

MONTHLY UPDATE

June 2023

Share Price

\$0.91

Warrant Price

\$0.01

MLN NAV

\$0.92

DISCOUNT¹

1.0%

as at 31 May 2023

A WORD FROM THE MANAGER

Marlin's gross performance return for May was up 4.5%, while the adjusted NAV return was up 4.6%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was down 0.3%.

In May, US equities were up +0.4%. However, markets globally didn't fare quite as well. Global equities were -0.9%, European equities -2.3% and emerging market equities fell -1.7%.

There is significant excitement about Artificial Intelligence (AI) at the moment. The trend seems to be that those companies who have "AI" in their name, or who mention it once or twice in earnings announcements, or those that have a genuine clear path to monetise the explosion of interest in generative AI, are seeing an uplift in their stock price. As a result the Nasdaq was +8% in May and MAGMNA (equal weighted basket of Microsoft, Apple, Google, Meta, Nvidia and Amazon) +14% for the month.

The US reporting season is now 95% complete, with 67% of companies that reported beating their revenue expectations and 78% beating their earnings expectations. The European reporting season is also essentially finished, with 63% of companies reporting positive revenue surprises, and 61% upside earnings surprises.

As always, results are backward looking so guidance is crucial. It was only late last year/earlier this year that the market was expecting a recession and a pull-back in corporate earnings. However, earning forecasts for the year ahead are now being upgraded with corporates benefitting from having cut costs, while demand remains more robust than expected.

Portfolio News

Netflix (+20% in local currency) presented its first public pitch to advertisers (known in the industry as an "upfront") following the launch of its ad supported product last year. The presentation reiterated the strength of Netflix's platform and the potential revenue opportunity from the ad-supported model. While still early days, nearly 5 million subscribers use the ad-supported product and 25% of new subscribers are picking the ad-supported plans. Netflix had previously

revealed that the revenue per ad-supported customer is higher than that of both the traditional basic and standard plans in the US – so this should drive incremental revenue. The rollout of the password sharing crackdown at the end of June should drive further demand for these ad-supported plans. On the other hand, competitor Disney's competing streaming service saw subscriber losses for the second consecutive quarter, losing a further 4 million in Q1.

Our large-technology names saw continued strong performance, with **Microsoft** (+7%), **Amazon** (+14%), **Meta Platforms** (+10%) and **Alphabet** (Google) (+14%) during the month. While many attribute this performance to the AI frenzy following Nvidia's strong earnings results, we believe it is driven more by improving fundamentals. The company arguably most favourably exposed to AI, Microsoft (given its ownership of Chat-GPT), was the worst performer of these four names this month. All four companies are seeing improvements in their underlying end-markets. Both ecommerce and digital advertising spend is growing; and the cost control issues that have been a headwind for the cloud providers (Microsoft Azure and Amazon Web Services) are now expected to ease as we progress through the year. Improving revenue growth, coupled with a renewed focus on cost control have seen earnings estimates inflect upwards.

Floor & Decor (-8%) had a tough month. The result itself was in line with expectations and the company reiterated its full year guidance. However, the market is sceptical Floor & Decor can hit guidance, particularly in light of the fact much larger (and more diversified) competitors like Home Depot cut their guidance.

PayPal (-18%) also had a tough month. The drag on overall profit margins from the rapidly growing, albeit lower margin, Braintree (unbranded check-out vs the traditional PayPal branded check-out button) impacted the result and guidance. We have cut our target weighting significantly over the last 6 months. While the company's lower share price now makes it look attractive, there are still question marks over the lack of clarity regarding key management changes, with the CEO on the way out and a temporary CFO, and the magnitude of the competitive threats from Apple Pay, SHOP Pay (Shopify), Google Pay and Amazon's payment options.

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).

Portfolio Changes

During the month we reduced our positions in Paypal and NVR and increased our allocations to Gartner, Icon and Edwards Lifesciences.



Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited



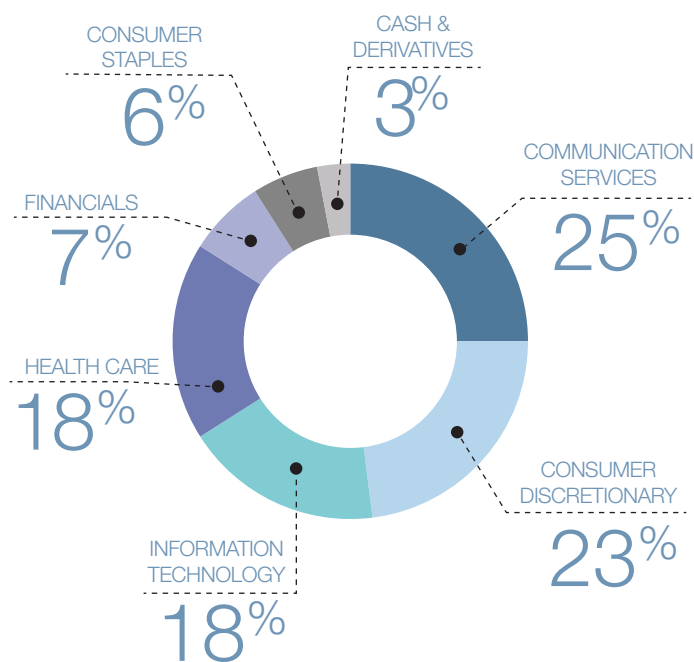
KEY DETAILS

as at 31 May 2023

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	\$1.10
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	205m
MARKET CAPITALISATION	\$187m
GEARING	None (maximum permitted 20% of gross asset value)

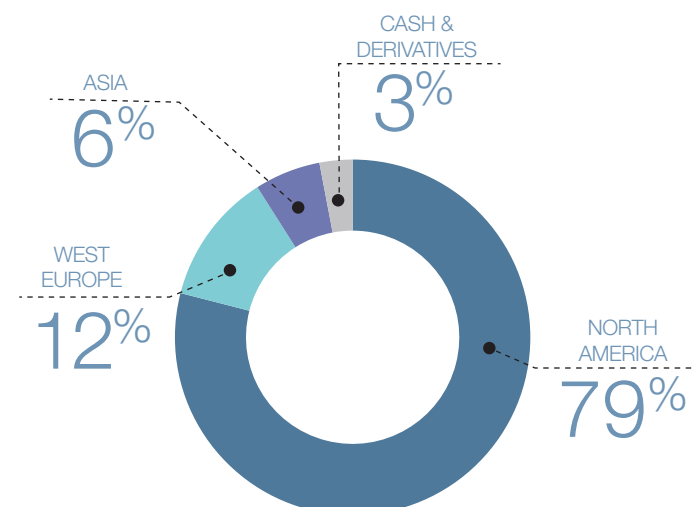
SECTOR SPLIT

as at 31 May 2023



GEOGRAPHICAL SPLIT

as at 31 May 2023



MAY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month

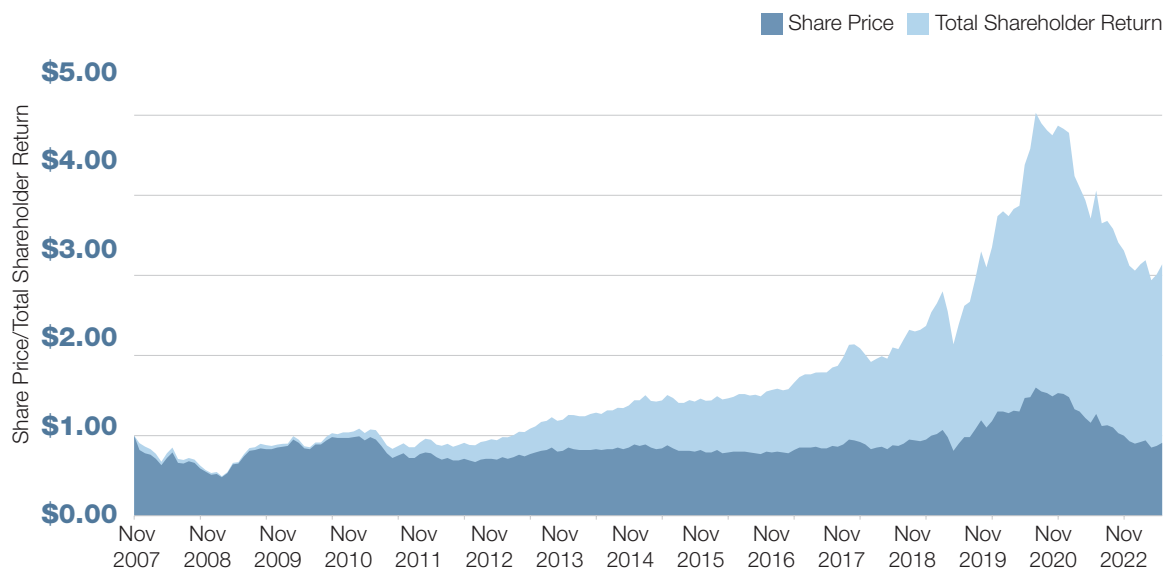
NETFLIX	ALPHABET	AMAZON	GARTNER	PAYPAL
+20%	+14%	+14%	+13%	-18%

5 LARGEST PORTFOLIO POSITIONS as at 31 May 2023

AMAZON	ALPHABET	META PLATFORMS	ICON	SALESFORCE
10%	9%	8%	7%	6%

The remaining portfolio is made up of another 14 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 May 2023



PERFORMANCE to 31 May 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.5%	(1.7%)	(22.6%)	+6.3%	+10.9%
Adjusted NAV Return	+4.6%	+7.2%	+4.7%	+4.7%	+8.0%
Portfolio Performance					
Gross Performance Return	+4.5%	+7.5%	+6.0%	+7.5%	+10.9%
Benchmark Index [^]	(0.3%)	+1.2%	+2.7%	+10.1%	+6.4%

[^]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 <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 Lily Zhuang and Daniel Moser (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 an issue of warrants (MLNWF) on 18 October 2022
- » Information pertaining to the warrants was mailed/emailed to all shareholders on 25 October 2022
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Marlin shares held based on the record date of 2 November 2022
- » The warrants were allotted to shareholders on 3 November 2022 and listed on the NZX Main Board from 4 November 2022
- » The Exercise Price of each warrant is \$0.99, 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 warrants is 10 November 2023

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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