MONTHLY UPDATE

February 2022

Share Price	Warrant Price	MLN NAV	PREMIUM[1]
$1.33	$0.10	$1.21	12.2%

as at 31 January 2022

A WORD FROM THE MANAGER

Marlin's gross performance return for January was down (4.1%), while the adjusted NAV return was down (3.8%). This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was down (4.1%).

Equity markets had a volatile start to 2022 on the back of inflation, central bank tightening concerns, and tensions in Eastern Europe. Developed market equities declined 5.3% in January, while emerging markets ended the month down only 1.9%. Energy and financial stocks outperformed on rising oil and gas prices and higher interest rates, driving the largest monthly outperformance of value stocks versus growth stocks in over 20 years. The MSCI World Value Index fell 1.2% while MSCI World Growth Index fell 9.3%. Marlin's underperformance was driven partly by this broad-based selling pressure on growth stocks.

The US market is seeing a strong start to Q4 earnings, with 75% of companies beating analyst expectations. Companies that beat on earnings outperformed by 1.1%, while companies that missed faced more severe market reactions, falling 3.6% on average. This dynamic of indiscriminate selling of companies that temporarily disappoint can create attractive investment opportunities in markets, and we started to take advantage of this volatility during the month by adding Netflix to the portfolio.

Portfolio Changes

Netflix is the world's leading streaming service with 222 million members in over 190 countries. A member pays approximately US$12 per month to access TV series, documentaries, feature films and mobile games across a wide range of genres and languages. Netflix recognised the importance of original content early on, launching its first series (House of Cards) in 2013. Since then, Netflix has reinvested most of its cash flow in creating award winning original content that can only be accessed with a Netflix subscription. The company's scale in content creation and ability to spread this cost over its huge global audience base gives it a significant cost advantage versus peers. It can create more content than its peers, at a lower cost per subscriber, allowing it to continually improve its user value proposition. We believe this advantage will only get stronger with time. This scale and content advantage, combined with a large global addressable market (750m potential subscribers ex-China) and pricing power supports our view that Netflix is a quality business with a wide moat, large growth opportunity, and an exceptional management team.

While we have long admired the company, it has always traded at a valuation we viewed as too expensive. With the sell-off in growth stocks in recent months, and what we see as some temporary headwinds facing Netflix (it issued weaker than expect growth guidance for Q1 2022), we were able to buy Netflix at a 45% discount to its November highs. Temporary swings in subscriber growth are not new to Netflix and can be impacted by the timing of content releases, pricing changes and macroeconomic developments – but we believe its large and growing lead in content will ensure it continues to gain subscribers for many years to come. We also remain confident in the company's ability to continue raising prices at a rate that lags the value of the content it delivers. Netflix has made wide-scale price increases every other year since 2015, with the price of a standard subscription increasing 6% p.a. or 55% cumulatively in the last 7 years. Despite these price increases, a Netflix subscription still presents incredible user value compared to satellite of cable television.

Exit

We exited **Adidas** in January to make way for Netflix and other portfolio changes. We bought Adidas in late 2014 on share price weakness that was driven by sanctions in Russia, issues in its golf division, and underearning in the US market. These issues proved to be transitory, and Adidas has made a remarkable recovery in recent years. Delivering strong revenue growth and margin expansion. After the initial turnaround we continued to hold Adidas, given it was making a successful shift to sell more product through more lucrative direct-to-consumer and e-commerce channels (where the company can earn higher gross margins and profit dollars). Today we believe this thesis is fully understood by the market, and outperformance from here will likely require the company to deliver positive surprises on product development and / or turning around its China business. With the recent cotton controversy and resurgence of domestic Chinese brands, the outlook for growth isn't as clear as for other names in our portfolio.

Portfolio News

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

Mastercard (+8%) shares rose as the company reported fourth quarter earnings and revenue ahead of expectations. Mastercard reiterated expectations for cross border travel to recover to pre-pandemic levels by the end of 2022 given the potentially shorter-

[1] Share Price Premium to NAV (including warrant price on a pro-rated basis and using NAV to four decimal places).

term nature of Omicron, and they also reaffirmed their three-year performance objectives of delivering 20% plus earnings growth that were set out at the latest Investor Community Day in November 2021.

Tencent (+6%) and **Alibaba** (+6%) were aided by improving sentiment on China's technology sector. The pace of new regulations has eased, and Government officials' comments have become increasingly positive on the sector. During the month, China's cyberspace regulator provided reassurance that tech companies continue to play an important role in the nation's economic development.

In addition to the wider underperformance of growth stocks, **Edwards Lifesciences** (-16%) sold-off following the reporting of fourth quarter earnings, with the company reporting lower-than-expected revenue growth, as rising COVID cases impacted the US hospital system. We believe these headwinds are temporary and continue to focus more on the large global opportunity for the treatment of heart disease which the company set out at its recent investor day.

The other main detractors include **Greggs**, **Floor and Décor,** and **Icon**. The underlying fundamentals of these companies are unchanged (in fact, Icon guided to higher-than-expected earnings during the month) and we still see strong long-term growth prospects. We have taken the opportunity to increase our weight in some of these names following the sell-off.

Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Limited

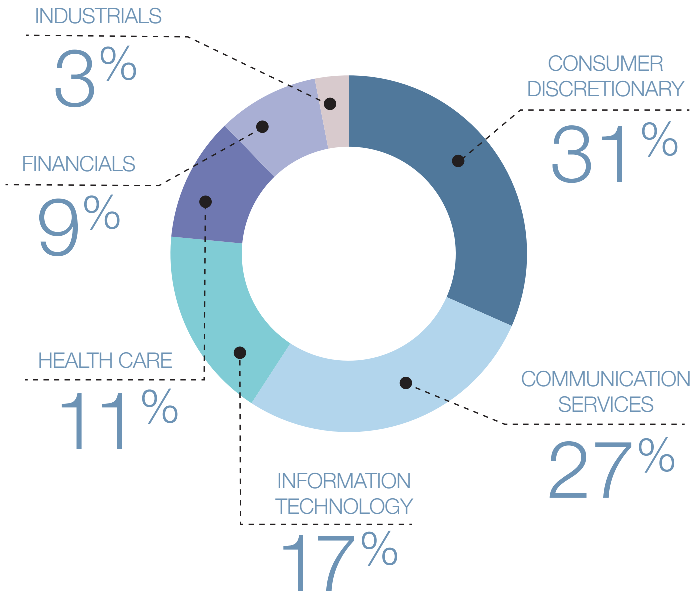
KEY DETAILS

as at 31 January 2022

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	$1.23
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	193m
MARKET CAPITALISATION	$256m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

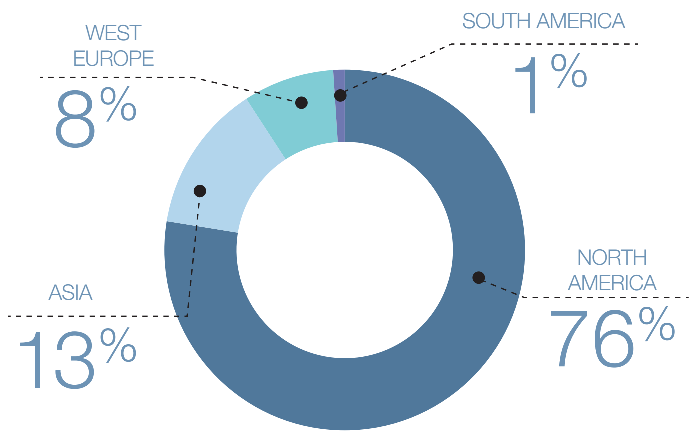
as at 31 January 2022



The Marlin portfolio also holds cash.

GEOGRAPHICAL SPLIT

as at 31 January 2022



JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

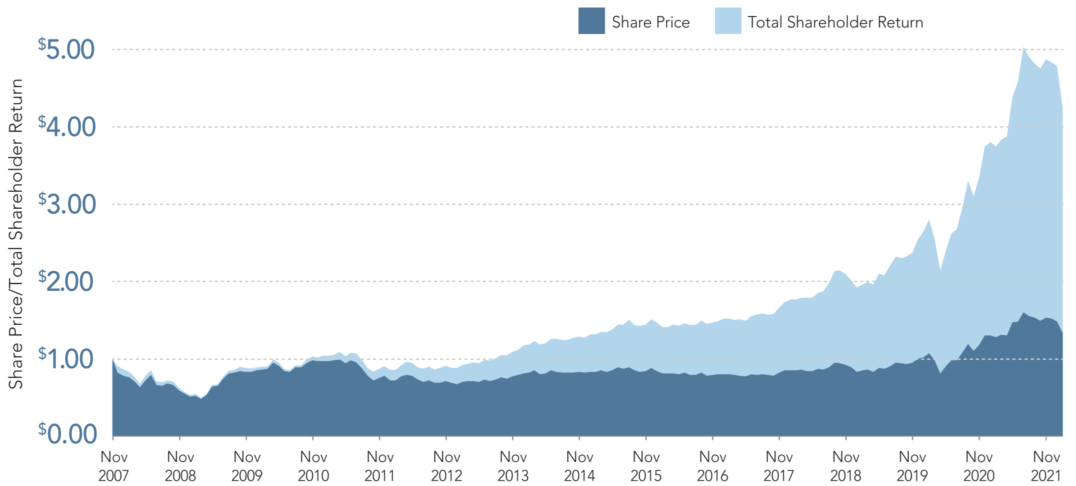
GREGGS	FLOOR AND DECOR HOLDINGS	FIRST REPUBLIC BANK	EDWARDS LIFESCIENCES	ICON PLC
-20%	-16%	-16%	-16%	-14%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2022

META PLATFORMS (Previously FACEBOOK)	TENCENT	ALPHABET	PAYPAL	ALIBABA GROUP
10%	7%	7%	6%	6%

The remaining portfolio is made up of another 17 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 January 2022



PERFORMANCE to 31 January 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(11.4%)	(13.0%)	+13.1%	+29.2%	+22.8%
Adjusted NAV Return	(3.8%)	(1.9%)	+19.2%	+21.3%	+18.9%
Portfolio Performance					
Gross Performance Return	(4.1%)	(2.3%)	+21.4%	+25.1%	+22.8%
Benchmark Index^	(4.1%)	(1.6%)	+15.2%	+14.3%	+12.2%

^Benchmark index: S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD)

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

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. 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 Board of Marlin comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and David McClatchy.

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

- On 19 April 2021 a new issue of warrants (MLNWE) was announced
- The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Marlin shares held
- The warrants were allotted to shareholders on 17 May 2021 based on a 14 May 2021 Record Date and were listed on the NZX Main Board from 18 May 2021. (Information pertaining to the warrants was mailed/emailed to shareholders in early May 2021)
- The Exercise Price of each warrant is $1.28, adjusted down for the aggregate amount per Share of any cash dividends declared on the Shares with a record date during the period commencing on the date of allotment of the Warrants and ending on the last Business Day before the final Exercise Price is announced by Marlin. Dividends totalling 7.43 cents per share have been declared to date and there is one more dividend expected to be declared in the remaining period up to the announcement of the 20 May 2022 exercise price
- The Exercise Date for the new warrants (MLNWE) is **20 May 2022**
- The final Exercise Price will be announced and an Exercise Form sent to warrant holders in **April 2022**

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