marlin
growing globally

Monthly Update

April 2019

MLN NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT[1]
$0.98	$0.83	$0.05	13.6%

as at 31 March 2019

A word from the Manager

Market Environment and Portfolio Performance

March was the third straight month of gains in global equity markets. In this supportive environment Marlin Global delivered gross performance of 2.3%, compared with our global benchmark which gained 0.4%. The Adjusted NAV return for the month was 2.0%.

The rebound in global markets in recent months provides a stark contrast to the steep declines at the end of last year. Markets have been supported by an accommodative US Federal Reserve, which has put future interest rate increases on hold, and by apparent progress in the US-China trade negotiations. Sentiment in financial markets has also gone from cold to hot in a few short months, and we can see evidence of this in the Initial Public Offering market that has sprung back to life. The recent $24 billion IPO of US ride sharing company Lyft is a good example of this, and there is talk of potential IPOs by Uber, Airbnb and Pinterest in the coming months.

Portfolio Company Developments

Edwards Lifesciences gained 13.0% in March following a good set of clinical trial results for its transcatheter heart valve. Edwards is the leading manufacturer of replacement heart valves for patients with aortic stenosis, a potentially fatal condition affecting millions of people globally. Edwards pioneered a new type of valve that is implanted with a catheter (without open-heart surgery) and often allows patients to leave hospital the next day. This is obviously preferable from the patient's perspective, but it can also save hospitals money due to shorter patient visits and fewer complications. The recent trial results open up the opportunity for this treatment to be provided to all US patients with aortic stenosis, rather than just patients at moderate and high risk from open-heart surgery. This materially expands the market opportunity for Edwards.

PayPal (+5.9%) was the biggest contributor to portfolio performance in March (given our holding in this company), and while there was no major news event, it did make two separate announcements that demonstrate the significant growth runway ahead. The first announcement was a new partnership with Instagram. PayPal will enable Instagram's new 'Checkout on Instagram' product, which is currently being trialled by companies including Adidas, Michael Kors and Kylie Cosmetics. This supports Instagram's deeper push into e-commerce and PayPal is set to earn a commission for transactions processed over its network. The second announcement was its $750m investment in Latin America's e-commerce giant MercadoLibre. This investment strengthens PayPal's presence in Latin American, which is experiencing rapid e-commerce growth.

Essilor, the owner of eyewear retailers Sunglass Hut and OPSM and eyewear brand Ray-Ban, was the biggest detractor from performance in March, falling 8.5%. Essilor and Luxottica have recently completed a merger and the Luxottica founder and current Essilor CEO are now locking horns on who they want to appoint as the combined group's first CEO. The merger has the potential to deliver significant synergies, but only if these differences can be put aside and the integration proceed swiftly. We continue to review the situation, but at this stage believe the potential upside compensates for these heightened governance risks.

New Portfolio Addition

Dollar General has been a real success story in US retail, stringing together 29 years of same-store-sales growth. As the leading dollar store chain in the US it sells a range of everyday household items including food and cleaning products, as well as toys, stationery, and basic apparel. The company's low price points and value proposition supports its business in difficult economic environments, with sales growth actually accelerating in the last two recessions as consumers traded down.

[1] Share Price Discount to NAV (including warrant price on a pro-rated basis).

Dollar General has a talented management team, strong track record, and a scale advantage over its competitors. Its stores offer an attractive proposition to a growing cohort of US households that are financially stretched and are not well served by traditional retailers. Even though unemployment is near record lows in the US, inequality is a significant social issue and 80% of households are living paycheck-to-paycheck. This is because stagnant wages in many occupations over the last forty years, combined with rising healthcare and living costs, have squeezed household budgets. Dollar General has provided a great service for these lower socioeconomic households, and as a result it has created a loyal customer base.

There are currently 15,000 Dollar General stores across the US and it is rolling out approximately 1,000 new stores every year. We believe the company should continue to deliver low double-digit earnings growth as the company expands its store base at attractive returns, takes market share, and repurchases shares.

Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Limited

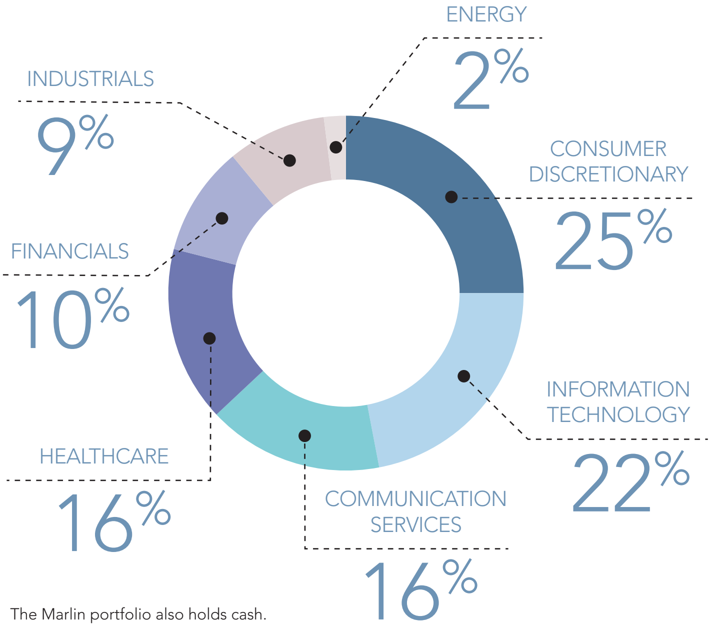
Key Details

as at 31 March 2019

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	$0.95
SHARES ON ISSUE	122m
MARKET CAPITALISATION	$101m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

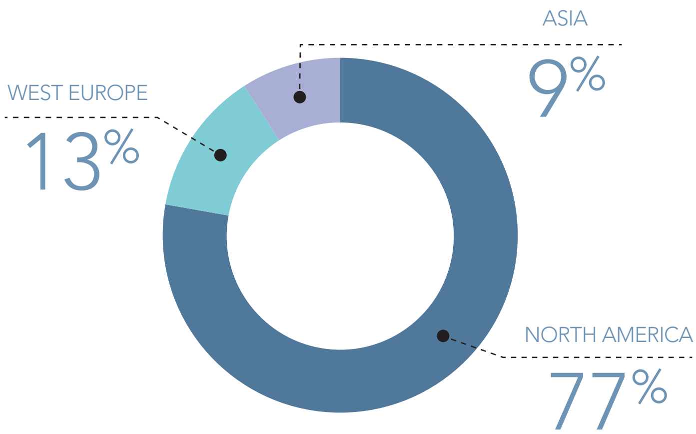
as at 31 March 2019



The Marlin portfolio also holds cash.

Geographical Split

as at 31 March 2019



March's Biggest Movers in local currency terms

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

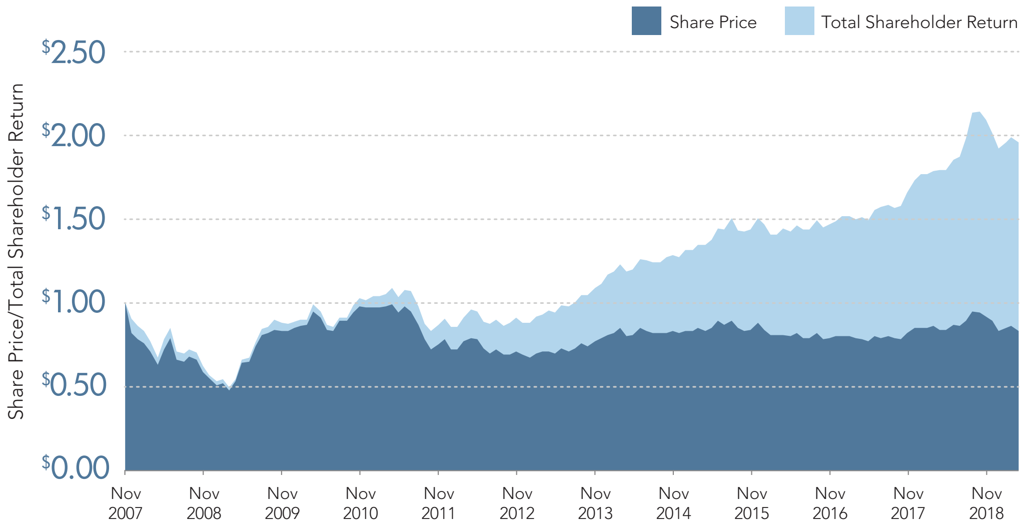
EDWARDS LIFESCIENCES	TENCENT HOLDINGS	DESCARTES SYSTEMS	ZOETIS	ESSILOR
+13%	+8%	+7%	+7%	-9%

5 Largest Portfolio Positions as at 31 March 2019

ALPHABET	PAYPAL	ALIBABA	MASTERCARD	TJX COMPANIES INC
8%	7%	5%	5%	5%

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

Total Shareholder Return to 31 March 2019



Performance to 31 March 2019

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Company Performance					
Total Shareholder Return	(1.6%)	+2.4%	+9.9%	+10.8%	+6.1%
Adjusted NAV Return	+2.0%	+16.3%	+8.6%	+13.4%	+6.7%
Portfolio Performance					
Gross Performance Return	+2.3%	+17.7%	+12.3%	+17.5%	+10.4%
Benchmark Index^	+0.4%	+11.6%	+4.1%	+11.3%	+7.2%

^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, 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 capital allocation decisions after fees and tax,
» adjusted NAV return – the net return to an investor after fees and tax,
» gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax, 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, 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 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, Andy Coupe and 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 2019

» 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

» On 16 April 2018, a new issue of warrants (MLNWC) was announced

» The warrants were issued at no cost to eligible shareholders and in the ratio of one warrant for every four Marlin shares held

» Exercise Price = $0.75 per warrant

» Exercise Date = 12 April **2019**

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.

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