

# MONTHLY UPDATE

February 2024

Share Price

\$0.97

MLN NAV

\$0.97

DISCOUNT<sup>1</sup>

0.5%

as at 31 January 2024

## A WORD FROM THE MANAGER

Marlin's gross performance return for January was up 3.5%, while the adjusted NAV return was up 3.3%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up 0.4%.

It was a more sluggish start to the month as the multi-month tailwind from sharply falling interest rates paused and was used as an excuse for profit taking by the market after the bull run in equities. However, later in the month, more optimism around a 'soft landing' gained traction, as positive economic data released during the month pointed to ongoing resilience in the US economy. US Q4 GDP of 3.3% was well above consensus expectations. Finally, the month ended on a slightly weaker note as the US Federal Reserve downplayed the chances of a March interest rate cut (the market had been pricing in a 40% chance of a cut).

Japanese equities led the way (+7.8% in local currency), with US (+1.7%) and Europe (2.1%) also positive for the month. Emerging markets fell 4.6%, with China down 6%, as the domestic economy continues to struggle. Global growth stocks outperformed value stocks, and large-cap stocks outperformed small-caps.

### Portfolio news

**Netflix** (+16%) had a strong Q4 earnings report. The company reported much better than expected net subscriber additions (its 2nd best quarter ever) which was its sixth straight quarter of increased subscribers. The better-than-expected subscriber additions were partly driven by the Netflix's new paid sharing option - Netflix's solution to letting people outside of the primary household still use the account. Operating income and margins also performed better than expected as the company has been rationalising spend to focus on profitable growth during the last year, similar to many other technology companies.

**Meta Platforms** (+10%) continued the strong run it had throughout 2023. Some digital advertising industry channel checks during the month came out positive which helped with sentiment in the stock.

**Boston Scientific** (+9%), a leading medical device company, had several positive announcements this month. Firstly, it received FDA approval for its Farapulse system used to treat paroxysmal atrial fibrillation. This disease impacts millions globally, and Boston Scientific now has a market leading treatment. The company also announced the acquisition of Axonics for \$3.7bn, further bolstering its urology segment. At the end of the month, Q4 earnings came in well ahead of expectations driven by strong performance across all its medical device segments. This performance is expected to continue into 2024, with the company guiding to continued above market growth.

**Icon** (-8%) fell alongside clinical research peers following company commentary at a healthcare conference earlier this month. Several companies presented a more tempered view of near-term demand for clinical research services given ongoing concerns around biotech funding and large biopharma customer R&D spend. Despite these nearer-term headwinds, global biopharma R&D spend, and outsourcing of this spend are both expected to continue growing over the long-term, and Icon is well positioned to gain share in the outsourced clinical research market.

**Floor and Décor** (-10%) had a tough month as key housing indicators weakened. US existing home sales declined 1% in December to lows not seen since the GFC. The decline in existing home sales has been driven by many homeowners locking in very low interest rates on their mortgage for 30 years during the pandemic. This is hampering existing home sales as homeowners do not want to refinance to a higher rate to buy a new home. Floor & Décor benefits when existing home sales are increasing as homeowners are likely to replace flooring in their home before they sell or after they buy.

### Portfolio activity

No new additions or exits during the month.



Sam Dickie  
Senior Portfolio Manager  
Fisher Funds Management Limited



<sup>1</sup> Share Price Discount to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).

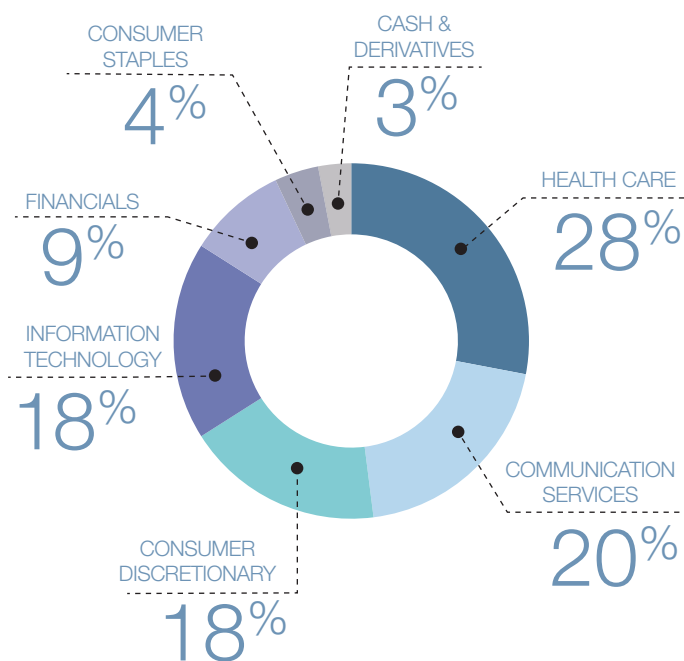
## KEY DETAILS

as at 31 January 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	\$1.04
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	214m
MARKET CAPITALISATION	\$207m
GEARING	None (maximum permitted 20% of gross asset value)

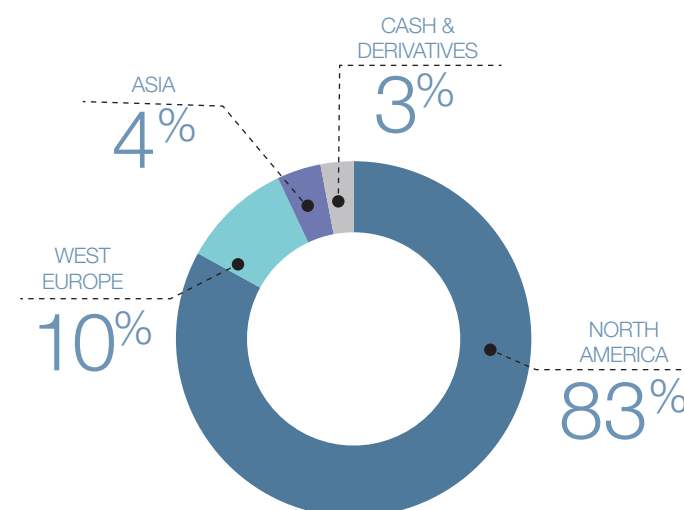
## SECTOR SPLIT

as at 31 January 2024



## GEOGRAPHICAL SPLIT

as at 31 January 2024



# JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

(in local currency) during the month

NETFLIX INC

+16%

INTUITIVE SURGICAL INC

+12%

META PLATFORMS INC

+10%

BOSTON SCIENTIFIC CORP

+9%

FLOOR & DÉCOR

-10%

## 5 LARGEST PORTFOLIO POSITIONS as at 31 January 2024

AMAZON

8%

MICROSOFT

7%

ALPHABET

6%

META PLATFORMS

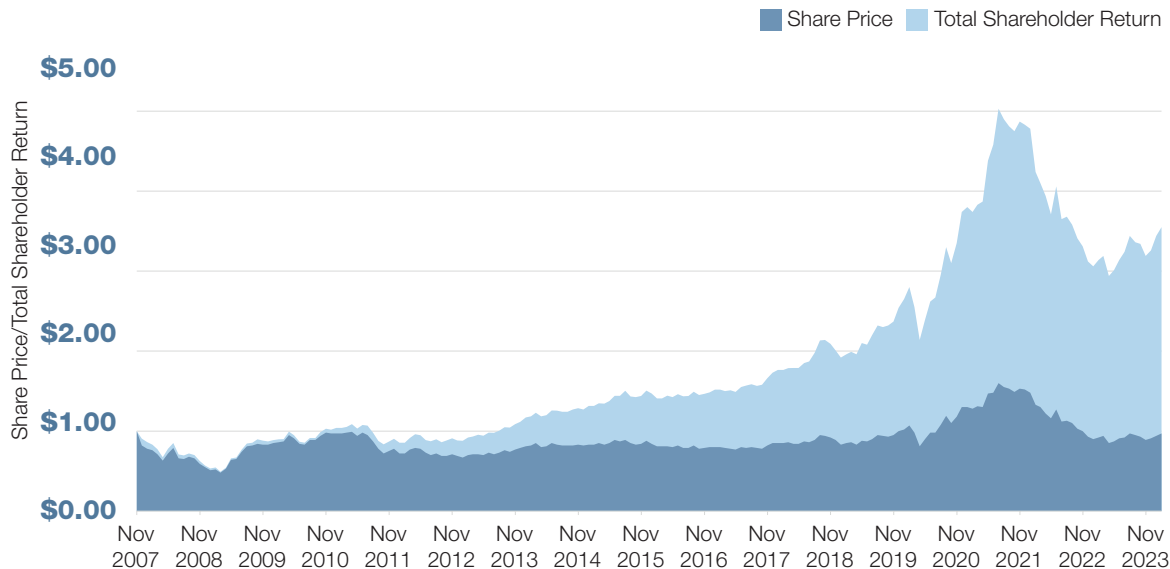
6%

SALESFORCE

6%

The remaining portfolio is made up of another 16 stocks and cash.

## TOTAL SHAREHOLDER RETURN to 31 January 2024



## PERFORMANCE to 31 January 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	+3.2%	+11.3%	+13.3%	(1.7%)	+12.6%
Adjusted NAV Return	+3.3%	+14.4%	+18.4%	+4.0%	+11.0%
<b>Portfolio Performance</b>					
Gross Performance Return	+3.5%	+15.4%	+20.5%	+6.0%	+13.9%
Benchmark Index <sup>^</sup>	+0.4%	+11.9%	+11.8%	+7.1%	+9.8%

<sup>^</sup>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](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 Daniel Moser (Investment Analyst) 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

- » Warrants put Marlin in a better position to grow further, operate efficiently, and pursue other capital structure initiatives as appropriate
- » A warrant is the right, not the obligation, to purchase an ordinary share in Marlin at a fixed price on a fixed date
- » There are currently no Marlin warrants on issue

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.



Marlin Global Limited  
Private Bag 93502, Takapuna, Auckland 0740  
Phone: +64 9 484 0365  
Email: [enquire@marlin.co.nz](mailto:enquire@marlin.co.nz) | [www.marlin.co.nz](http://www.marlin.co.nz)

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