, the Master Fund as well as other Marwyn entities. Axio also provides nominee related services to the general partner of MVI II LP in respect of MVI II LP.

The current Administrator, Aztec Financial Services (Jersey) Limited is independent of the Marwyn group.

The use of a structure which includes the Master Funds may also create a conflict of interest in that different tax considerations for investors in the Company, the Master Fund and/or MVI II LP may cause the Master Fund and/or MVI II LP to structure or dispose of an investment in a manner that is more advantageous to one group than the other.



In any case where a director of the Company is actually or potentially conflicted, this conflict is disclosed to the Board and that director will not be considered in the quorum for any resolutions relating to the matter.

### Class consents

Certain actions by the General Partner in respect of the Master Fund require the written consent of investors in that Class. Where the directors allow holders of ordinary shares or realisation shares to vote on a matter for which the General Partner is seeking investor consent and, if the resolution is passed by a simple majority of those voting in person or by proxy at a meeting of the holders of the relevant shares, the directors will give consent to the General Partner in respect of all of the Company's interests in the relevant Class. The Company will not split its consent in accordance with the votes of the holders of the relevant series of shares.

### Value and liquidity of the shares

The shares of publicly traded companies can have limited liquidity and their share prices can be highly volatile. The price at which the shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its operations, and others which may affect companies operating within a particular sector or quoted companies generally. Prospective investors should be aware that the value of the shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the shares may not reflect the underlying value of the Company's net assets. Furthermore. There is no guarantee that any discount control mechanisms employed by the Board and the Manager will be effective at managing the level of any discount.

There is no reliable liquid market for the Company's interest in the Master Fund and the valuation of Portfolio Companies may involve the general partners of the Master Fund and MVI II LP exercising judgement. This is particularly the case in the context of the Master Fund's investment in Le Chameau which is comprised of unlisted securities and debt investment for which there is no liquid market. There can be no guarantee that the basis of calculation of the value of Portfolio Companies used in the valuation process will reflect the actual value on realisation of those investments.

### Additional financing and dilution

If the Company issues further series of ordinary shares, whilst these will not dilute the economic interests of the existing classes in the Master Fund, the additional ordinary shares will carry rights to vote at general meetings of the Company and will therefore dilute shareholders' voting rights accordingly. The directors may seek debt finance to fund the expansion of the Company. There can be no assurance that the Company will be able to raise such debt funds, whether on acceptable terms, or at all. If debt financing is obtained, the Company's ability to raise further finance, and its ability to operate its business, may be subject to restrictions.

### Registration under the US Investment Company Act and the US Advisers Act

The Company has not been and it is unlikely it will ever be registered under the US Investment Company Act. In addition, the Manager has not been and it is unlikely that it will ever be registered as an "Investment Adviser" under the US Investment Advisers Act.

### Depository Interests

Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable shareholders to settle such securities through the CREST system, a depository or custodian can hold the relevant securities and issue dematerialised depository interests representing the underlying shares which are held on trust for the holders of these depository interests.

### Voting rights

Under the Articles, only those persons who are shareholders of record are entitled to exercise voting rights. Persons who hold ordinary shares or realisation shares in the form of depository interests will not be considered to be record holders of such shares that are on deposit with the depository and, accordingly, will not be able to exercise voting rights. However, the deed poll which created the depositary interests (the "Deed Poll") provides that the depository shall pass on, as far as it is reasonably able, rights and entitlements to vote. In order to direct the delivery of votes, holders of depository interests must deliver instructions to the depository by the specified date.

Neither the Company nor the depository can guarantee that holders of depository interests will receive the notice in time to instruct the depository as to the delivery of votes in respect of shares represented by depository interests and it is possible that they will not have the opportunity to direct the delivery of votes in respect of such shares. In addition, persons who beneficially own shares that are registered in the name of a nominee must instruct their nominee to deliver votes on their behalf.

Neither the Company nor any nominee can guarantee that holders of depository interests will receive any notice of a solicitation of votes in time to instruct nominees to deliver votes on behalf of such holders and it is possible that holders of depository interests and other persons who hold ordinary shares or realisation shares through brokers, dealers or other third parties will not have the opportunity to exercise any voting rights.

# Risk

**Limitation of liability**
The Deed Poll contains provisions excluding and limiting the depository's liability to holders of depository interests. For example, the depository will not be liable to any holder of depository Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the depository's liability to a holder of depository interests will be limited to the lesser of: (i) the value of shares and other deposited property properly attributable to the depository interests to which the liability relates; and (ii) that proportion of £10 million which corresponds to the portion which the amount the depository would otherwise be liable to pay to the holder of the depository interests bears to the aggregate of the amounts the depository would otherwise be liable to pay all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million.

The depository is entitled to charge fees and expenses for the provision of its services under the Deed Poll without passing any profit from such fees to holders of depository interests.

**Indemnification**
Each holder of depository interests is liable to indemnify the depository and any custodian (and their agents, officers and employees) against all costs and liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of depository interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the depository, or the custodian or any agent, if such custodian or agent is a member of the depository's group, or, if not being a member of the same group, the depository has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent.

**United States ownership and transfer restrictions**
There are restrictions on the purchase of ordinary shares by or transfers to investors who are located in the United States or who are US persons (as defined in the United States Securities Act of 1933, as amended) or who acquire ordinary shares or realisation for the account or benefit of US persons. For a complete description of these ownership and transfer restrictions please refer to section 4 of Part VIII of the prospectus published by the Company on 19 October 2016.

In the event that ordinary shares are acquired by persons who are not qualified to hold the ordinary shares or realisation shares, such ordinary shares are subject to provisions requiring forfeiture and/or compulsory transfer as described in section 3 of Part VIII of that prospectus.

**United Kingdom tax considerations**
Although the directors intend that, insofar as it is within their control, the affairs of the Company are conducted so that the Company does not become subject to United Kingdom tax on its profits or gains, there can be no guarantee that all of the requirements to ensure this will, at all times, be satisfied.



# Advisers

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**Manager of the Company, the Master Fund, MVI II LP and MVI II Co-Invest LP and MVI II DCI I LP**
To 31 March 2021
Marwyn Asset Management Limited
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St Helier
Jersey JE1 1AX
Channel Islands, British Isles

From 1 April 2021
Marwyn Investment Management LLP
11 Buckingham Street
London WC2N 6DF
United Kingdom

**Investment Adviser to the Manager in respect of the Company, the Master Fund, MVI II LP and MVI II Co-Invest LP and MVI II DCI I LP**
To 31 March 2021
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**Registrar**
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**Auditor**
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For year ended 31 December 2020
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**Corporate Broker**
Liberum Capital Limited
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25 Ropemaker Street
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United Kingdom

# **Defined** Terms

The following terms have the following meanings in this annual report and financial statements.

| | |
|---|---|
| Administrator | the administrator of the Company from time to time, being Aztec Financial Services (Jersey) Limited as at the date of this annual report and financial statements (throughout 2020, Axio Capital Solutions Limited was the administrator of the Company) |
| ADVT | AdvancedAdvT Limited (formerly Marwyn Acquisition Company I Limited) |
| AIC | Association of Investment Companies |
| AIC Code | the AIC Code of Corporate Governance |
| Articles | the articles of association of the Company |
| AGM | Annual General Meeting |
| Audit Regulation | Article 26 (6) of Regulation 538/2014 |
| Axio | Axio Capital Solutions Limited |
| Aztec | Aztec Financial Services (Jersey) Limited |
| Baker Tilly | Baker Tilly Channel Islands Limited |
| BCA | BCA Marketplace plc |
| Bradshaw Taylor | Bradshaw Taylor Limited |
| Broker | the corporate broker appointed by the Company from time to time, being Liberum Capital Limited as at the date of this annual report and financial statements |
| Buyback Programme | has the meaning given to it in the Report of the Manager in the paragraph entitled "Ordinary Share Distribution Policy" |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| COO | Chief Operating Officer |
| Company | Marwyn Value Investors Limited |
| Companies Law | the Cayman Islands Companies Law (2013 Revision) |
| Directors or Board | Board of Directors of the Company |
| ESG | Environmental, Social and Governance |
| EV | Enterprise value |
| Euskaltel | Euskaltel, S.A. |
| Exchange Procedure | has the meaning given to it in the in the prospectus published by the Company on 19 October 2016 |
| FCA | Financial Conduct Authority |
| FPPP | Financial Position and Prospects Procedures |
| Future Carried Interest Entitlement | has the meaning given to it in the Report of the Directors in the paragraph entitled "Accelerated bookbuild" |
| Gloo | Gloo Networks plc |
| IFRS | International Financial Reporting Standards as adopted by the European Union |
| Investment | securities in any of the Marwyn Funds |
| Investment Adviser | Marwyn Investment Management LLP (to 31 March 2021) |
| IPEV Guidelines | the International Private Equity and Venture Capital valuation guidelines as amended |
| IPO | Initial Public Offering |
| Le Chameau | The Le Chameau operating group, the Master Fund's investment in which is held through Silvercloud Holdings Limited |
| Liberum | Liberum Capital Limited |
| LSE | London Stock Exchange plc |
| LTIP | Long Term Incentive Plan |
| MAC II | Marwyn Acquisition Company II Limited |
| MAC III | Marwyn Acquisition Company III Limited |
| MAC Model | has the meaning given to it in the Report of the Manager |
| MAC plc | Marwyn Acquisition Company plc (formerly Wilmcote Holdings plc) |
| Management Partner | has the meaning given to it in the Report of the Manager |
| Manager | Marwyn Asset Management Limited or, from 1 April 2021, Marwyn Investment Management LLP |
| Market Abuse Regulation/MAR | The UK version of EU Regulation 596/2014 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended |
| Marwyn | The Manager, the Investment Adviser and any other Marwyn entities with the same ultimate beneficial owners |
| Marwyn Funds | The Company, the Master Fund, MVI II LP and any other funds managed by the Manager |
| Master Fund | Marwyn Value Investors LP |
| Minimum Annual Distribution | has the meaning given to it in the Ordinary Share Distribution Policy |
| MLTI | Marwyn Long Term Incentive LP |
| MVI II LP | Marwyn Value Investors II LP |
| NAV | Net Asset Value |
| Ordinary Share Carried Interest Entitlement | has the meaning given to it in the Report of the Directors in the paragraph entitled "Accelerated bookbuild" |
| Ordinary Share Distribution Policy | The Company's policy on distributions to ordinary shareholders as described in the Company's circular published on 14 August 2018 circular, included in the 'Documents' section of the Company's website, www.marwynvalue.com |
| Portfolio Companies | the entities into which the Company indirectly invests through the Master Fund and/or MVI II LP as relevant |
| PwC | PricewaterhouseCoopers LLP |
| Realisation Class | Ordinary shares that are redesignated as realisation shares following receipt of valid elections to redesignate such Ordinary Shares as realisation shares, in accordance with the Articles |
| Realisation Pool | Assets attributable to the realisation shareholders |
| Relevant Entities | the Manager or any member of the Marwyn group or any of their respective advisers or affiliates or the Marwyn Funds |
| Safe Harbour | Safe Harbour Holdings plc |
| SORP | Statement of Recommended Practice |
| SPAC | Special Purpose Acquisition Vehicle |
| Specialist Fund Segment or SFS | the specialist fund segment of the main market of London Stock Exchange plc |
| Sterling | British Pounds Sterling |
| Wilmcote | Wilmcote Holdings plc |
| Zegona | Zegona Communications plc |



# Disclaimer

The report of the Manager ("Manager's Report") is issued by Marwyn Investment Management LLP, a Firm authorised and regulated by the Financial Conduct Authority, in connection with the Company, the Master Fund, MVI II LP and any other funds managed by the Manager (collectively, the Marwyn Funds).

The Manager's Report does not constitute a prospectus or offering document relating to the Marwyn Funds, nor does it constitute or form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any securities in the Marwyn Funds (an "Investment") nor shall the Manager's Report or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

Persons who wish to make an Investment are reminded that any such Investment should only be made on the basis of the information contained in materials provided for that purpose for your consideration and not on the information contained in the Manager's Report. No reliance may be placed, for any purposes whatsoever, on the information contained in the Manager's Report or on its completeness and the Manager's Report should not be considered a recommendation by the Manager or any member of the Marwyn group or any of their respective advisers or affiliates or the Marwyn Funds (the Relevant Entities) in relation to an Investment.

No representation or warranty, express or implied, is given by or on behalf of the Relevant Entities or any of their respective directors, partners, officers, employees, advisers or any other persons as to the accuracy, fairness or sufficiency of the information or opinions contained in the Manager's Report and none of the information contained in the Manager's Report has been independently verified by the Relevant Entities or any other person. Save in the case of fraud, no liability is accepted for any errors, omissions or inaccuracies in such information or opinions.

The distribution of this document in certain jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Manager's Report includes "forward-looking statements" which includes all statements other than statements of historical facts, including, without limitation, those regarding the Master Fund's and the Company's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Marwyn Funds that could cause the actual results, performance or achievements of the Marwyn Funds to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Marwyn Funds and the environment in which the Marwyn Funds will operate in the future.

These forward-looking statements speak only as at the date of the Manager's Report.

Investing in the Company involves certain risks, as detailed in these financial statements, and as described more fully in the prospectus published by the Company on 19 October 2016.

MARWYN VALUE INVESTORS LIMITED