

Monthly Update

March 2019

MLN NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT ¹
\$0.98	\$0.86	\$0.06	10.3%
as at 28 February 2019			

A word from the Manager

Market Environment and Portfolio Performance

Equity markets have had quite a ride over the last six months. After dramatic falls at the end of last year, global equity markets continued to rebound in February after a record setting bounce in January. The US S&P 500 Index rallied 3% in February and is now up 11% for the year and 18% from its pre-Christmas lows.

After despondently selling shares in December and pushing the S&P 500 nearly 20% lower at one point, many investors have now deemed it wise to start buying at current levels. Concerns at the end of last year (slowing global economic growth and Federal Reserve rate hikes) caused many investors to see elevated risks and their selling pushed markets lower. Just two months later many of these same investors now see reduced risks, (with the Fed taking a break on rate hikes) and their buying is pushing markets higher.

While I won't offer any views on what the market may do over the next month, quarter or year (you can flip a coin as well as I can), what the above behaviour hopefully illustrates is that it is usually damaging to sell when you see risks in every direction, and to buy only when the coast looks clear. Investors that have done that recently may well wish they spent the summer at the beach rather than trading their portfolios.

As discussed in our quarterly newsletter, we used the weakness at the end of last year to increase our holdings in some of our favourite businesses (PayPal, Alphabet, MasterCard, TJX Companies and Alibaba). With the market now having rebounded and been given the 'all clear' by investors, we think that it is appropriate to become slightly more cautious. Some of the new ideas we are currently researching are more defensive in nature and we will discuss this more over the coming months.

In February, Marlin delivered gross performance of +5.1%, +0.7% ahead of our global benchmark which gained +4.3% for the month. The adjusted NAV return was +4.9%.

Over the last two years the Marlin portfolio has delivered gross annualised performance of +20.5%, compared with our global benchmark which has recorded a two-year annualised gain of +9.6%. The two year annualised adjusted NAV performance was +16.4%.

Portfolio Company Developments

Logistics software provider, **Descartes**, recently announced the acquisition of Visual Compliance for \$250 million, adding to its growing customs and regulatory compliance offering. Descartes has a long history of making bolt-on acquisitions and adding new capabilities to its Global Logistic Network (GLN). Descartes' GLN software helps businesses globally (like Home Depot) to connect to freight providers and facilitate the global movement of goods. This includes everything from booking freight moves and tracking shipments, to digitally filing customs documents with the relevant authority as shipments arrive in port. Acquisitions like Visual Compliance add more capabilities to Descartes' offering and in our opinion strengthen the company's moat and long-term growth prospects. As Descartes' solution set is much broader than just customs and trade compliance, the acquisition will also allow Descartes to sell its broader software offering to Visual Compliance customers.

We decided to exit long time portfolio holding **eBay** from the portfolio in February. Despite some poor recent financial results, we have been somewhat lucky recently with eBay and its share price having gained over 30% this year on news that activist investors Elliott Management and Starboard Value have taken stakes in the company. These activist investors are pushing for eBay to sell its ticketing business (Stubhub) and its collection of online classified websites (including Gumtree) and refocus its efforts on growing its core ecommerce marketplace.

Of course, luck is not a good investment strategy. We maintained our investment in eBay last year as we believed the company was making some credible steps to reaccelerate its e-commerce growth and acquire new users. Its initiatives in payments and advertising also added new and promising high margin revenue streams. That said, its recent financial

results have shown that growth is slowing despite these efforts (in a strong e-commerce market) and this had caused us to question our investment in eBay. The intervention by Elliott Management was therefore timely and has allowed us to exit our holding at what we think is a fair price.

This cloud did have a silver lining however. While eBay certainly hasn't been one of our best investments, it did provide us with our investment in **PayPal** (which used to be part of eBay), which has been a major contributor to portfolio performance in recent years.

Portfolio Company Results

Fourth-quarter reporting season continued in February and while we were disappointed with eBay's results, most of our portfolio companies delivered pleasing updates.

Animal healthcare company, **Zoetis**, reported 7% revenue growth and 21% earnings growth driven by strength in its companion animal business. Its dermatology products for cats and dogs delivered strong growth and the recent

acquisition of Abaxis (diagnostic tools for vets) is being integrated on schedule and initial results are promising.

Off-price retailer, **TJX Companies**, delivered impressive fourth-quarter results. Same store sales growth of 6% would be the envy of many retailers and on top of this they continue to roll-out new stores. Management provided upbeat guidance for 2019 and reaffirmed its long-term target of having 6,100 stores – which compares to its current footprint of 4,306 stores and provides visibility to another decade of solid growth.



Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Limited



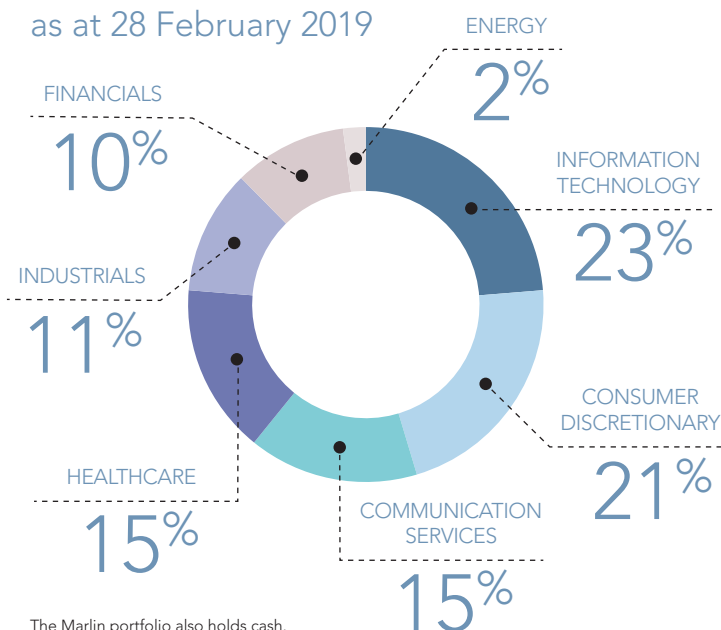
Key Details

as at 28 February 2019

FUND TYPE	Listed Investment Company
INVESTS IN	Growing international companies
LISTING DATE	1 November 2007
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	25-35 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	15% of returns in excess of benchmark and high water mark
HIGH WATER MARK	\$0.97
SHARES ON ISSUE	121m
MARKET CAPITALISATION	\$104m
GEARING	None (maximum permitted 20% of gross asset value)

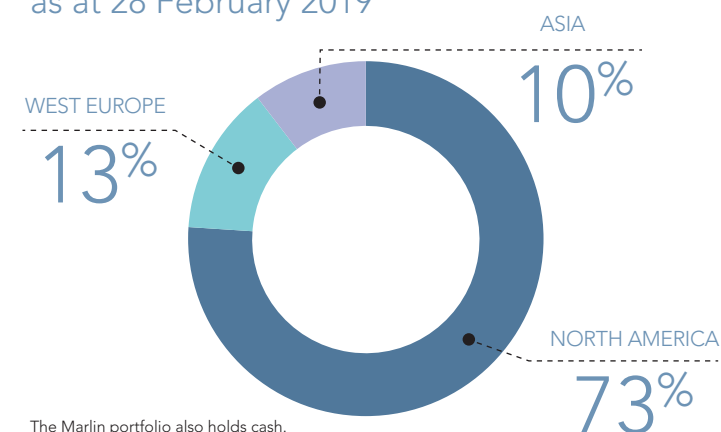
Sector Split

as at 28 February 2019



Geographical Split

as at 28 February 2019



February's Biggest Movers in local currency terms

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

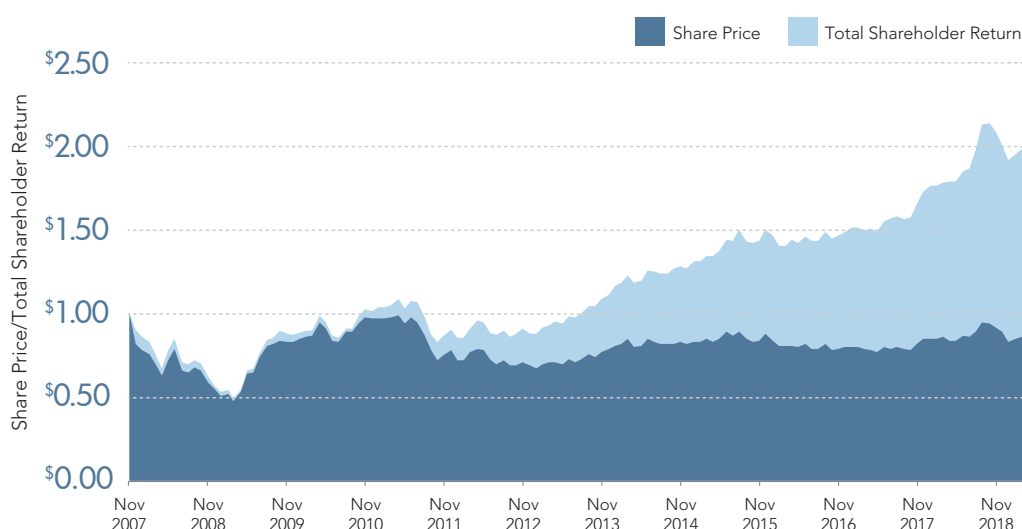
DESCARTES SYSTEMS	PAYPAL	ZOETIS	EBAY INC	ALIBABA GROUP
+11%	+10%	+9%	+9%	+9%

5 Largest Portfolio Positions as at 28 February 2019

ALPHABET	ALIBABA	PAYPAL	MASTERCARD	TJX COMPANIES INC
8%	7%	7%	5%	5%

The remaining portfolio is made up of another 20 stocks and cash.

Total Shareholder Return to 28 February 2019



Performance to 28 February 2019

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Company Performance					
Total Shareholder Return	+1.7%	(0.6%)	+11.7%	+12.3%	+6.3%
Adjusted NAV Return	+4.9%	+5.9%	+7.5%	+13.7%	+6.6%
Portfolio Performance					
Gross Performance Return	+5.1%	+6.7%	+9.7%	+17.9%	+10.2%
Benchmark Index [^]	+4.3%	+3.4%	+2.5%	+12.8%	+7.2%

[^]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 fees and tax,
- » adjusted NAV return – the net return to an investor after fees and tax,
- » gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

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 25 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 up to 5.9m of its shares on market in the year to 31 October 2019
- » 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 16 April 2018, a new issue of warrants (MLNWC) was announced
- » The warrants were issued at no cost to eligible shareholders and in the ratio of one warrant for every four Marlin shares held
- » Exercise Price = \$0.83 per warrant, to be adjusted down for dividends declared during the period up to the Exercise Date
- » Exercise Date = 12 April **2019**
- » The final Exercise Price will be announced and an Exercise Form will be posted to warrant holders in March **2019**

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.