

Monthly Update

December 2017

MLN NAV	SHARE PRICE	DISCOUNT
\$0.99	\$0.85	14.1%

as at 30 November 2017



A word from the Manager

2017 has been great for Marlin so far with the net asset value growing from \$0.83 at the very start of the year to \$0.99 as at 30 November. To top it off, November was another good month with the Marlin portfolio up 1.5%.

Marlin's performance has been set against a backdrop of strong global markets. During November the MSCI World Index was up 1.4% and US markets again hit fresh all-time highs. Economic data continues to be supportive, with US GDP growth for the third quarter revised up to 3.3% (the fastest growth rate in three years) and the European Commission raising its 2017 growth forecast to 2.2% from a 1.7% estimate in May. Strong economies drive company earnings and improved company earnings are an important driver of higher share prices.

Many of Marlin's portfolio companies experienced share price rises over the period with Zoetis and Edwards Lifesciences being standout performers. Zoetis, which makes pharmaceuticals for animals, saw share price gains of 13% for November on the back of strong revenue and earnings growth in the third quarter. The company's recent pet dermatology product launches were successful, driving revenue and earnings per share higher by 9% and 27% respectively. With pet ownership rising and owners spending an increasing amount on pet healthcare we see good structural growth in this segment, which is supported by Zoetis developing new lines to treat further companion animal ailments. On top of this, we like management's cost discipline and that they continue to improve margins by consolidating their manufacturing footprint and carefully managing overheads.

Replacement heart valve producer, Edwards Lifesciences, saw its share price rise 15% over the month with one of its largest competitors Boston Scientific announcing that it was having difficulties getting one of its heart valve replacement products ready for the US market. Edwards is the market leader in this particular segment, with only one other major competitor in the US. With Boston Scientific no longer expected to enter the US market in the immediate future, expectations for Edwards' earnings for the next few years are likely to rise. The announcement also reinforces our view that barriers to entry in this market are high and that developing new heart valve replacement and repair products is a complex process at which Edwards is the clear leader.

While the majority of the portfolio contributed positively to Marlin's performance over November, Cognizant, an IT services provider detracted from performance despite reporting third quarter results that were broadly in line with our expectations. The share price weakness was likely caused by gross margins and growth from their banking sector clients being weaker than some investors had expected. We believe 9% revenue growth was a solid result and that gross margin declines are temporary and largely due to timing of staff bonus payments. We believe the medium term outlook is sound with Cognizant's services in demand as large companies need skilled IT teams to help transform their existing enterprise IT systems in this new digital age.

During the month, we chose to exit premium auto braking system supplier, Brembo. Brembo built its product edge in supplying Formula One teams and then capitalised on their technological lead by supplying manufacturers of high-end sports cars (Ferrari, Lamborghini, Porsche), before then moving down to mid-premium cars like the Audi S series and BMW M series.

Brembo was added to the portfolio near the depths of the GFC at €1.32 a share and it was a strong performer for the portfolio with the recent exit at over €13.75 a share. While the company has been a great performer, we believe the profit margin and market share gains they have made over recent years are becoming more difficult to sustain. We also think that the auto cycle is a lot closer to the end than the beginning of the cycle and despite the potential cyclicality of the business the company is still priced on peak valuation multiples.

This is our last monthly update for 2017 and we look forward to updating you again in February next year. We hope you have a wonderful summer holiday break.

Ashley Gardyne
Senior Portfolio Manager, Marlin



Key Details

as at 30 November 2017

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	\$0.87
SHARES ON ISSUE	117m
MARKET CAPITALISATION	\$100m
GEARING	None (maximum permitted 20% of gross asset value)

Performance

to 30 November 2017

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Corporate Performance					
Total Shareholder Return	+3.7%	+10.2%	+16.2%	+10.7%	+5.6%
Adjusted NAV Return	+1.3%	+6.8%	+29.0%	+10.9%	+6.4%
Manager Performance					
Gross Performance Return	+1.5%	+8.0%	+35.2%	+15.2%	+10.2%
Benchmark Index [^]	+1.7%	+9.3%	+25.8%	+17.0%	+8.0%

[^]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

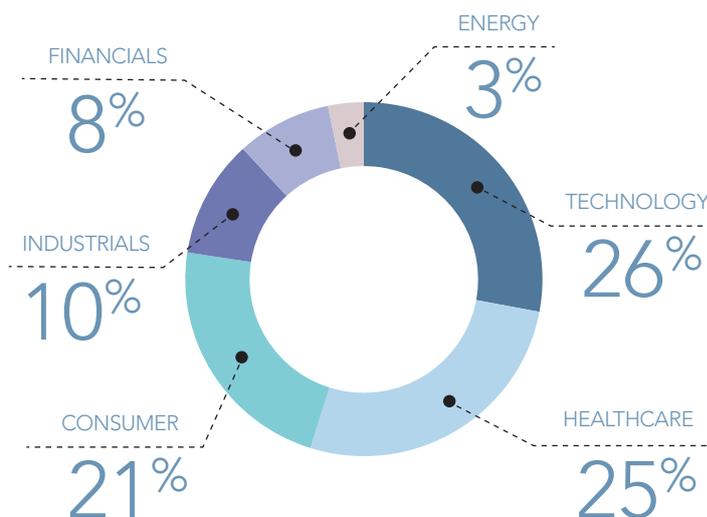
Marlin uses non-GAAP measures, including adjusted net asset value, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions,
- » gross performance return – the Manager's portfolio performance in terms of stock selection and hedging of currency movements, 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, 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/>

Sector Split

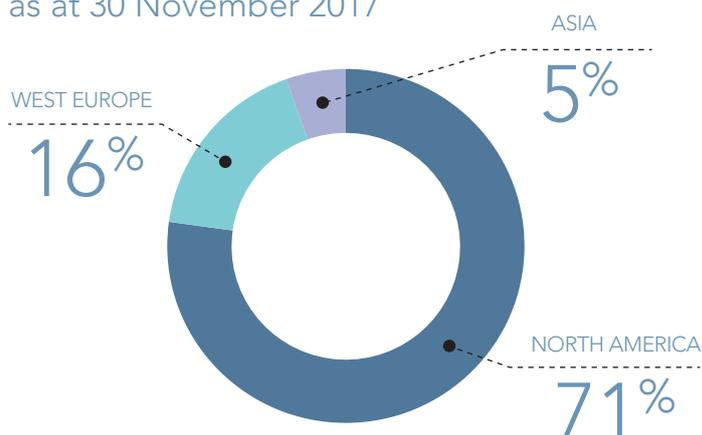
as at 30 November 2017



The Marlin portfolio also holds cash.

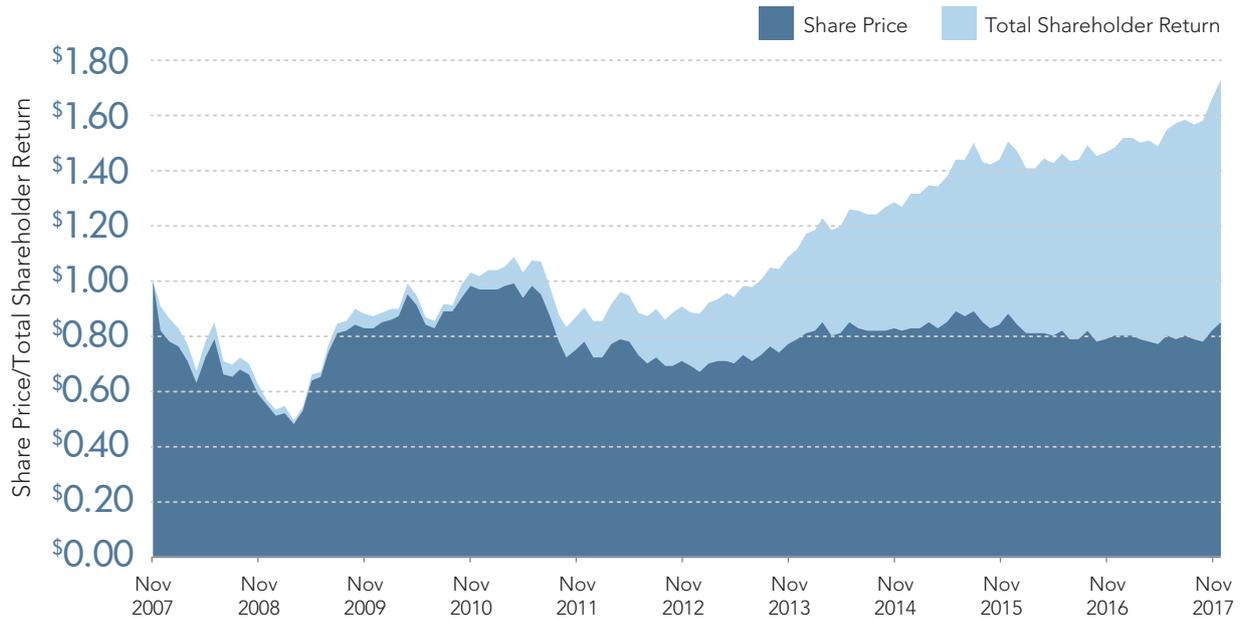
Geographical Split

as at 30 November 2017



Total Shareholder Return

to 30 November 2017



November's Biggest Movers in local currency terms

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

EDWARDS
LIFESCIENCES

+15%

ZOETIS

+13%

BLACKHAWK
NETWORK

+8%

EBAY

-8%

ADIDAS

-8%

5 Largest Portfolio Positions

as at 30 November 2017

ALPHABET

7%

PAYPAL

6%

MASTERCARD

5%

EDWARDS
LIFESCIENCES

4%

COGNIZANT
TECHNOLOGY
SOLUTIONS

4%

The remaining portfolio is made up of another 21 stocks and cash.

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 and Andy Coupe; and non-independent director 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 2018
- » 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

- » Warrants put Marlin in a better position to grow further, improve liquidity, 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 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 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.