

MONTHLY UPDATE

February 2023

Share Price

\$0.92

Warrant Price

\$0.03

MLN NAV

\$0.89

PREMIUM¹

4.1%

as at 31 January 2023

A WORD FROM THE MANAGER

Marlin's gross performance return for January was 12.8%, while the adjusted NAV return was up 12.0%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up 6.9%.

Global equities were up +7.1%. US and European equities both had a positive start to the year, up +6.3% and +6.8%, respectively. Global emerging market equities also had a strong January (+7.9%).

The big drivers of the game have changed. Remember, 2022 was defined by three big headwinds - global inflation, Chinese growth risk, and soaring European gas and energy prices which bled into soaring European and UK power prices. Global inflation peaked at 10.5% last year and is now at 9%. US inflation is rapidly coming off its highs, it peaked at 9% and is now at 6%. The Chinese government did a U-turn which started in November last year – where they rapidly unlocked the population and started re-stimulating growth. The China stock market has reacted and is up almost 50% from its lows in October last year. European gas prices faced the perfect storm last year with the threat of Russian supplies being cut off and a lack of alternatives. Since then, gas prices have fallen 80% from their peaks.

Portfolio

Floor & Decor (+30%) had a strong start to the year driven by improved sentiment on US housing and the related flooring market. Investors are beginning to look through the current housing slump and expect housing markets to improve from here. For example, home builder KB Homes reported its fourth quarter 2022 earnings in January, announcing it missed new home order expectations by more than 60%, and new home orders were down 80% in the quarter versus the prior year. Regardless, KB's stock was up 21% for the month, a sign of how negative sentiment had become on companies involved in the US housing complex.

Cost discipline continues apace in the tech sector. The market responded positively to approximately 50,000 total layoffs announced in the month across **Salesforce** (+27%), **Amazon** (+23%), **Paypal** (+14%), **Alphabet** (+12%) and **Microsoft** (+3%). This amounts to a 5~10% workforce reduction for each company. **Meta** (+24%) previously announced a 13% workforce reduction in November 2022. These actions put these tech companies in better shape to weather a possible macro-driven downturn in revenue this year.

Activist investor Elliott Management (Elliott) took a stake in **Salesforce** (+27%) during January. Elliott owns a stake in another one of our portfolio companies – **Paypal** – where the activist is driving Paypal to simplify its business strategy to focus on core operations, rationalise costs, and return capital to shareholders. We expect Elliott to employ a similar playbook for Salesforce, and it is encouraging that they have taken a stake – activist investors are frequently drawn to companies with good business models and strong financial positions that have lost their way a little bit.

Alibaba (+25%) and **Tencent** (+20%) benefited from the end to China's zero-Covid policy which is driving expectations for a strong economic recovery in 2023, with the MSCI China Index up +12% in the month. As with Europe and the US, China consumers have excess savings and pent-up demand from the numerous lockdowns in the past few years, and Alibaba and Tencent's businesses are well-positioned to benefit.

Netflix (+20%) reported significantly higher than expected net subscriber additions and free cash flow at its fourth quarter 2022 update. Netflix ended 2022 with 230 million paid subscribers. Netflix continues to roll out its new ad-supported tier and paid account sharing options in 2023, which will contribute to robust free cash flow growth in the long term by monetising non-paying Netflix users (estimated at 100 million households globally and 30 million in North America alone), attracting new users, and retaining existing users (reducing churn).

Portfolio Changes

There were no substantive changes to the portfolio in the month.



Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited



¹ Share Price Premium to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

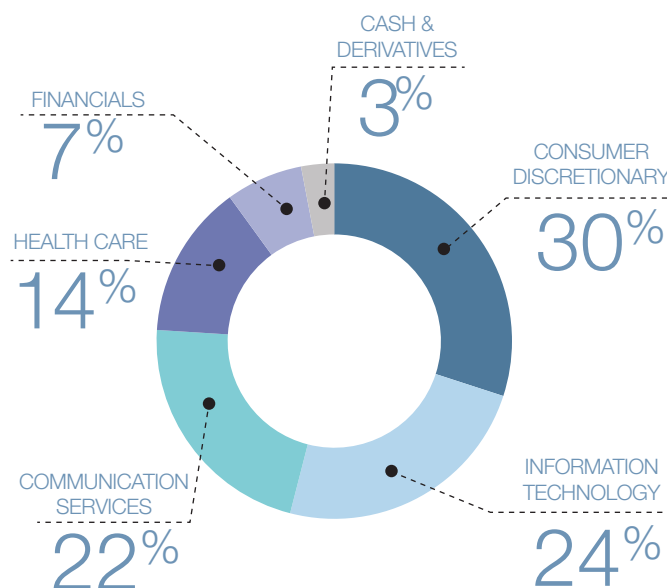
KEY DETAILS

as at 31 January 2023

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	\$1.13
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	204m
MARKET CAPITALISATION	\$187m
GEARING	None (maximum permitted 20% of gross asset value)

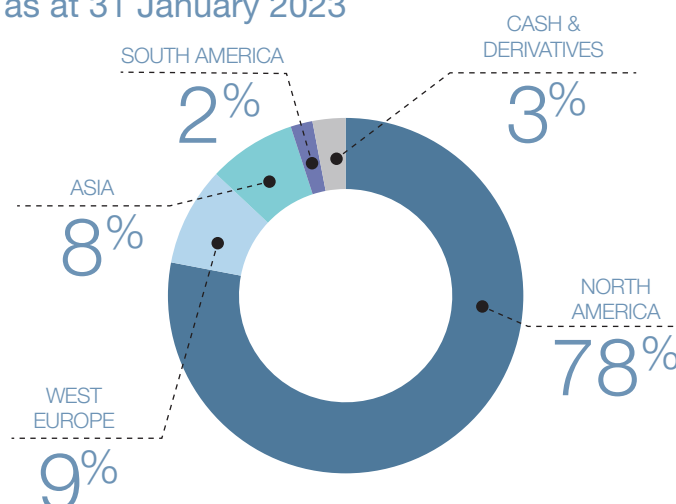
SECTOR SPLIT

as at 31 January 2023



GEOGRAPHICAL SPLIT

as at 31 January 2023



JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month

FLOOR & DECOR

+30%

SALESFORCE

+27%

ALIBABA

+25%

META PLATFORMS

+24%

AMAZON

+23%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2023

AMAZON

8%

META PLATFORMS

7%

ALPHABET

7%

FLOOR & DECOR

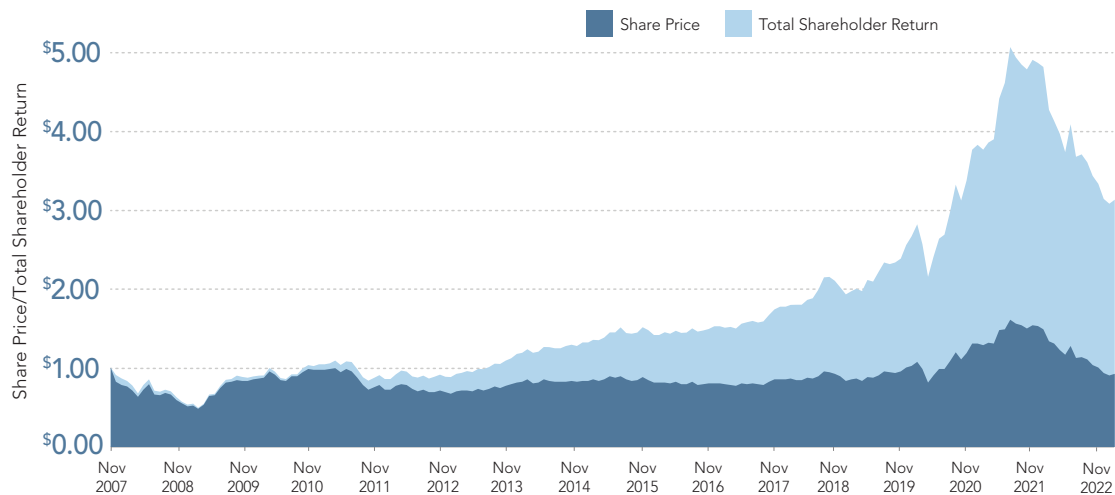
6%

PAYPAL

6%

The remaining portfolio is made up of another 18 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 January 2023



PERFORMANCE to 31 January 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.5%	(5.4%)	(26.0%)	+3.9%	+12.2%
Adjusted NAV Return	+12.0%	+7.0%	(20.2%)	+4.2%	+7.6%
Portfolio Performance					
Gross Performance Return	+12.8%	+9.2%	(18.6%)	+7.2%	+10.5%
Benchmark Index [^]	+6.9%	+5.9%	(4.6%)	+6.7%	+6.4%

[^]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 dividends (and other capital management initiatives) and after expenses, fees, and tax,
- » adjusted NAV return – the percentage change in the adjusted NAV,
- » 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. Sam Dickie (Senior Portfolio Manager), Chris Waters (Senior Investment Analyst), and Lily Zhuang and Daniel Moser (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 Andy Coupe (Chair), Carol Campbell, David McClatchy and Fiona Oliver.

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

- » Marlin announced a new issue of warrants (MLNWF) on 18 October 2022.
- » Information pertaining to the warrants was mailed/emailed to all shareholders on 25 October 2022.
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Marlin shares held based on the record date of 2 November 2022.
- » The warrants were allotted to shareholders on 3 November 2022 and listed on the NZX Main Board from 4 November 2022.
- » The Exercise Price of each warrant is \$0.99, 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.
- » The Exercise Date for the new warrants is 10 November 2023.

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 a 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 have no correlation with results historically achieved.



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