marlin
growing globally

MONTHLY UPDATE

February 2021

Share Price	MLN NAV	PREMIUM[1]
$1.28	$1.09	17.4%

as at 31 January 2021

A WORD FROM THE MANAGER

Marlin's gross performance for January was down (0.7%), while the adjusted NAV was down (0.8%). This compared with our global benchmark, which was up 0.5%.

By region, emerging markets were the leading performers, up 3.1%, while developed markets generally declined (US -1.0%, EU -1.1%, UK -0.8%).

It was a month of two-halves. The global roll out of coronavirus vaccines and the increased likelihood of substantial fiscal stimulus in the US drove markets higher at the start of the month. However, these gains were reversed in the second half due to concerns around the vaccine roll-out and efficacy, coupled with delays to the stimulus as the two political parties spar over key aspects of the proposed legislation.

We continue to see signs of excess in the market. The news this month was dominated by companies like Gamestop (a video game retailer) and AMC (a cinema chain) which saw their share prices increase by 17 times and 6 times, respectively. Both companies are facing structural challenges as gaming purchases and movie consumption shift online. Coupled with ongoing lockdowns, there was a real possibility of these companies going bankrupt. However, both names got the attention of retail investors, who have been aggressively buying, pushing stock prices well above fundamentals. We do not see this as sustainable, and even as we write this, Gamestop has fallen 70% from highs.

But even beyond these names there are many more high-growth and unprofitable technology companies that also look stretched. One example is the recently listed Snowflake (SNOW), which now trades at 129x last twelve-months revenue.

Saying that, we still see pockets of value in this market, particularly in large-cap tech, but also new names we added in December (Greggs and Boston Scientific).

Portfolio Company Developments

Earnings season has begun, with six companies reporting during the month.

Signature Bank (+22.5%) continued its strong performance from recent months, driven by broad strength in regional banks (the KRX regional bank index was up ~9% for the month) coupled with another good earnings result, with record deposit growth. The stock is now up 117% from November lows.

Tencent (+20.8%) and **Alibaba (+9.1%)** both benefited from the news that the US government decided against restricting investments in the Chinese tech giants as part of the wider banning of investment in Chinese military-linked companies. In addition, Tencent has seen massive demand from Chinese mainland-based retail and institutional investors in recent months.

Greggs (+16%) has performed well since we first bought it in December. A positive Q4 trading update was ahead of expectations and highlighted continued momentum throughout the quarter as restrictions eased and as customers increasingly adopt the new digital and delivery offerings.

Facebook (-5%) fell in January despite releasing strong financial results. The company's advertising revenue grew 31% in the fourth quarter, accelerating from the 22% growth delivered last quarter. The company called out strong advertising growth driven by ecommerce, as well as the shift in consumer demand towards products and away from services (e.g. travel and entertainment) as a result of the pandemic. User engagement continues to remain high and Facebook's Daily Average Users climbed 11% to over 1.8 billion. Facebook remains one of our largest holdings and we see years of growth ahead as advertising moves to digital. We also see a lot of potential as the company executes on its initiatives in ecommerce (like Facebook Shops and Instagram Checkout) and on monetising WhatsApp and Messenger.

[1] Share Price Premium to NAV (using NAV to four decimal places).

The other detractors this quarter were largely concentrated in companies impacted by further COVID lockdowns and vaccine delays, including companies exposed to travel (i.e. **Hilton**, **Hexcel**, **Heico**, and **MasterCard**) and physical retail (**Adidas**, **Essilor**, and **StoneCo**).

Portfolio Changes

There were no material portfolio changes during the month.

Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Limited

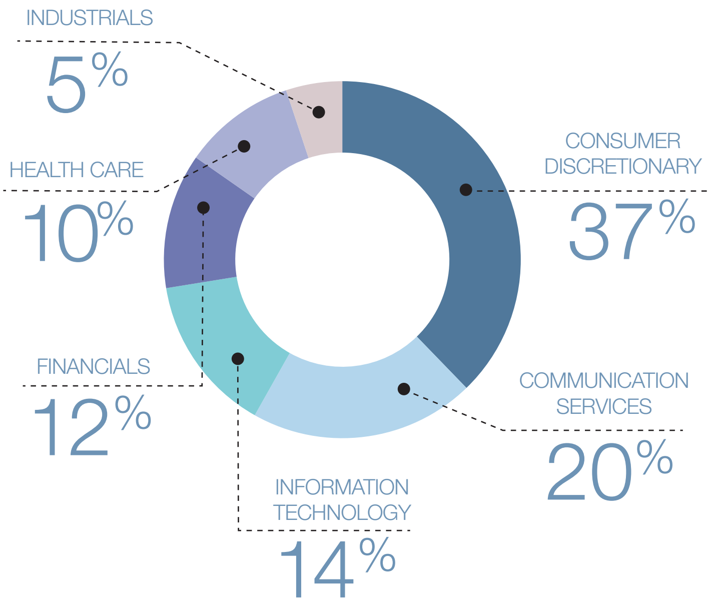
KEY DETAILS

as at 31 January 2021

FUND TYPE	Listed Investment Company
INVESTS IN	Growing international companies
LISTING DATE	1 October 2007
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	20-35 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	10% of returns in excess of benchmark and high water mark
HIGH WATER MARK	$0.96
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	188m
MARKET CAPITALISATION	$240m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

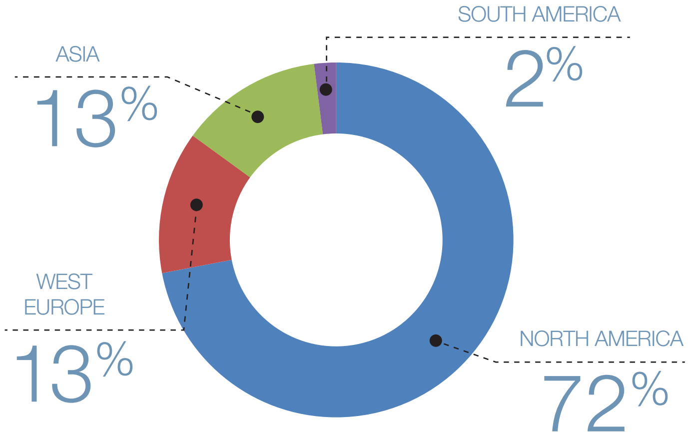
as at 31 January 2021



The Marlin portfolio also holds cash.

GEOGRAPHICAL SPLIT

as at 31 January 2021



JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

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

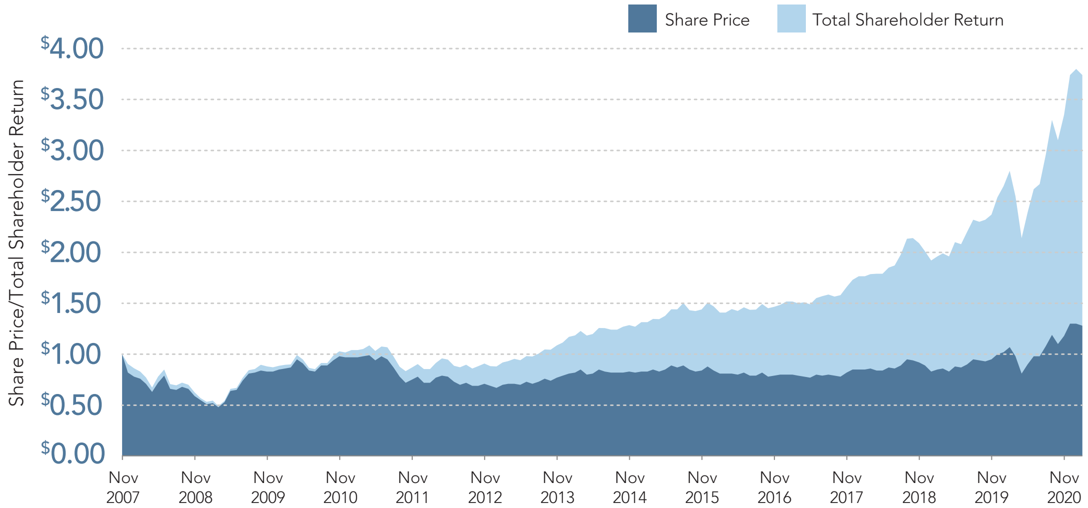
SIGNATURE BANK	TENCENT HOLDINGS	GREGGS PLC	ADIDAS	STONECO
+23%	+21%	+16%	-12%	-14%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2021

SIGNATURE BANK	FACEBOOK	ALIBABA	ALPHABET	TENCENT
8%	8%	7%	7%	5%

The remaining portfolio is made up of another 19 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 January 2021



PERFORMANCE to 31 January 2021

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(1.5%)	+11.6%	+33.9%	+28.5%	+21.6%
Adjusted NAV Return	(0.8%)	+8.4%	+19.0%	+14.9%	+14.7%
Portfolio Performance					
Gross Performance Return	(0.7%)	+10.8%	+24.7%	+18.5%	+19.0%
Benchmark Index^	+0.5%	+14.7%	+10.4%	+7.4%	+11.9%

^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

Non-GAAP Financial Information

Marlin uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after expenses, fees and tax,
- adjusted NAV return – the net return to an investor after expenses, fees and tax,
- gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before expenses, fees and tax, and
- total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money) at warrant expiry date.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this monthly update are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Marlin Non-GAAP Financial Information Policy. A copy of the policy is available at http://marlin.co.nz/about-marlin/marlin-policies/

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 20 and 35 quality 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. Ashley Gardyne (Senior Portfolio Manager), Chris Waters and Harry Smith (Senior Investment Analysts) have prime responsibility for managing the Marlin portfolio. Together they have significant combined experience and are very capable of researching and investing in the quality global companies that Marlin targets. 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 (Chair), Carol Campbell, Andy Coupe and 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
- 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 its shares on market
- 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 Global in a better position to grow further, 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 Global at a fixed price on a fixed date
- There are currently no Marlin Global warrants on issue

marlin
growing globally

Marlin Global Limited
Private Bag 93502, Takapuna, Auckland 0740
Phone: +64 9 484 0365 | Fax: +64 9 489 7139
Email: enquire@marlin.co.nz | www.marlin.co.nz

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777 | Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz | www.computershare.com/nz