

september 2009 - update

Dear Share and Warrant Holders

The quarter ended 30 September 2009 saw an encouraging lift in Marlin's Net Asset Value from 99 cents to \$1.05 which, after adding back our inaugural dividend of 2 cents per share paid on 18 September, represented an 8% return for the period. Share price, ex the dividend, gained an even more pleasing 13.5% to 84 cents.

The dividend reinvestment plan established in July was well supported with nearly a third of shareholders receiving 753,980 shares issued from Treasury stock at 78 cents per share.

In early October you would have received a report prepared by KPMG in relation to a change in the structure of Marlin as proposed by shareholder Mr Gary Cross. It was a comprehensive report and we hope that you had the opportunity to at least read the executive summary setting out the benefits and costs of our existing closed-end listed structure compared with Mr Cross's proposed alternative, an open-end unit trust.

At our Annual Shareholders Meeting (ASM) held in Auckland on 28 October Mr Cross spoke on his proposal. There followed a lively discussion amongst shareholders and directors. The clear consensus of the meeting was to not support changing Marlin's structure.

As shareholders of Marlin, you have the right to express your opinions and we respect Mr Cross for his initiative. However shareholders are likely to have differing views depending on their own circumstances. Your board will continue to monitor the relevance of the company's structure to the majority of shareholders.

Following a poll at the ASM, Ian Hendry was re-elected to the Board however Bevan Killick, who was nominated by Mr Cross, was not elected. The Board reiterated its commitment to succession planning and a formal search for a new member assisted by a human resource agency will commence next year. Mr Killick is welcome to participate in this.

The ASM presentations are available on www.marlin.co.nz under "Shareholder Reports" and minutes of the meeting will also be on the website by the end of November.

Further in the newsletter, Fisher Funds provide an interesting report on the Marlin portfolio companies including recent research trips to China and the USA.

With best wishes,

On behalf of the Board,



Rob Challinor - Chairman, Marlin Global Limited | 29 October 2009

Exercise of Marlin Global Warrants (MLNWA) – 15 December 2009

As required by the NZX Listing Rules, we advise Marlin **warrant holders** as follows.

You have a number of choices to exercise your warrants at a cost of \$1 each:

1. You can elect to exercise some or all of your warrants (a minimum of 500) on 15 December 2009 [please refer to instructions below]. Future warrant exercise dates are at 15 March 2010, 15 June 2010, 15 September 2010 and 31 October 2010.
2. You can elect to not consider the exercise of any warrants until the end of the exercise period, namely 31 October 2010, at which time you may exercise all rights still held.
3. You can sell all or some of your Marlin Global warrants at any time on the NZX up until the final exercise date of 31 October 2010.

Any warrants not exercised by 31 October 2010 will lapse and all rights in regard to them will expire.

What do I do if I wish to exercise my warrants?

If you wish to exercise some or all of your warrants (subject to a minimum exercise of 500 warrants) on 15 December 2009, please **contact Computershare on (09) 488 8700** for your exercise form. This form must be received by Computershare no later than 5pm 15 December 2009 in order to be processed for that exercise date.

IF YOU ARE CONSIDERING EXERCISING YOUR WARRANTS, WE STRONGLY RECOMMEND THAT YOU CONTACT YOUR FINANCIAL ADVISOR. >

At a Glance

Performance for the three months 1 Jul 2009 to 30 Sep 2009

Net Asset Value (includes dividend paid)	8.4%
Share Price	13.5%
Warrant Price	27.3%

Notable September Quarter share price gains (local currency terms)

Home Inns	88%
Ebix	77%
City Telecom	58%
Gameloft	44%
Hyflux	39%

Relative Performance 30 Sep 2009 NZD	Three Months	Since Inception
Marlin NAV**	8.4%	9.9%*
90 Day Bank Bill Index + 5% p.a.	2.0%	24.6%
MSCI Global Small Cap**	9.1%	-21.0%

* Based on adjusted Net Asset Value per share at listing of \$0.9734, representing the issue price of \$1 less issue costs of \$0.0266 per share. **Includes dividends paid.

Portfolio Holdings Summary as at 30 Sep 2009

Companies by Location	% Holding
Britain	
Wellstream	3.6%
China	
China Automation Group	1.2%
China Zaino	1.8%
Home Inns	0.5%
Hongguo	4.3%
Midas	3.3%
02 Micro	5.3%
Ports Design	3.5%
Wasion Group Holdings	0.7%
Zhuzhou CSR Times Electric	2.1%
Finland	
Nokian Tyre	1.0%
France	
Gameloft	1.1%
Germany	
Biotest	2.7%
Stratec Biomedical	2.7%
Wirecard AG	3.9%
Greece	
Jumbo	3.5%
Holland	
Qiagen	5.1%
Hong Kong	
City Telecom	2.7%
Italy	
Brembo	0.7%
Ireland	
Icon PLC	3.1%
Japan	
Shinko Plantech	5.7%
Singapore	
Hyflux	3.6%
Raffles Education	3.8%
United States	
Advent Software	0.4%
Bare Escentuals	3.7%
Conceptus	2.5%
Ebix Inc	2.5%
Equinix	3.0%
F5 Networks	2.2%
Hansens Natural	2.4%
OSI Pharmaceuticals Ltd	2.7%
Telvent	0.8%
Ultimate Software	1.0%
Equity Total	87.1%
Cash Total	12.9%
TOTAL	100.0%

Marlin Global Quarterly Review – Fisher Funds

Market review and outlook

The global equity market strength continued in the third quarter as the MSCI World Small Cap Index (pre-tax) increased by 9% with the Marlin NAV rising by 8.4%. Small cap stocks outperformed their large cap counterparts as the MSCI World Index rose by 'only' 5%. There are a lot of reasons for the small cap out-performance not the least of which is the improvement in credit markets and a return to merger and acquisition activity – plenty of Marlin portfolio holdings are attractive takeout candidates.

During the quarter our investment team spent three weeks travelling through Asia and three weeks travelling through the US. It is clear that the shift of wealth from the West to East continues. This is reinforced by the rapid acceleration of China's GDP growth from 6.1% in Q109 to 7.9% in Q209. We expect this strength to continue as private investment and consumer spending picks up on the heels of the massive government stimulus spending.

Unfortunately the outlook is not so optimistic in the debt laden US. The consumer is tapped out and is faced with a higher cost of living, which includes increased taxes, less job prospects and the reality of slower growth. However, there are many world class companies based in the US, and Europe, employing unique strategies to grow their profits. We will elaborate on some of these in the portfolio update.

The currency, which was driven by both a weak US dollar and strong NZ dollar, put a damper on returns. We continue to have a long term negative view on the US dollar but are surprised at how quickly the weakness has materialized. We continue to stay disciplined to our FX policy and process and are currently unhedged.

Portfolio update

Given the significant rally in many stocks this year we have been positioning the portfolio more defensively. Specifically we have been trimming back our higher priced "winners" and using these proceeds to add to undervalued and undiscovered stocks along with buying companies in sectors that are less exposed to the economic environment.

We were early in identifying companies that benefit from the upgrade of the Chinese railway network. When we first discovered these we were among a handful of investors researching the companies. Now when we visit the companies or attend presentations its 'standing room only'. Midas Holdings, Zhuzhou CSR Times Electric and China Automation Group have rallied 144%, 141% and 200% from their respective lows in 2009 and we have used this as an opportunity to take profits.

Asia has been the best performing region this year yet we still manage to find some undiscovered gems. We recently added China Zaino, a leading backpack and luggage company in Asia. After completing thorough due diligence, which included spending a day at the company head quarters in the Fujian province in China, we purchased the stock for less than the cash they have on the balance sheet - in essence you get the business for free. It is not typical to find good quality businesses at such bargain basement prices but that is why we cast our net far and wide.

While we continue to be bullish about the long term prospects for Asia there are many other exciting investment opportunities around the world. One sector that we find especially compelling is the healthcare sector especially given healthcare stocks have lagged behind during this market rally as risk seeking has returned to the fore.

The single largest driver of the healthcare industry is demographics. In the developed world, the population is getting older, and (unfortunately) this leads to increased use of healthcare services and products. In advanced economies, higher life expectancy and lower fertility rates are leading to a rapid rise in the elderly population.

Another significant driver of healthcare spending is technology and product innovation, which are constantly producing new drugs and treatments. Many of these new drugs and treatments contribute to increasing life expectancy, so the healthcare industry in a sense is helping to shape the demographics which are driving its growth. We continued to increase our investment in Qiagen, which is based in Europe, as they are on the cutting edge of innovation in the diagnostics area. New diagnostic technologies pioneered by companies like Qiagen enable doctors not only to treat disease more accurately, but to identify it much earlier than would otherwise be possible. For example, Qiagen has a test for a virus which is an early indicator of cervical cancer (called the HPV test). Due to this test, many women around the world have been able to receive treatments to prevent cervical cancer from developing.

We added **Bare Escentuals** to the portfolio, a US based consumer company. Bare Escentuals is the innovator and global market leader in the mineral based cosmetic market, the fastest growing segment of the cosmetics industry. Today Bare Escentuals is sold in more than 600 retail stores with the opportunity to expand to 2,000 in the US alone.

We sold out of our holding in **Celera**. The most recent earnings results were extremely disappointing to us which follows mixed performance over the last year. Celera has always been one of the smaller weights in the fund.

We also added **Telvent**, a software and technology solutions provider based in Spain. Their applications monitor and measure real time flow of information for key infrastructure markets including energy, transportation, environment, and agriculture.

Other significant portfolio company announcements include:

Midas Holdings joint venture company Nanjing SR Puzhen Rail Transport announced an RMB1.76billion (NZ\$350million) contract. In addition Midas announced it is seeking a dual listing in Hong Kong (currently listed in Singapore) to increase visibility, liquidity and ultimately valuation.

Conceptus announced that the National Institute for Health and Clinical Excellence (NICE) in the United Kingdom has updated its guidance on hysteroscopic sterilization, which essentially means that Essure (the Conceptus device) will be supported by NICE in the UK. This not only endorses the Essure procedure but should help Conceptus penetrate the UK market as most sales thus far have been private pay. We have been increasing our holding over the last few months.

Hansen's Natural announced a partnership with CKE Restaurants (Carls Jr and Hardees) to offer the Monster Energy drink in more than 3,000 restaurants throughout the US. This further validates Hansen's multi-channel distribution strategy as CKE becomes the first major quick-serve restaurant to offer Monster as a permanent menu item.



Carmel Fisher
Managing Director
Fisher Funds Management Ltd
29 October 2009

Ken Applegate
Senior Portfolio Manager
Fisher Funds Management Ltd
29 October 2009

Share Register

A schedule of Marlin Global shareholder names and addresses is by law available to any person from our share registrar, upon payment of a fee. We are concerned that requests for contact details appear to have been made by two Kiwisaver Fund Managers. We do not condone this and apologise to shareholders if they receive unsolicited mail.