marlin
growing globally

MONTHLY UPDATE

September 2021

Share Price	MLN NAV	Warrant Price	PREMIUM[1]
$1.53	$1.30	$0.24	22.3%

as at 31 August 2021

A WORD FROM THE MANAGER

Marlin's gross performance return for August was up 0.6%, while the adjusted NAV was 0.3%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up 2.0%.

Global equities delivered total returns of 2.5% in August. Japan was the best performing region in August, closely followed by the S&P 500 which delivered returns of 3.0%. US markets were supported by a well-received speech from the US Fed Chairman, Jerome Powell, and the passing of an infrastructure bill by the US Senate, which now heads to the House of Representatives. The delta variant of COVID-19 is a concern in the US, especially in States with low vaccine up take, but to date, we are not seeing a significant slowdown in consumer foot traffic, restaurant bookings or flight activity.

Portfolio Developments

Gartner (+17%) delivered another strong quarterly earnings result with continued strength across all product lines and end-markets. Gartner's core research products continue to see strong demand from customers looking to manage their IT and other business functions. With in-person conferences expected to resume later this year, this should provide a further boost to the business.

Signature Bank (+14%) continues to perform very strongly even as interest rates in the US remain stubbornly low. The company is benefitting from wider interest in crypto currencies, most notably stable coins, resulting in strong inflows of cheap deposits. Signature Bank offers banking services to crypto currency exchanges and institutions who participate in that space. The bank also has positive lending momentum with continued growth in capital call lending to private equity and venture capital firms as well as a new mortgage warehouse team, which should be additive. In addition, with cash being 25% of assets, it was positive news that the bank will be more aggressive investing into securities, which should help net interest income.

Greggs (+10%) the UK based food-on-the-go retailer is best known for its sausage rolls and meat pasties. Shares have risen 70% year-to-date, benefitting from the re-opening of the British economy. Greggs continues to be an attractive long-term growth story with the potential to keep opening stores at attractive returns, capture market share (given the strength of their value proposition and opening of new locations) and the implementation of strategic initiatives. The latter includes opening stores later into the evening, doing delivery (which is now 8.5% of sales), click and collect and a new and improved loyalty programme, which will allow for much more personalisation.

Dollar Tree (-9%), the discount US retailer shares were lower after its quarterly earnings update missed expectations. The main cause was the continued increase in shipping costs. The spot market for shipping containers is up 280% year-on-year. We expect this to be transitory as shipping capacity and supply chains eventually correct. Looking through the freight headwind, we were encouraged by the progress the company is making on its growth initiatives. The company's combo store initiative, which combines Dollar Tree and Family Dollar banners, is achieving a 20%+ sales uplift. The company is also moving ahead and making progress on its Dollar Tree Plus! initiative, which moves Dollar Tree from a $1 fixed price point store to a multi-price point retailer. This will lift store sales and profit margins.

Alibaba (-14%) was lower for the month as the changing regulatory backdrop continues to be an area of focus for the markets. New data privacy and security regulations came out during the month. While the exact details are still being finalised, we do not believe the proposed changes will have a material impact on Alibaba's advertising business. The company also produced a lacklustre earnings report as ecommerce growth lagged peers. The company is currently investing heavily into new growth areas such as community group buying and

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

live streaming which is depressing profitability. As we have seen during similar investment periods historically, we expect these investments to accelerate growth as Alibaba leverages its technological and logistics capabilities into these new businesses.

StoneCo (-21%), the digital payments provider based in Brazil, slid after strong operational growth in its business was offset by higher-than-expected credit losses. As an emerging payment provider that helps Small to Medium businesses (SMBs) accept digital payments, StoneCo delivered strong payment volume growth and new client additions. Payment volumes grew 59% over the last year and they now have 766,000 SMB clients (up 45% over the last year). Teething problems with a new government designed registration system for debt receivables has caused higher than expected delinquencies on advances to customers. This has caused StoneCo to pull back on lending until these issues are resolved. The core payment processing part of the businesses is unaffected, and we believe the option to extend credit to clients is an important growth avenue for StoneCo longerterm. Ultimately, we see the industry-wide credit teething problems being resolved, and StoneCo delivering strong growth in the years ahead.

Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Limited

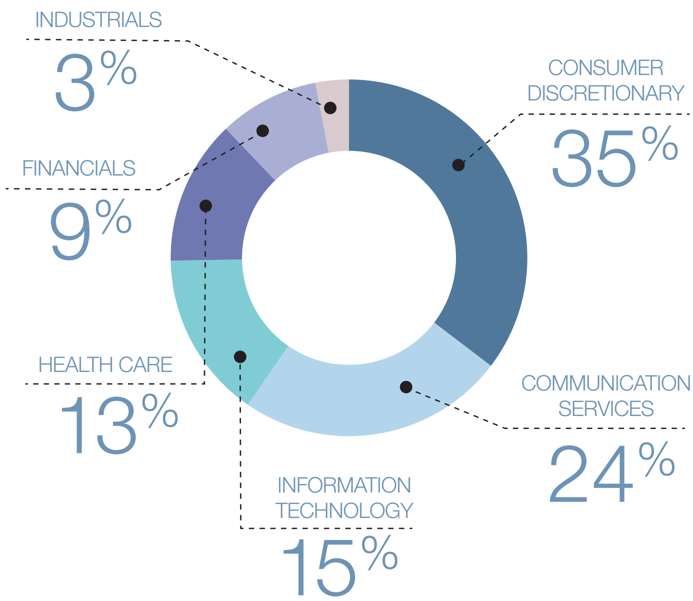
KEY DETAILS

as at 31 August 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	$1.28
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	190m
MARKET CAPITALISATION	$291m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

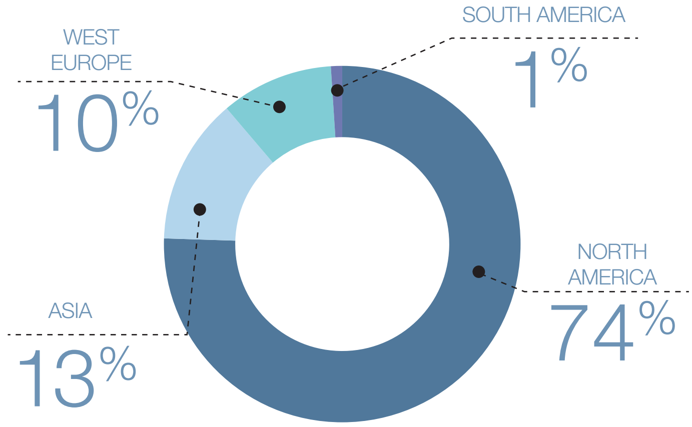
as at 31 August 2021



The Marlin portfolio also holds cash.

GEOGRAPHICAL SPLIT

as at 31 August 2021



AUGUST'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

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

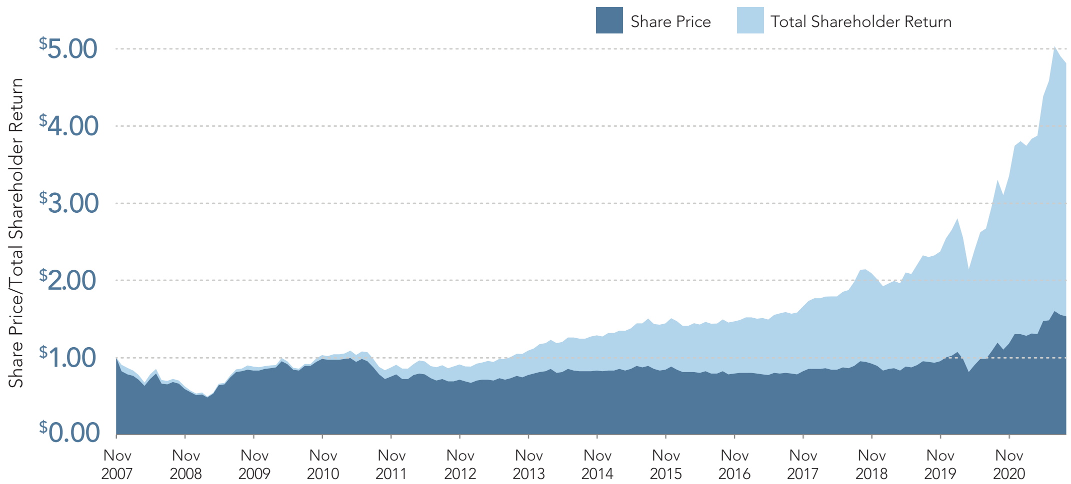
GARTNER	SIGNATURE BANK	GREGGS	ALIBABA	STONECO
+17%	+14%	+10%	-14%	-21%

5 LARGEST PORTFOLIO POSITIONS as at 31 August 2021

FACEBOOK	ALPHABET	ALIBABA	TENCENT	SIGNATURE BANK
10%	7%	7%	7%	6%

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

TOTAL SHAREHOLDER RETURN to 31 August 2021



PERFORMANCE to 31 August 2021

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(1.8%)	+5.0%	+45.7%	+31.1%	+26.4%
Adjusted NAV Return	+0.3%	+6.9%	+29.3%	+18.8%	+19.3%
Portfolio Performance					
Gross Performance Return	+0.6%	+7.2%	+34.1%	+23.1%	+23.6%
Benchmark Index^	+2.0%	+5.6%	+30.9%	+11.1%	+13.9%

^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

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 4.89 cents per share have been declared to date and there are two more dividends 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**

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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