

Monthly Update

December 2016

MLN NAV	SHARE PRICE	DISCOUNT
\$0.83	\$0.80	3.6%
as at 30 November 2016		



A word from the Manager

It's the festive season and I've been thinking rather more about food and drink lately than usual (although to be fair, they are amongst my favourite topics!). I thought these words in a Christmas recipe book were an apt introduction to our final newsletter of the year:

Without a palate cleanser, strong flavours overwhelm the palate, making it difficult to experience delicate flavours in the next course. Palate cleansers consumed between courses neutralise the palate, cleansing any lingering flavours.

I don't know about you, but I am seriously in need of a Trump palate cleanser! The strong Trump flavours have certainly overwhelmed all others in the past month, and arguably the past year. For investors, 2016 will be remembered as the year Donald Trump was elected President and changed the world as we knew it. How he changed it will only become clear in time ... there is certainly no clarity right now, even though markets are behaving as if there is.

We can only guess what might happen in the American economy, and in global markets in two years' time, just as we can only guess who the real Donald Trump is and what he really intends to do.

Markets are forward looking and are supposed to discount future outcomes in today's prices. But how does a market factor in absolute uncertainty? To date, markets have focused on the almost-certain outcomes like: there will be more infrastructure spending (there's at least one big wall that needs to be built), there will be more growth (Trump has promised more jobs will be created and filled), and there will be higher interest rates (because there will be growth and inflation, and Trump doesn't support the Fed's strategy in using interest rates to drive the economy).

This has been the immediate and obvious trend, and it has seen a reversal of some of the most powerful trends of the last few years — high-yielding investments are no longer as popular, US money is being repatriated from international assets, and growth assets are now being favoured over defensive assets.

But like I said at the beginning, this is the festive season so the important thing is to wish you all a very happy, enjoyable and safe Christmas wherever you may be. We have loved talking to you in 2016 and hope to have many more conversations with you in 2017.

Best wishes and a Happy New Year.

Carmel Fisher
Managing Director,
Fisher Funds



Key Details

as at 30 November 2016

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	\$0.86 per share
SHARES ON ISSUE	116m
MARKET CAPITALISATION	\$93m
GEARING	None (maximum permitted 20% of gross asset value)

Performance

to 30 November 2016

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
MLN Adjusted NAV*	(1.7%)	(3.1%)	(7.6%)	+10.8%	+45.4%
Total Shareholder Return*	+1.3%	(0.3%)	(1.5%)	+33.1%	+48.4%
Gross Performance [^]	(1.5%)	(2.5%)	(4.6%)	+22.5%	+96.9%
Benchmark Index ^{^^}	+3.1%	+2.8%	+2.2%	+36.9%	+72.8%

[^] 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)

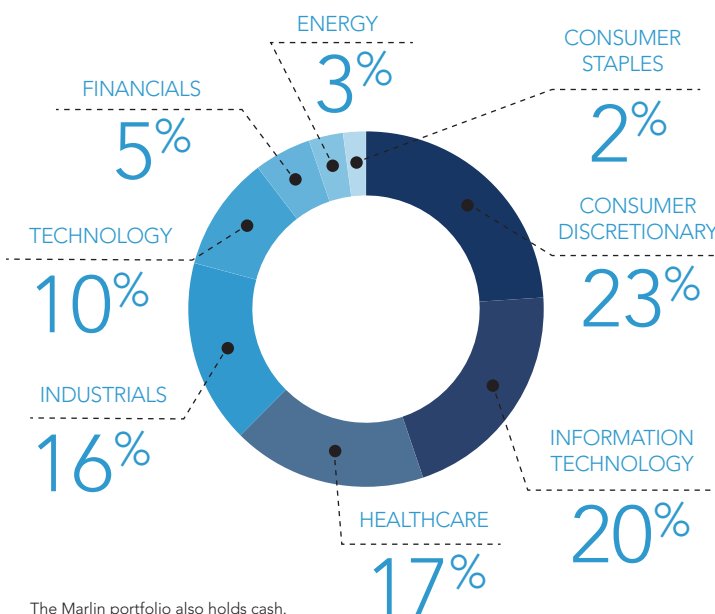
The adjusted NAV per share represents the total assets of Marlin Global (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- » 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.

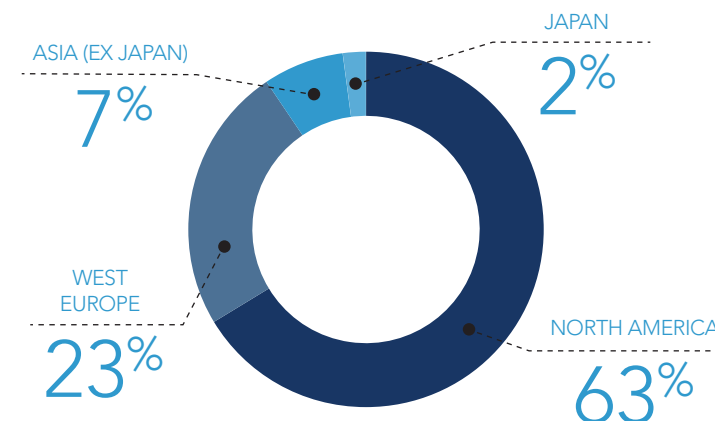
Sector Split

as at 30 November 2016



Geographical Split

as at 30 November 2016



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.

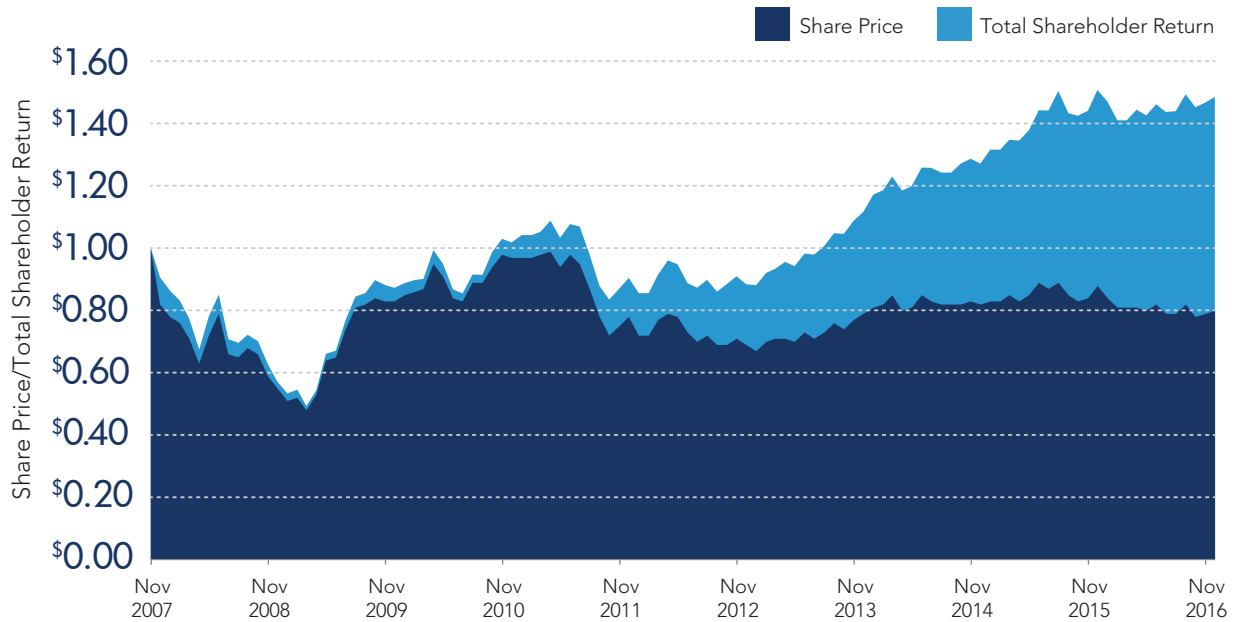
TSR assumes:

- » 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 30 November 2016



November's Biggest Movers in New Zealand dollar terms

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

CORE LABORATORIES

+18%

UNITED PARCEL SERVICE

+9%

ADIDAS

-9%

CERNER CORPORATION

-14%

STRATEC BIOMEDICAL

-17%

5 Largest Portfolio Positions

as at 30 November 2016

ALPHABET

5%

MASTERCARD

5%

ALIBABA GROUP

4%

PAYPAL

4%

WIRECARD

4%

The remaining portfolio is made up of another 27 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

Marlin's portfolio is managed by Fisher Funds Management Limited. Roger Garrett (senior portfolio manager), Frank Jasper (senior investment analyst) and Chris Waters (senior investment analyst) take the prime management responsibilities and are highly experienced in researching and investing in international growth companies with over 60 years combined experience. Fisher Funds is based in Takapuna, Auckland.

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.