

MONTHLY UPDATE

August 2024

Share Price

\$0.98

Warrant Price

\$0.03

MLN NAV

\$1.01

DISCOUNT¹

2.4%

as at 31 July 2024

A WORD FROM THE MANAGER

Marlin's gross performance return for July was down -1.5%, while the adjusted NAV return was down -1.7%. This compared with our global benchmark, S&P Large Mid Cap/ S&P Small Cap Index (50% hedged to NZD), which was up +4.9%.

While headline equity returns were solid for the month, with global equities up +1.8%, there was a lot of movement under the hood. A weaker than expected inflation number, coupled with the federal reserve talking down interest rates drove a big fall in interest rates. This in turn spurred a sharp rally in smaller companies and more indebted companies. For example, the Russell 2000 index in the US (heavier weighting of smaller companies) outperformed the bellwether S&P500 by 13% over a two-week period - an unusually sharp move. This, coupled with increased investor scepticism around the potential for future returns from investment in artificial intelligence (AI), saw growth stocks underperform.

Reporting season is underway, with around half of US companies having reported by-month end. Around 75% of companies beat earnings expectations, but only 56% beat revenue estimates, a slight drop versus recent quarters. Forward-looking earnings expectations for the second half have come down by around 1%.

Portfolio news

MSCI (+12%) reported solid second quarter results. While MSCI's customer base is going through cyclical headwinds, MSCI continues to gain market share in its core index business. In the previous quarter, retention rates fell unexpectedly but have rebounded to normal levels this quarter as well as growth of new subscriptions. MSCI's expansion of customised products and solutions proved a success as wealth management and hedge fund sales grew 12% year-on-year (y/y) and 15% y/y respectively in the quarter. The company is also benefiting from a global shift toward passive investing as passive related revenue grew 18% y/y, now with \$5 trillion of assets tied to MSCI indices. Private asset indexing continues to be another growth avenue. In July MSCI announced 130 private asset indices as they begin to penetrate this nascent market.

UnitedHealth (+13%) reported better than feared earnings given ongoing industry concerns around increasing medical costs. Health insurers like UnitedHealth have seen a period

of elevated costs as patients are getting treated at higher rates than expected. Coupled with a more challenging reimbursement backdrop, industry margins have been pressured. However, UnitedHealth has shown the benefits of its scale and integrated model (where they also provide healthcare services) and has been able to stabilise its medical costs and its margins. This has put the company in a stronger position to take market share in the core Medicare Advantage insurance markets as its competitors focus on improving margins versus growing membership.

Greggs (+13%) was up in the month after reporting a solid first half start to the year. First half sales were better than expected at 13.8%. Greggs continues to develop its menu to suit a larger customer base and cater for evening customers. The push into selling to evening customers has been successful to date. In the first half, Greggs rolled out 51 new stores and is targeting 140-160 this year, with a long-term goal of reaching 3.5k stores (currently 2.5k). Greggs continues to execute well, and its value proposition remains strong. Greggs is taking market share (now the #1 breakfast provider in the UK).

Danaher (+11%) had a strong earnings report which renewed confidence in the recovery story for its core bioprocessing segment. The bioprocessing industry (which provides the equipment and consumables used to make complex drugs) has been going through a protracted slow-down as its customers worked through significant inventories that were stockpiled during the COVID period. Danaher spoke of improved market dynamics in the bioprocess sector and expects growth to accelerate through the course of this year and into 2025.

Edwards Lifesciences (-32%) fell 30% on earnings, as forecast growth in its core TAVR medical device fell below expectations. The company revised its full-year guidance from 8-10% to 5-7% growth, citing capacity constraints in the operating rooms used to perform the TAVR procedures. While not clear on timing, the company expects this to be temporary and for procedure growth to return to the target 8-10% range over time. The market took a more negative view - raising concerns around i) TAVR penetration, as it is increasingly challenging to identify, and treat these patients; and ii) competition - with Edward's defending its 60% global market share from several smaller competitors.

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).

Dexcom (-40%) fell 40% after releasing earnings. Like Edwards, Dexcom unexpectedly lowered its growth expectations for the year, with the company lowering its sales growth guidance from 20% to 4-8% in the second half. Unlike Edwards, these headwinds were somewhat self-inflicted. This is a company that has executed well, growing sales of its continuous glucose monitors (CGMs) nearly 30% p.a. over the last five years to around \$4 billion globally. With numerous developments underway, including a major salesforce

restructure; the launch of new consumer-facing CGM; and the ramp up of two manufacturing facilities, the company has run into some challenges which have impacted its growth.



Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited



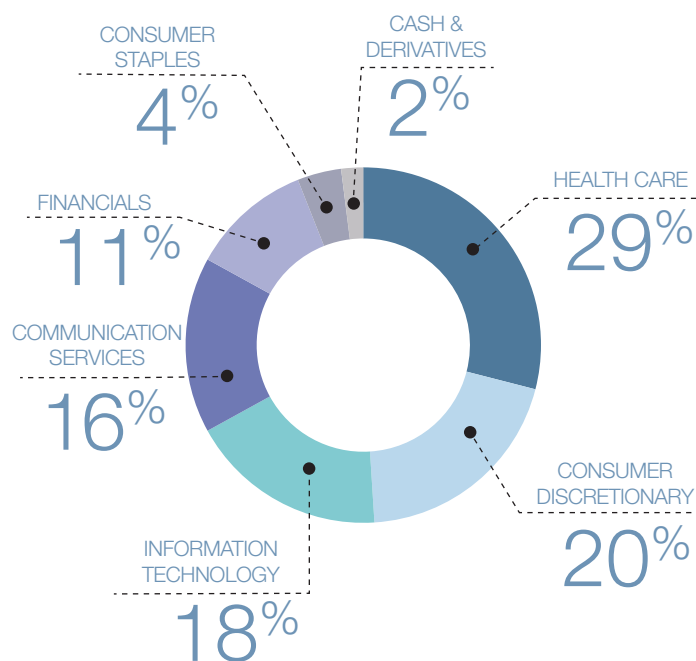
KEY DETAILS

as at 31 July 2024

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	\$1.03
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	216m
MARKET CAPITALISATION	\$212m
GEARING	None (maximum permitted 20% of gross asset value)

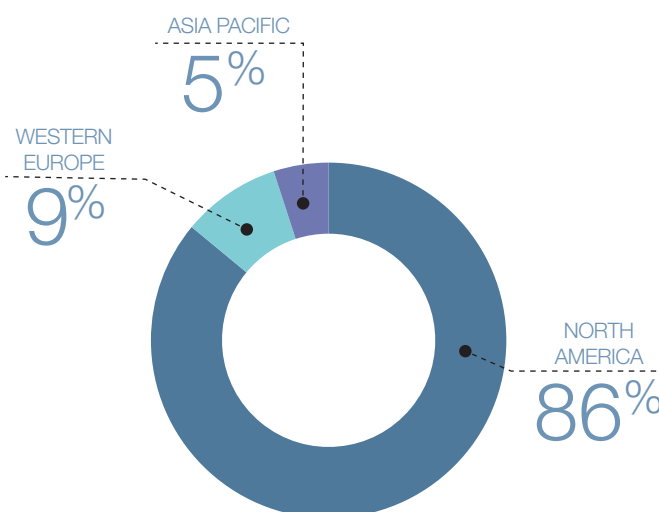
SECTOR SPLIT

as at 31 July 2024



GEOGRAPHICAL SPLIT

as at 31 July 2024



JULY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

(in local currency) during the month

GREGGS

+13%

UNITED HEALTH GROUP

+13%

MSCI

+12%

EDWARDS LIFESCIENCES

-32%

DEXCOM

-40%

5 LARGEST PORTFOLIO POSITIONS as at 31 July 2024

AMAZON

9%

MASTERCARD

7%

FLOOR & DÉCOR

6%

MICROSOFT

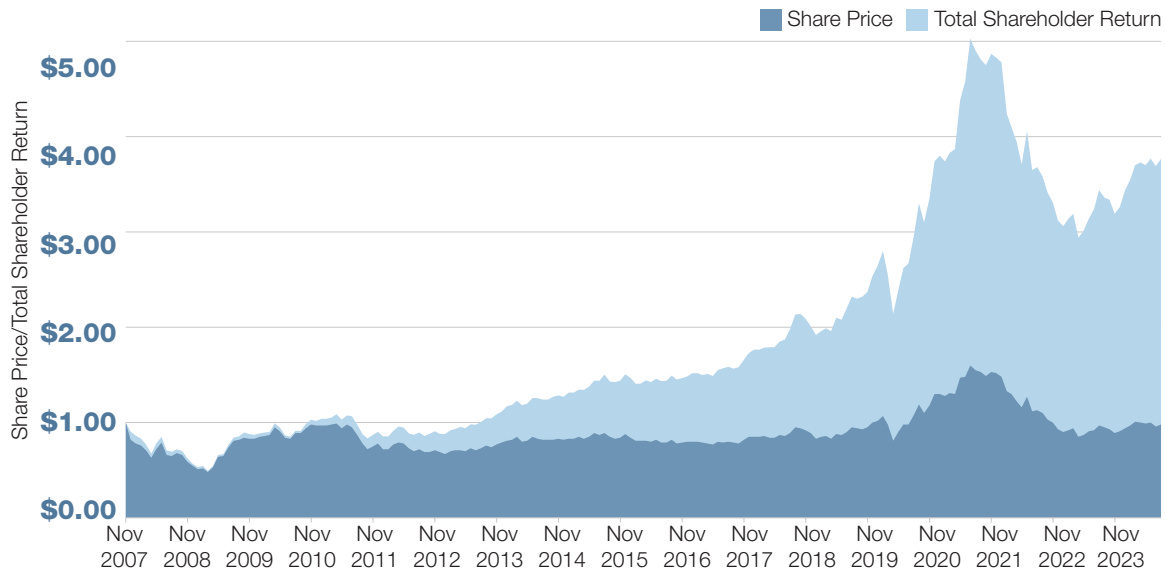
6%

DANAHER CORPORATION

5%

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

TOTAL SHAREHOLDER RETURN to 31 July 2024



PERFORMANCE to 31 July 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.1%	+1.9%	+9.6%	(8.4%)	+10.2%
Adjusted NAV Return	(1.7%)	+1.6%	+14.2%	(0.5%)	+9.4%
Portfolio Performance					
Gross Performance Return	(1.5%)	+2.6%	+17.2%	+1.5%	+12.4%
Benchmark Index [^]	+4.9%	+7.9%	+16.7%	+6.7%	+10.6%

[^]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

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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