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Appears to be heading in the right direction but not there yet

Company/ASX Code	Link Group/LNK
AGM date	Friday 15 November 2019
Time and location	Eureka Room 3, Melbourne Convention and Exhibition Centre
Registry	Link
Webcast	Yes, and vote through your electronic device
Poll or show of hands	Poll on all items
Monitor	Allan Goldin assisted by Carol Limmer; AGM - Rod McKenzie
Pre AGM Meeting?	Yes, with Chair Michael Carapiet, Fiona Trafford-Walker Chair of the Risk and Audit Committee, Dr Sally Pitkin Chair of Human Resources and Remuneration Committee and Craig Curry Head of Investor Relations

	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

It has been a rocky year for the Company, being overshadowed by three issues out of their control. Firstly, in England, there have been issues with the Woodford Fund. The suspended fund whose authorised corporate director was Link Fund Solutions, one of the company's British units. At one point, the Woodford Fund was worth A$20 billion but by the time it was suspended, it fell to an approximate A$7 billion. Link has now sacked the Manager and is having the assets realised. As Link had nothing to do with the equity selection and was merely the administrator, the inquiry, which could take some years, may decide that Link should pay a fine. However, for administrating a business that contributed under $2million of revenue to Link, the publicity has been bad - happily it has not resulted in any loss of business or stopped some new funds from signing up.

The second problem also in the UK is Brexit. The uncertainty around the deal and its acceptance, has halted IPOs and capital raising events from going ahead. This has hit Link's profits. It is likely that once there is certainty about Brexit either way, Link will benefit either because of a pickup in London or alternatively out of their Dublin and Luxemburg operations.

The third issue was in Australia where the government changes to superannuation have quickened the pace of mergers. More importantly, the *Protecting Your Super* Legislation is being introduced faster than anyone foresaw and has created a costly hiccup. Many clients have contacted Link after being notified about changes to their superannuation and with more changes to take effect in early 2020, it is very likely that the regulatory change will have some impact on the Company.

There has been some real upside with Link gaining a few new accounts. More importantly, Link re-signed the giant superannuation fund AustralianSuper for a four year period commencing 1 July 2019. Alongside this and gaining and resigning a few other major funds it seems to be doing well, on the downside it has also lost a few well-sized funds. There is the need to make sure all the funds feel important in this competitive environment.

All of this meant that despite the Company's expansion as well as changes to the operation and structure, the results have been average. Link underperformed on its confident promise of growth when they bought the Capita business. At this stage it appears unlikely that there will be a dramatic uplift in the Company's fortunes this year, so the good bits that are unexciting are likely to be overshadowed by the problems outlined above. The share price has recovered somewhat but is still down 25% from when it announced its first downgrade.

All the geographic changes and growth have resulted in the recruitment of a number of senior external employees coupled with several internal promotions to create a new a stronger senior executive team.

Underpinning the potential growth internationally and locally is the Company's continued focus on developing more efficient technical methodologies. This is being done with collaborators, as is the case with the Company gaining 44.2% ownership of PEXA, the new Australian electronic conveyancing platform or through Link's own innovative solutions such as the facility to cast your vote from your mobile phone or if at home watch the AGM and vote using Link Group's Online Platform.

(As at FYE)	**2019**	**2018**	**2017**
NPAT ($m)	320.02	143.2	85.2
UPAT ($m)	201.5	206.7	123.8
Share price ($)	5.00	7.33	7.90
Dividend (cents)	20.5	20.5	14
TSR (%)	-29	-5	2
EPS (cents)	59.98	28.63	22.63
CEO total remuneration, actual ($m)	1.035	1.825	1.74

For 2019, the CEO's total actual remuneration was **11.7 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Item 1	**Re-election of Michael Carapiet as a Director**
ASA Vote	**For**

Summary of ASA Position

Michael Carapiet, Chair, was appointed as an independent non-executive director in June 2015 and holds 1,647,160 shares in the Company.

Mr Carapiet is the Chair of the listed Smartgroup Corporation Limited and unlisted Adexum Capital Limited. He has also served on Commonwealth Government boards including Infrastructure Australia, Clean Energy Finance Corporation and Export Finance Insurance Corporation.

The Board considers that Mr Carapiet's significant experience in financial services and as a non-executive director enables him to make a considerable contribution to the Board, particularly as Chair.

ASA will be voting our undirected proxies in favour of his re-election.

Item 2	**Re-election of Anne McDonald as a Director**
ASA Vote	**For**

Summary of ASA Position

Anne McDonald was appointed an independent non-executive director of the Company in July 2016 and holds 32,267 shares.

Anne McDonald is a Non-Executive Director of the listed Spark Infrastructure Group. She is also Chair of Water New South Wales and a director of St Vincent's Health Australia Limited

The Board believes that Ms McDonald's substantial background in auditing, risk management and accounting brings significant benefit to Board and Committee discussions.

ASA will vote our undirected proxies in favour of Anne McDonald.

Item 3	**Adoption of Remuneration Report**
ASA Vote	**For**

We voted against the Remuneration Report in 2018 and based on 2019 alone it would be likely we would do the same again. However, looking at the announced changes for 2020, we will be voting in favour.

Not awarding the short-term incentive (STI) because the gateway of operating EBITDA (earnings before interest, tax, depreciation and amortisation) was not met demonstrates that the company's remuneration structure is nicely aligned with financial results. Even better, from 2020 there is now a non-financial gateway of risk and compliance issues that must be met.

The board's commendable restraint in deferring the scheduled increase in non-executive directors' fees demonstrates alignment with shareholders in this troubling year.

Many of our concerns expressed last year about the STI will be removed in 2020 with the CEO stretch target of 200% (of Fixed Remuneration) being lowered to 150%. Extremely importantly instead of being all cash there is now a 50% deferred equity.

It should be noted that the balanced scorecard covers good criteria and a good explanation of how they all scored.

The fact that the time to acquire minimum shareholding for the executive leadership team moves from 3 to 5 years is understandable in light of the new additions to the team.

The long-term incentive (LTI) is measured over three years which too short a time frame but at least vesting is spread with 50% after 3 years, 25% after 4 and 25% after 5 years. This is seen as a good aid to retention and an added check in the case of unacceptable behaviour.

The two hurdles, compound annual growth of EPS (75%) and relative TSR compared to the ASX 100 are fine , but why is 50% of the TSR bonus awarded when the performance is only average. It would be thought that above average performance would be the goal.

	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.1	29.97	1.1	26.06
STI - Cash	0.55	14.99	0.825	19.55
STI - Equity	0.55	14.99	0.825	19.55
LTI	1.47	40.05	1.47	34.84
Total	3.67	100%	4.22	100%

Item 5	**Approval of LTI grant to CEO John McMurtrie**
ASA Vote	**For**

Summary of ASA Position

This resolution is for the awarding of 269,009 Performance share rights that provided that the two hurdles are met in 3 years 50 percent will vest as no cost shares. A further 25% will vest in 4 years and the final 25% in five years.

Although we expressed a couple of reservations in the remuneration report we will be voting our undirected proxies in favour of this resolution.

An individual involved in the preparation of this voting intention has a shareholding in this company.