

Monthly Update

March 2017

MLN NAV	SHARE PRICE	DISCOUNT
\$0.85	\$0.79	6.9%
as at 28 February 2017		



A word from the Manager — Meeting expectations

Actress Pamela Anderson famously said “It’s great to be a blonde. With low expectations it’s very easy to surprise people”. I can attest to the fact that brunettes rarely get away with low expectations; neither do redheads or chief executives of listed companies (most of whom are grey haired these days).

At this time of the year, managing expectations is what it’s all about for listed companies, and it is always with a little trepidation that we await the profit reporting season. Have our companies done what they said they’d do? Have they communicated openly to the investment community in the past six months to manage expectations and guide profit forecasts to within cooeee of actual results? And are their outlook statements positive enough to prompt analysts to raise expectations for the next round of profit results?

Unfortunately, the job of chief executives has become even harder in recent times because a) analysts remain fixated on the bottom line of company results even though earnings often tell only a partial story and b) reactions are often outsized compared to results, such as a 2% profit “miss” against forecasts resulting in a 10% plus share price fall.

It’s fair to say that our expectations of our portfolio companies have not been dashed so far in the first two months of the year, but neither have we been blown away by companies over-delivering. We fared well through the recent profit result round and have enjoyed exploiting opportunities when the market either had the wrong expectations or reacted inappropriately to what were actually good results.

Managing expectations is a year-round job for politicians and central bankers. Talk of what we might expect from President Trump and, to a lesser extent, the Federal Reserve has been a significant distraction and pastime for market participants this year. But a distraction is all it is.

The economic and political environment has so far not proven contrary to expectations; the world is rolling along mostly as anticipated, despite all the daily noise suggesting otherwise. Just as company earnings should not be viewed in a vacuum (but in the context of the underlying business fundamentals and long-term strategy) economic and political news needs to be considered in the context of the broad economic outlook which, so far this year, remains positive and entirely consistent with expectations.



Introducing Fisher Funds’ new CEO:
Bruce McLachlan

I was very pleased last week to announce the appointment of Bruce McLachlan as our new Chief Executive Officer, to take over the reins as I retire from my executive role. Bruce will be joining Fisher Funds from 18 April 2017 and I really am delighted as he has a wealth of experience in the financial sector and importantly, a passion for client service.

When we began our search for a new chief executive, we knew we wanted someone who understood and was excited about maintaining and growing the wealth of New Zealanders. We looked for someone who would continue our longstanding performance record and our commitment to exceptional client service. Bruce was an obvious choice for the role.

Bruce has been CEO of The Co-Operative Bank for the past four years. Under his leadership, the bank has consistently achieved top rankings in customer satisfaction and client service. Previously, Bruce worked for 10 years at Westpac NZ, where his roles included leading both its business banking and retail banking businesses; he was also Westpac NZ’s acting CEO during 2008/9.

I will remain a director of the Marlin Board and a member of the Board sub-committees, including the Marlin Investment Committee and look forward to seeing you at the Annual Shareholder Meetings later this year.

Carmel Fisher
Managing Director,
Fisher Funds



Key Details

as at 28 February 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	\$92m
GEARING	None (maximum permitted 20% of gross asset value)

Performance

to 28 February 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
MLN Adjusted NAV*	+3.1%	+4.5%	+8.5%	+12.2%	+51.9%
Total Shareholder Return*	(1.3%)	+1.0%	+6.4%	+22.0%	+49.9%
Gross Performance [^]	+3.3%	+5.6%	+12.8%	+23.9%	+108.0%
Benchmark Index ^{^^}	+3.4%	+6.4%	+19.4%	+42.3%	+83.8%

[^] 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)

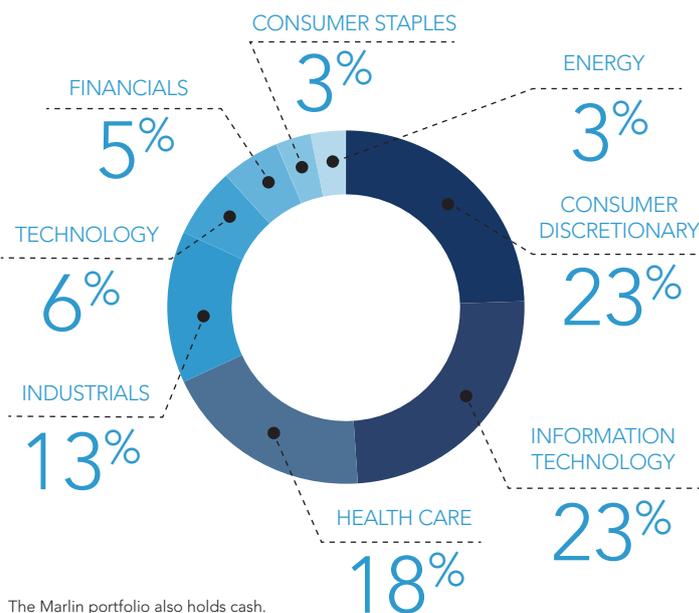
The adjusted NAV per share represents the total assets of Marlin Global (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- » 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.

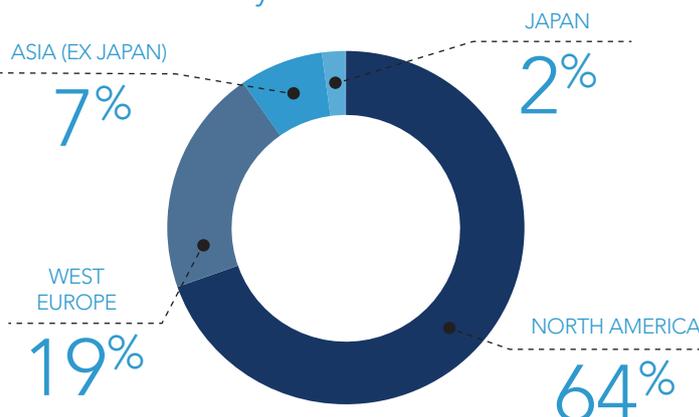
Sector Split

as at 28 February 2017



Geographical Split

as at 28 February 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.

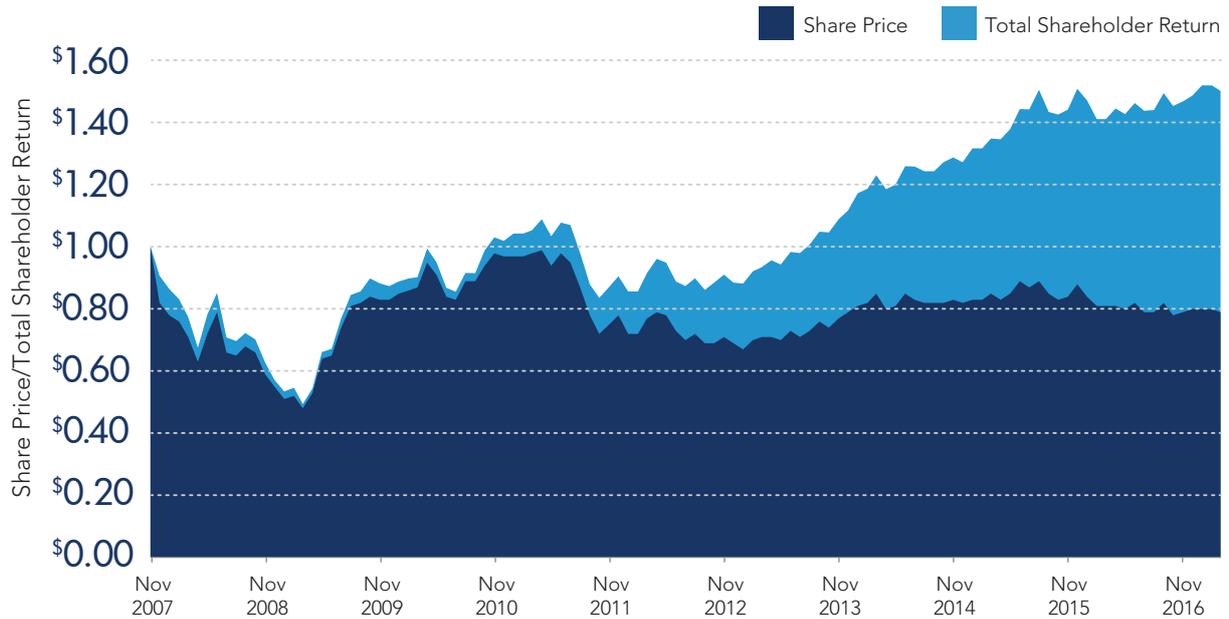
TSR assumes:

- » 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 28 February 2017



February's Biggest Movers in New Zealand dollar terms

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

MEAD JOHNSON

+26%

COGNIZANT TECHNOLOGY SOLUTIONS

+14%

NIKE

+10%

VARIAN MEDICAL SYSTEMS

+10%

ADIDAS

+8%

5 Largest Portfolio Positions

as at 28 February 2017

ALPHABET

6%

PAYPAL

5%

MASTERCARD

5%

ALIBABA GROUP

4%

EBAY

4%

The remaining portfolio is made up of another 25 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 in January. 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.

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 (Chair), 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.