

Monthly Update

February 2017

MLN NAV	SHARE PRICE	DISCOUNT
\$0.82	\$0.80	2.8%
as at 31 January 2017		



A word from the Manager — Making portfolios great

Welcome to 2017, it's good to be talking to you again. We haven't been in touch since mid-December; not that we would have got a word in, what with the countless column centimetres devoted to all things Trump.

With each passing week I am asked "what do you make of this Trump thing?" The question is asked not with a social or moral response in mind, but rather, what does Trump's presidency mean for investment markets and economic matters? My response is usually short, "I don't know, and neither does anyone." I don't mean to sound rude, but my view is by all means have an opinion on the man, his personality, his hairstyle and his utterings, but try not to let that opinion, or anyone else's, spill into your investment thinking.

Of course Trump is big news; most newly elected US Presidents are. He's controversial, but arguably, so was President Barack Obama when he took possession of the White House keys eight years ago.

Obama's reign wasn't expected to be good for share markets as he was not exactly pro-business. But guess what? The US share market lifted nearly 300% during his time in office.

There's no denying Trump is pro-business, and that explains why the US share market rallied after his election. Though, as with all presidents, it's the doing not the talking that matters in the end. So far, he's walked the talk on several significant campaign issues such as the Mexican wall and immigration restrictions, but it remains to be seen whether — and how soon — Trump implements the corporate and personal tax cuts that should stimulate economic growth and underpin the US share market. We are going to be distracted by politics for a long while. Trump has only begun to unveil his policies and you just know there's a lot of rhetoric to bombard us yet. We've got a few European elections happening this year, as well as our own domestic election now set for September, so political distractions are here to stay.

But being fixated with politics, just like being fixated with anything really, can lead to a loss of perspective and a focus on the wrong things, leaving the right things unattended.

One financial columnist said recently, "Trump's stated objective is to Make America Great Again. Our objective should be to make our portfolios great, all the time." I agree.

With that in mind, our focus has been on the businesses we own in your portfolios and the mix of currencies and asset classes that combine to give you diversification.

Each single investment and each asset class will at some point be affected by politics, as interest rates respond to economic trends and policies. Our goal is to be positioned correctly so that we are on the right side of the trend, or at least, if our investments temporarily fall out of favour, we remain confident that the intrinsic value is intact and they remain appropriate assets to own over the long term.

It pays to remember that just as we are getting our heads around the Trump effect on our clients' portfolios, the managers of our portfolio companies are doing the same thing. They too will be positioning their businesses to ensure they remain competitive and that their strategies will withstand whatever comes out of a President's mouth or keyboard.

I read recently that corporate leaders in the US are "learning to live with Mr Trump, or 'normalising', him in the current jargon". This is partly necessity — his threats could do them damage — and it's partly genuine enthusiasm as he plans to cut their personal and their corporate income taxes. While analysts, media and Democrats remain suspicious and even hostile towards Trump, I am at least pleased (with my investor hat on) that corporate America is coming to terms with the new political regime.

We don't need to like Trump or his politics — and please do not read any political view into my comments; I don't have one. Maybe we just need to 'normalise' him and return our focus to the more important parts of our lives.

Carmel Fisher
Managing Director,
Fisher Funds



Key Details

as at 31 January 2017

FUND TYPE	Listed Investment Company
INVESTS IN	Growing international companies
LISTING DATE	1 November 2007
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	30-40 stocks
INVESTMENT CRITERIA	Long-term growth
PERFORMANCE OBJECTIVE	Long-term growth of capital and dividends
TAX STATUS	Portfolio Investment Entity (PIE)
MANAGER	Fisher Funds Management Limited
MANAGEMENT FEE RATE	1.25% of gross asset value (reduced by 0.10% for every 1% of underperformance relative to the change in the NZ 90 Day Bank Bill Index with a floor of 0.75%)
PERFORMANCE FEE HURDLE	Changes in the NZ 90 Day Bank Bill Index + 5%
PERFORMANCE FEE	15% of returns in excess of benchmark and high water mark
HIGH WATER MARK	\$0.85 per share
SHARES ON ISSUE	117m
MARKET CAPITALISATION	\$93m
GEARING	None (maximum permitted 20% of gross asset value)

Performance

to 31 January 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
MLN Adjusted NAV*	(0.4%)	(0.4%)	(0.1%)	+9.6%	+47.3%
Total Shareholder Return*	+0.0%	+3.5%	+7.7%	+28.1%	+51.7%
Gross Performance [^]	+0.4%	+0.8%	+4.0%	+21.1%	+101.4%
Benchmark Index ^{^^}	(0.4%)	+6.0%	+13.8%	+39.5%	+77.7%

[^] Gross of fees and tax and adjusting for capital management initiatives

^{^^} Benchmark index: World Small Cap Gross Index until 30 September 2015 & S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD) from 1 October 2015

*Definitions of non-GAAP measures:

Adjusted Net Asset Value (Adjusted NAV)

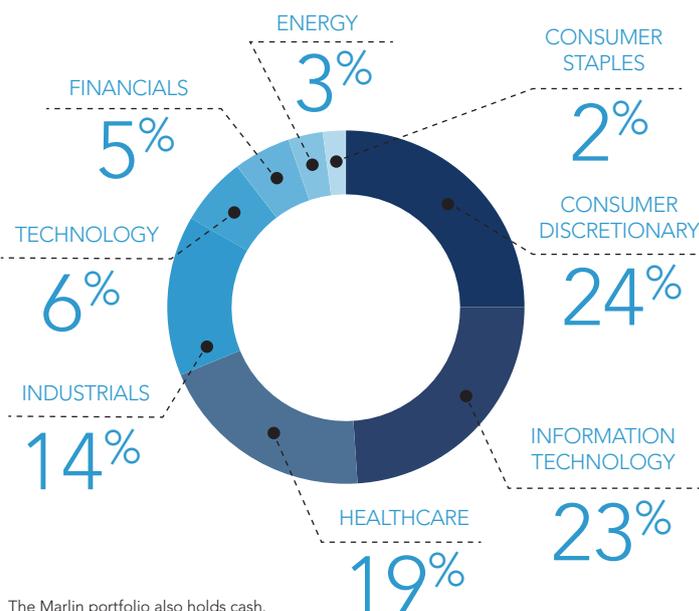
The adjusted NAV per share represents the total assets of Marlin Global (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- » the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;
- » shares bought on-market (share buybacks) at a price different to the NAV, and;
- » warrants exercised at a price different to the NAV at the time exercised.

Adjusted NAV assumes all dividends are reinvested in the company's dividend reinvestment plan and excludes imputation credits.

Sector Split

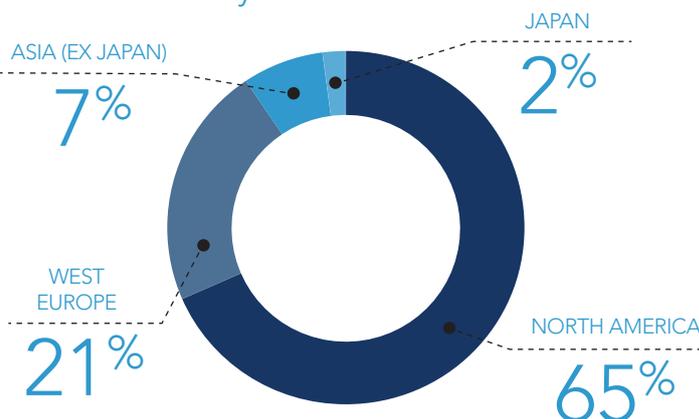
as at 31 January 2017



The Marlin portfolio also holds cash.

Geographical Split

as at 31 January 2017



The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buybacks and warrants, which are capital allocation decisions and not a reflection of the portfolio's performance.

Total Shareholder Return (TSR)

The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares and dividends paid to shareholders.

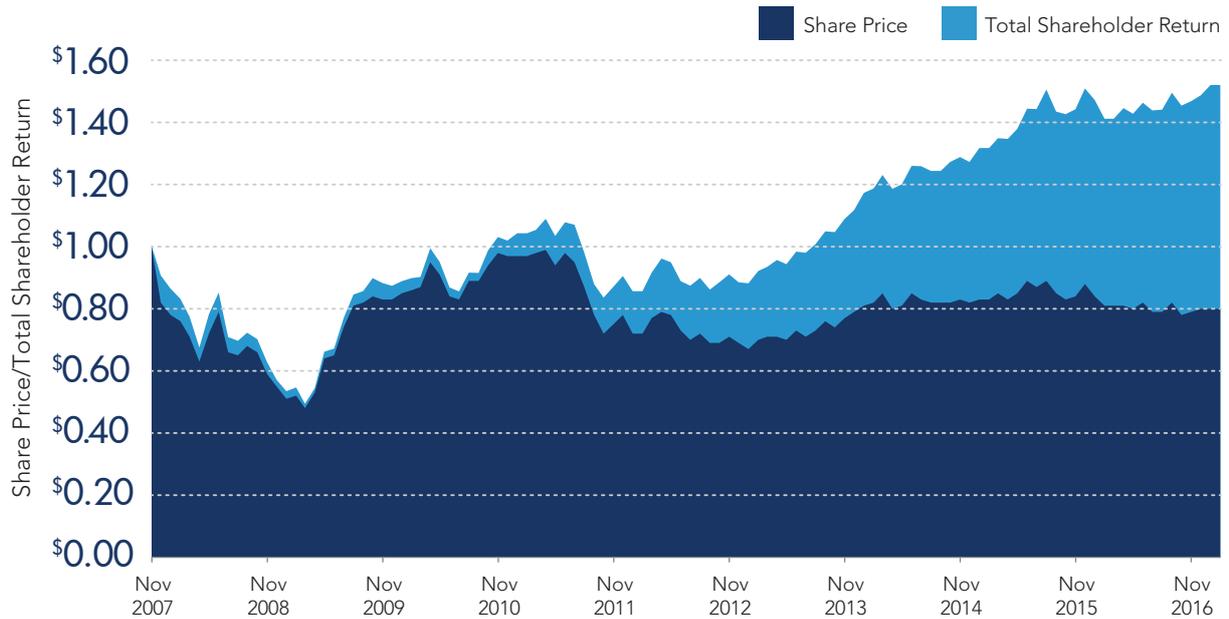
TSR assumes:

- » all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted reinvestment price and exclude imputation credits, and;
- » all shareholders that have received warrants (for free), have subsequently exercised their warrants at the warrant expiry date and bought shares (if they were in the money).

The directors believe this metric to be useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options.

Total Shareholder Return

to 31 January 2017



January's Biggest Movers in New Zealand dollar terms

Typically the Marlin portfolio will be invested 90% or more in equities.

BIOTEST

+17%

ALIBABA

+10%

UNITED PARCEL SERVICE

-9%

BLACKHAWK NETWORK HOLDINGS

-10%

COGNIZANT TECHNOLOGY SOLUTIONS

-11%

5 Largest Portfolio Positions

as at 31 January 2017

ALPHABET

6%

PAYPAL

5%

MASTERCARD

5%

ALIBABA

4%

EBAY

4%

The remaining portfolio is made up of another 28 stocks and cash.

About Marlin Global

Marlin is an investment company listed on the New Zealand Stock Exchange. The company gives shareholders an opportunity to invest in a diversified portfolio of between 30 and 40 growing international companies (excluding New Zealand and Australia) through a single, professionally managed investment. The aim of Marlin is to offer investors competitive returns through capital growth and dividends.

Management

The Marlin Senior Portfolio Manager, Roger Garrett, announced his retirement recently. Fisher Funds' senior investment analyst Ashley Gardyne, has been appointed to the role of Senior Portfolio Manager for Marlin, effective 01 January 2017. Ashley joined the international team in 2013 and has been deeply involved with the Marlin portfolio strategy since. Ashley is supported by Senior Investment Analysts, Chris Waters and Frank Jasper. Roger will provide continuity and analytical support until a new senior investment analyst is appointed.

Board

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. The Board of Marlin comprises independent directors Alistair Ryan (Chairman), Carol Campbell and Andy Coupe; and non-independent director Carmel Fisher.

Capital Management Strategies

Regular Dividends

- » Quarterly distribution policy introduced in August 2010
- » Under this policy, 2% of average NAV is targeted to be paid to shareholders quarterly
- » Dividends paid by Marlin may include dividends received, interest income, investment gains and/or return of capital
- » This policy is well received by shareholders as it provides an attractive and regular return that is referable to the NAV
- » Shareholders who prefer to have increased capital rather than a regular income stream have the opportunity to participate in the company's dividend reinvestment plan (DRP)
- » Shares issued to DRP participants are at a 3% discount to market price
- » Marlin became a portfolio investment entity on 1 October 2007. As a result, dividends paid to New Zealand tax resident shareholders have not been subject to further tax

Share Buyback Programme

- » Marlin has a buyback programme in place allowing it (if it elects to do so) to acquire up to 5.7m of its shares on market in the year to 31 October 2017
- » Shares bought back by the company are held as treasury stock
- » Shares held as treasury stock are available to be re-issued for the dividend reinvestment plan

Warrants

- » Warrants put Marlin in a better position to grow further, improve liquidity, operate efficiently and pursue other capital structure initiatives as appropriate
- » A warrant is the right, not the obligation, to purchase an ordinary share in Marlin at a fixed price on a fixed date
- » There are currently no warrants on issue

Disclaimer: The information in this update has been prepared as at the date noted on the front page. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable, but Marlin Global Limited and its officers and directors make no representation as to its accuracy or completeness. The update is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from an authorised financial adviser should be taken before making an investment. To the extent that the update contains data relating to the historical performance of Marlin Global Limited or its portfolio companies, please note that fund performance can and will vary and that future results may have no correlation with results historically achieved.