marlin
growing globally

MONTHLY UPDATE

February 2025

SHARE PRICE	WARRANT PRICE	MLN NAV	DISCOUNT[1]
$0.99	$0.02	$1.06	6.0%

as at 31 January 2025

A WORD FROM THE MANAGER

Marlin's gross performance return for January was +3.6%, while the adjusted NAV return was +3.5%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was +2.6%.

Market Backdrop

January saw the biggest rotation from US stocks into Eurozone stocks in almost a decade, with the MSCI Europe up 7% vs 3% for the S&P 500 index. European stocks, including banks, pharmaceuticals and luxury retailers all performed well, even as economic data showed an unexpected slowing of the domestic economy in Q4, raising the prospect of further interest rate cuts by the European Central Bank.

This contrasts with the US, where strong economic growth data and sticky inflation caused the Federal Reserve to pause rate cuts. The Fed's job of controlling inflation has been made more challenging by the fluid trade and tariff policies proposed by President Donald Trump - the first of which being 25% tariffs on Mexico and Canada; and 10% on China, was put in place after month end. A few hours later, the Mexican and Canadian tariffs were paused.

The other big driver of market performance this month was the launch of a low-cost AI model from Chinese start-up DeepSeek, which caused a major sell-off in artificial-intelligence (AI) related stocks. The tech-heavy Nasdaq index (+2%) underperformed the wider US index for the month. Within days of launch, DeepSeek's AI Assistant had overtaken ChatGPT to become the top-rated free application available on Apple's App Store in the United States. The success of this low-cost AI model from China raised questions around the commoditisation of AI large-language models and the sustainability of the tens of billions of dollars being spent by large US tech companies on their AI ambitions; but also, a reminder that China is still very much in the global AI arms race.

Portfolio Commentary

Meta (+18%) posted good quarterly earnings in January, exceeding expectations on revenue, number of users, profit margins and earnings for the quarter. Investments in AI to date are paying off, with its AI automation ad product, Advantage+, growing 70% to $20b revenue in size. Meta continues to show they have a number of different avenues to continue driving growth. Meta is beginning to test how to monetise its new app Threads, and WhatsApp, which while small, are growing quickly and now have 100m monthly active users in the US, a market that has been slower to adopt WhatsApp relative to the rest of the world. Meta is continuing to invest heavily into AI, expecting to spend $60-$65b of capex this year, higher than previously anticipated.

January saw strong performance for several of our medical device names including **Boston Scientific** (+15%), **Dexcom** (+12%) and **Intuitive Surgical** (+10%). Boston and Intuitive reported continued strong results for Q4 as they both noted high demand for their innovative new medical devices. Boston's Farapulse device is quickly becoming the leading treatment for paroxysmal atrial fibrillation. Intuitive is seeing success in the early roll-out of its next generation DV5 surgical robot. Dexcom continues to show progress in turning the business around following several execution missteps in 2024: with Q4 revenues coming in ahead of expectations and growth accelerating into 2025.

Hermes (+17%) had a strong month despite weak results from peer LVMH[2]. Earlier in the month, Hermes put through price increases in Europe, China and the US on many of its products. While it is normal for the company to increase prices at this time of year, the market has been quite bearish on the luxury sector in general and was perhaps not expecting a normal level of price increases.

Greggs (-23%) shares fell sharply in January after the company reported a weak fourth quarter result. Same store sales growth was weaker than expected and management expect the weak trading environment to continue through the first half of 2025. Greggs remain committed to its store roll-out targets and continue to invest in supply chain and manufacturing capacity to support the larger store count. Greggs has been taking market share in the UK food-to-go sector by improving its customer value proposition through expanding the menu, offering more delivery options and extending opening hours to capture evening traffic.

[1] Share Price Discount 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).

[2] LVMH Moët Hennessy Louis Vuitton SE, commonly known as LVMH, is a European multinational holding company and conglomerate that specializes in luxury goods and has its headquarters in Paris, France.

Danaher (-3%) and **Icon** (-5%) declined as the anticipated recovery in the pharma and biotech customer base continues to get pushed out. Both companies gave 2025 guidance below expectations, citing pockets of weakness, particularly in the biotech market, where higher interest rates and political policy uncertainty under the new Trump administration are causing companies to be more cautious in their spending.

Microsoft (-2%) shares were weak post earnings at the end of January. While overall revenue and earnings were better than expected, Microsoft's important cloud business, Azure, reported weaker than expected growth. Azure has not been able to meet the strong AI related demand due to supply constraints in datacentre land, buildings and power. The constraints are expected to continue for a couple more quarters as it brings new datacentre capacity online. AI related revenue came in stronger than expected at circa $13b and is showing its AI software like Microsoft Copilots are gaining traction within enterprise customers. Proft margins were 2% better than expected. After a sharp acceleration in capex growth for the past couple of years, Microsoft expects capex growth to decelerate from here and to grow more in-line with revenue growth.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited

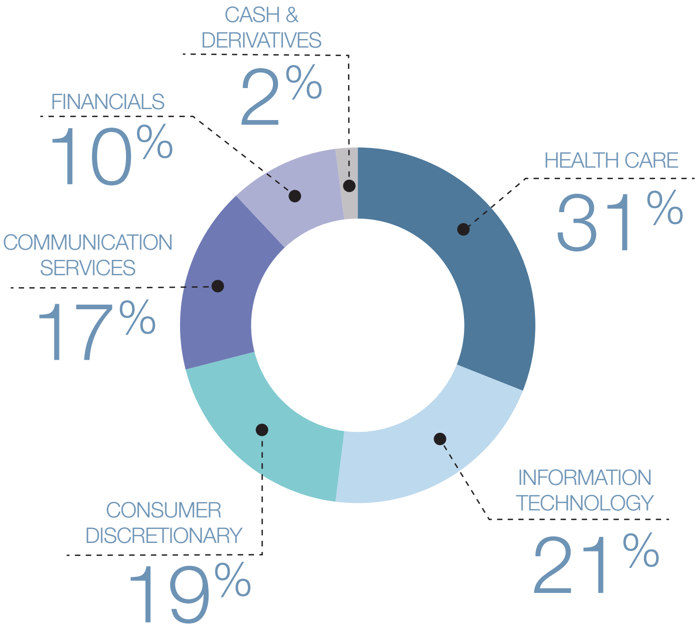
KEY DETAILS

as at 31 January 2025

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	$0.98
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	219m
MARKET CAPITALISATION	$217m
GEARING	None (maximum permitted 20% of gross asset value)

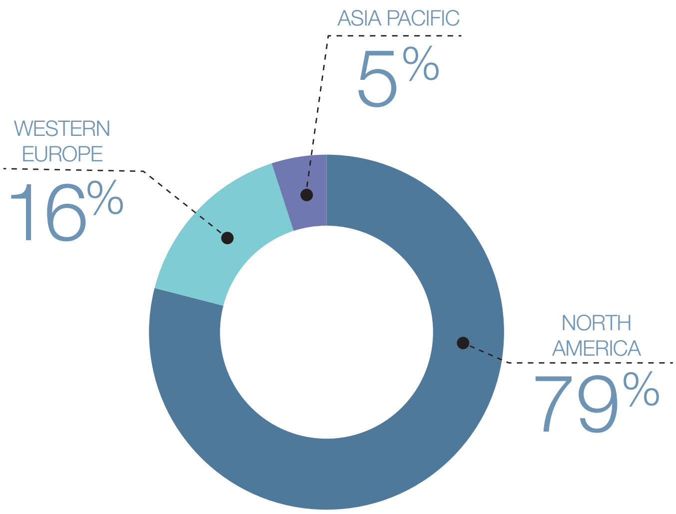
SECTOR SPLIT

as at 31 January 2025



GEOGRAPHICAL SPLIT

as at 31 January 2025



JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO (in local currency) during the month

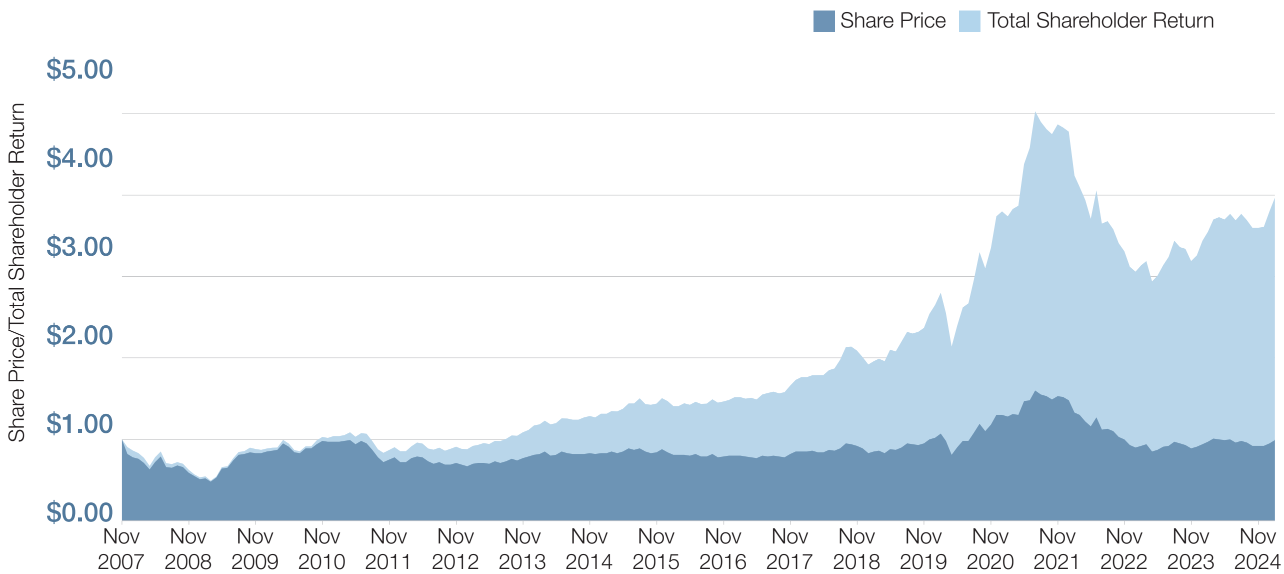
META PLATFORMS	HERMES INTERNATIONAL	BOSTON SCIENTIFIC	GARTNER	GREGGS
+18%	+17%	+15%	+12%	-23%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2025

AMAZON	MICROSOFT	MASTERCARD	ASML HOLDINGS	ALPHABET
8%	7%	6%	6%	6%

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

TOTAL SHAREHOLDER RETURN to 31 January 2025



PERFORMANCE to 31 January 2025

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.3%	+10.1%	+11.7%	(2.2%)	+7.2%
Adjusted NAV Return	+3.5%	+11.1%	+17.7%	+3.6%	+9.5%
Portfolio Performance					
Gross Performance Return	+3.6%	+12.0%	+21.5%	+6.0%	+12.5%
Benchmark Index^	+2.6%	+6.4%	+23.3%	+9.6%	+10.8%

^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 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 Daniel Moser and Charles Barty (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 utilised for the dividend reinvestment plan

Warrants

» Marlin announced a new issue of warrants on 29 April 2024

» The warrant term offer document was sent to all Marlin shareholders in early May 2024

» Warrants were allotted to all eligible Marlin shareholders on 16 May 2024

» The new warrants (MLNWG) commence trading on the NZX Main Board from 17 May 2024

» The Exercise Price of each warrant is $1.04, 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 Marlin warrants is 16 May **2025**

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

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