marlin

growing globally

FISHER FUNDS' QUARTERLY PORTFOLIO REVIEW

OVERVIEW

"Right now there is a big boogieman out there that everyone is worried about but I don't quite know the shape of the boogieman". This comment by Carl Bass, the CEO of our portfolio company Autodesk, sums up the current environment. The issues that have continued to brew since the GFC intensified this quarter.

Macro uncertainties create volatility and some of the price movements in global markets this quarter have been extraordinary. Germany's DAX Index was down 25%, Hong Kong's Hang Seng Index was down 21% and the S&P500 was down 14%. The silver lining to this grey cloud was that returns in New Zealand dollars were partially buffered by a drop in the New Zealand dollar of 8% versus the U.S. dollar. After a steady climb over the last few years the New Zealand dollar succumbed to its traditional relationship and sold off in concert with equity markets late in the quarter. Adding further punch was New Zealand's downgrade by rating agencies S&P and Fitch. We have consistently communicated our views on currency and the currency movements during the quarter support our strategy to remain unhedged.

Given the issues the world is facing it is not surprising that the worst performing sectors during the quarter were the financial, industrial and energy sectors. Two of the top performing sectors during the quarter were the technology and healthcare sectors. Not only have we unearthed some exciting growth opportunities in these sectors, we also believe they have defensive characteristics.

Healthcare is defensive as it is not highly correlated to the global macro economy. More importantly individual companies often possess idiosyncratic characteristics. The catalysts that we believe will drive the shares of **Orthofix, Hanger Orthopedic** and **Biotest** higher are specific to those companies.

Technology's value resides in its cheap valuations and rock solid balance sheets which provide a margin of safety. Technology was one of the best performing sectors to rise from the GFC market lows in 2009. We own companies like **O2 Micro** and **Dolby** which trade at decade-low valuations yet continue to successfully execute their long-term growth strategy. As history has proven, once the dust settles investors will realise how strong these business franchises are.

Brazil recently cut interest rates which is often a positive catalyst for stocks and we made our first direct Brazilian investment during the quarter. China is another market that we believe investors will become more positive on as growth stabilises to a more sustainable rate, inflation peaks and tightening policies that have been in place for nearly 2 years come to an end.

PORTFOLIO OVERVIEW

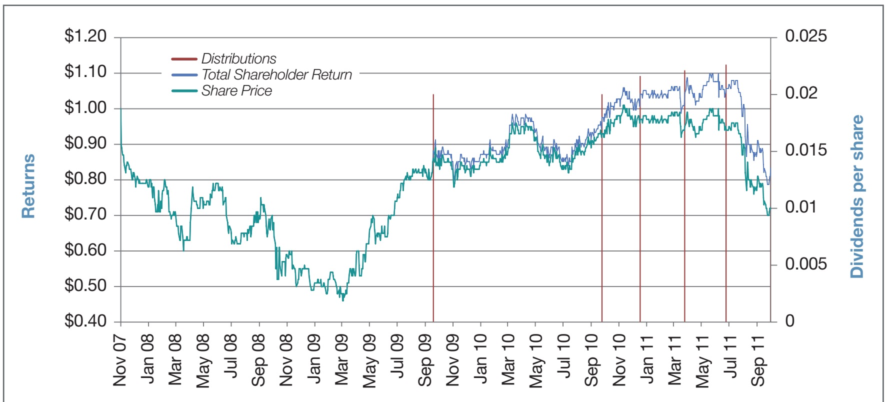
It was a tough environment for investing during the last quarter with Marlin Global's NAV down 15.8% as compared to the MSCI Global Small Cap Gross Index return of 13.4%. Small caps were, not surprisingly, hit especially hard as the MSCI All Cap Gross Index dropped by 'only' 10.0%.

It is typical for us to have more portfolio turnover during times of change as we are busy replanting seeds for the future. During the quarter we sold three companies and added four including our first investment in Brazil - Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Indentificacao S.A., which we refer to as **Valid**. Based in Rio de Janeiro, they

PERFORMANCE (Including dividends)

	Three Months	Since Inception
MLN Gross NAV	-15.8%	+1.3%
MSCI Small Cap Gross Index (in NZD)	-13.4%	-18.2%

TOTAL SHAREHOLDER RETURN



AT A GLANCE

NAV	$0.87
SHARE PRICE	$0.72

PORTFOLIO HOLDINGS SUMMARY AS AT 30 SEPTEMBER 2011

Location	**% Holding**
Brazil	
Valid	1.0%
China	
China Automation Group	2.1%
Fook Woo	4.4%
Hsu Fu Chi Foods	1.0%
Midas	1.3%
02 Micro	3.0%
Ports Design	4.5%
Travelsky	1.1%
Wasion Group Holdings	2.4%
Finland	
Nokian Tyre	1.7%
France	
Gameloft	1.1%
Zodiac	3.3%
Germany	
Biotest	5.9%
PSI AG	0.8%
Qiagen	0.8%
Stratec Biomedical	3.6%
Wirecard	4.2%
Ireland	
Icon PLC	1.7%
Israel	
Sarin Technologies	6.0%
Italy	
Brembo	2.1%
Japan	
Asahi	0.7%
Horiba	4.6%
Prestige International	1.7%
Torishima pump	1.7%
Singapore	
Hyflux	2.1%
Raffles Education	3.2%
Switzerland	
Actelion	2.0%
United States	
Autodesk	1.2%
Conceptus	1.5%
Dolby	2.0%
Equinix	2.4%
Hanger Orthopedic Group	2.9%
Orthofix	3.3%
UFP Technologies	2.1%
Equity Total	**83.4%**
New Zealand Dollar Cash	1.3%
Total Foreign Cash	15.3%
Cash Total	**16.6%**
TOTAL	**100%**

MONTHLY UPDATE

In the New Year we will be introducing a monthly update for Marlin Global Limited. This new initiative will include significant news and events that have occurred over the month:

» Influential market events and the impact on the portfolio and investment themes;

» Portfolio company developments;

» Updates from the Portfolio Manager following recent travels and conferences attended.

If you would like to subscribe to this monthly update please email **update@marlin.co.nz** are the leading identification solutions and specialist printing company in Brazil. The long-term growth opportunity is open ended yet the stock remains undiscovered and is trading at a price to earnings ratio of just 10x.

Dolby Laboratories is the global market leader for pretty much anything audio in consumer electronics. They have a rock solid balance sheet with no debt and more than $10/share in cash. Historical earnings have grown greater than 20% per year and averaged a return on equity in excess of 20%. The average price-to-earnings ratio for the stock since listing in 2005 has been 26x, yet shares are currently trading at less than 10x. We added this world class franchise at bargain basement prices to the portfolio during the quarter.

PSI AG is a company we've been monitoring for a while and have been waiting for the right price to buy shares. They are a leading supplier of control systems and software solutions for the utility and the energy industries. They are a market leader in Germany where they are based and continue to expand globally.

We sold our shares in **Actelion** earlier in 2011 as valuation was extended due to takeout rumours. Subsequently, the company reported some disappointing data from a clinical trial and when combined with a strong Swiss Franc shares declined by 40%. We have bought back into Actelion as our research indicates increased confidence in the soon to be released data. There is a large margin of safety with this investment and multiple upside options.

We sold our shares in **Hansen's Natural** due to a high valuation. Hansen's sells one of the leading energy drinks in the U.S, *Monster*, and fast became a global brand name following success with their distribution agreement with Coke. We identified this company early in its growth phase and benefited handsomely from the more than doubling of the stock price in the last 18 months.

The sale of **Okano Valve** was the opposite situation where the outlook of the company turned negative following the earthquake and tsunami in Japan. Despite a cheap valuation, we remained disciplined to our process, exerting our efforts on more compelling investment opportunities elsewhere. We also sold our final few shares in **Shinko Plantech** primarily due to valuation as discussed in more depth in the March 2011 update.

The rail equipment sector was impacted by the tragic train crash in China in July and our investments were dragged down. Given a high valuation, we had sold our shares in **ZhuZhou CSR Times Electric** earlier this year so our weight to this industry was already reduced. We believe this incident will result in a review of railway investment, especially high speed rail. Consequently, we significantly reduced our investment in **Midas Holdings** due to their exposure to high speed rail contracts. We continue to have conviction in **China Automation Group** as only half of their business is rail related. In addition, given their focus on safety systems, this incident may actually provide a boost to their business over the long-term. We believe they can continue to grow earnings by at least 20% over the long-term and yet shares are currently trading at just 5x price to earnings.

Nestlé, the world's largest food company, has agreed to acquire 60% of confectionaries company **Hsu Fu Chi** for S$4.35 a share. This has been a good investment for us and we support the transaction.

SUMMARY

When pessimism and uncertainty hit and stock price volatility follows, we choose to grab hold of the opportunity and scoop up cheap shares in our preferred companies. Conversely we use investors' over-enthusiasm and excitement to lighten up our positions. Thanks to our strong sell discipline we had higher than normal cash levels heading into this market correction which has awarded us the opportunity to put some of this cash back to work.

Warren Buffett, one of the world's most successful investors, said that "price is what you pay and value is what you get." While there are plenty of reasons to be cautious right now we are extremely bullish about our portfolio companies. We have invested in high quality businesses, managed by top notch management teams, and similar to Mr Buffett's comment, we are currently receiving great value at very low prices.

Carmel Fisher
Managing Director
Fisher Funds Management Ltd
7 November 2011

Ken Applegate
Senior Portfolio Manager
Fisher Funds Management Ltd
7 November 2011

COMPANY NEWS

Annual Shareholders Meeting 4 November 2011
Marlin Global's Annual Shareholders Meeting was held at the Ellerslie Event Centre on Friday, 4th November 2011. The meeting was well attended with the Board and Manager enjoying the opportunity to meet with those shareholders who were able to attend. Annabel Cotton was re-elected as a Director and Mark Todd was elected as a Director.

Dividend paid 30 September 2011
A dividend of 2.13 cents per share was paid to Marlin Global shareholders on 30 September 2011, under the quarterly distribution policy. Interest in Marlin Global's dividend reinvestment plan has increased steadily with 39% of shares (42% of shareholders holding shares) participating in the plan since the introduction of the policy. If you would like to participate in the dividend reinvestment plan, please contact our share registrar, Computershare.

Share Buyback Renewal
On 31 October 2011, the Board renewed the Company's buyback policy for a further year allowing it (if it elects to do so) to acquire up to 5.2 million of its shares in the year to 31 October 2012. Buybacks work well in circumstances where discounts to NAV exist as they can increase the NAV applying to the remaining shares on issue. Shares bought back by the Company are held as treasury stock.

Welcome Brigette Arnold, Investor Relations Manager
Marlin Global is pleased to announce that Brigette Arnold has joined Fisher Funds as Investor Relations Manager for the listed investment companies. For all enquiries please contact Brigette on Tel: +64 9 484 0352; brigette@fisherfunds.co.nz.

NOTABLE SHARE PRICE MOVEMENTS IN THE QUARTER

(from Bloomberg)

ASAHI	China Automation Group	MIDAS HOLDINGS LIMITED	nokian TYRES	Wasion Group Holdings
+40%	-60%	-41%	-35%	-33%

WHAT'S COMING UP

2011/2012 CALENDAR

DIVIDENDS PAYABLE
December 2011, March 2012, June 2012

INTERIM PERIOD END
31 December 2011

INTERIM REPORT TO 31 DECEMBER 2011
March 2012

MARCH QUARTER *UPDATE* NEWSLETTER
April 2012

FINANCIAL YEAR END
30 June 2012

COMPUTERSHARE CONTACT

Phone: 09 488 8777. Email: enquiry@computershare.co.nz. For managing your shareholding online, please visit www.computershare.co.nz/investorcentre. You will need your FIN number to access the investor centre.

MARLIN GLOBAL LIMITED

PO Box 33549, Takapuna, Auckland, New Zealand.
Phone +64 9 484 0365 Fax +64 9 489 7139.
Email: enquire@marlin.co.nz. www.marlin.co.nz

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