

# MONTHLY UPDATE

December 2022

Share Price

\$0.93

Warrant Price

\$0.04

MLN NAV

\$0.87

PREMIUM<sup>1</sup>

8.4%

as at 30 November 2022

## A WORD FROM THE MANAGER

Marlin's gross performance return for November was 3.1%, while the adjusted NAV return was up 2.0%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up 3.6%.

Global equities (MSCI World) were up +6.8%. US equities underperformed (+5.4%), European equities outperformed (+9.6%) and global emerging market equities sharply outperformed (+14.6%).

Global bond yields have been falling fairly sharply which is helping drive share markets higher. Markets are reasonably convinced now that we are past the peak in global inflation. The Bloomberg global inflation indicator (consumer price inflation or CPI for every country, weighted by GDP) is now down around 0.5% from its peak.

One of the key thematics we have been focusing on is the unwind of COVID over-earning. There was a fairly clear pull forward of demand during the pandemic for many industries e.g., Netflix (we all watched more TV) and online shopping (we all became online shopaholics during the pandemic). The market was well aware that this was going to unwind. However, the sting in the tail has been that a number of companies that saw this abnormally strong demand, extrapolated strong growth expectations into the future and loaded costs and investment into their businesses to service that forecast strong demand. Meta Platforms, for example, hired 28% more people. Hence, just as the revenue from the COVID over-earning unwound, costs were being ramped up.

The good news is that companies that are further through this journey have performed strongly out the other side. Netflix for example saw demand for its service unwind much earlier in the year and cut costs to right size its business to a slower demand environment.

The message from the market is clear – if you are tone deaf and lackadaisical on costs, you will be punished. But, if you listen to the market and reign in spending and right size your business, you will be rewarded.

## Portfolio

**Alibaba** (+30%) and **Tencent** (40%) rallied strongly during November as enthusiasm regarding possible changes to China's COVID-19 policy and a face-to-face meeting between the country's leader Xi Jinping and President Biden (seen as "productive") fuelled a rally in Chinese stocks. Alibaba also updated the market on its quarterly earnings that provided a mixed message of slower growth, but better profitability.

**Meta Platforms** (+27%) reversed course on forecast 2023 expense growth. In a memo to the firm, CEO and founder, Mark Zuckerberg detailed the layoff of 13% (11k) of Meta's people. The company's expense growth has been a large concern for the market, so investors welcomed the expense cuts, which are an acknowledgement by the firm that they need to show greater cost discipline. In general, this is a trend we are witnessing across the tech sector.

**Signature Bank** (-12%) serves crypto participants including exchanges. The bank is very conservative, both in terms on who the company banks and the services provided. As was the case with the Terra Luna stable coin crash, Signature Bank has no banking relationship with now bankrupt FTX exchange or related companies. In general, Signature does not lend money on fiat deposits related to crypto assets, invest in digital assets or custody digital assets for clients. The bank's core business which is lending on New York multi-family real estate and taking deposits in more traditional verticals continues to grow nicely.

## Portfolio Changes

There were no substantive changes to the portfolio in the month.



Sam Dickie  
Senior Portfolio Manager  
Fisher Funds Management Limited



<sup>1</sup> Share Price Premium 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).

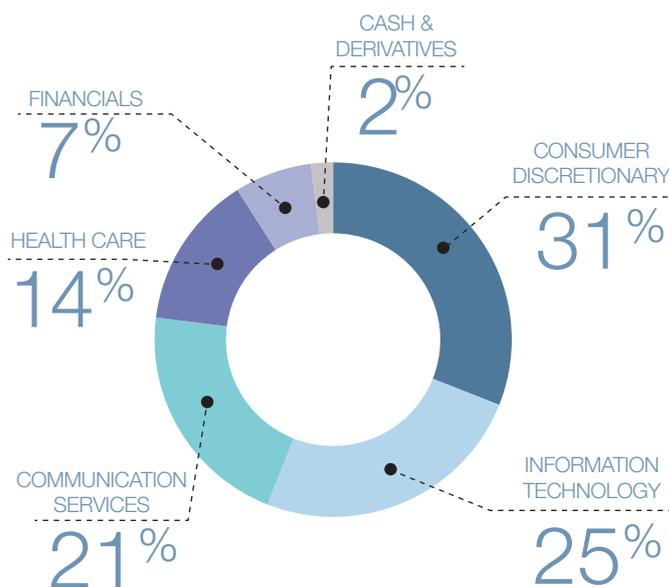
## KEY DETAILS

as at 30 November 2022

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	\$1.15
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	202m
MARKET CAPITALISATION	\$188m
GEARING	None (maximum permitted 20% of gross asset value)

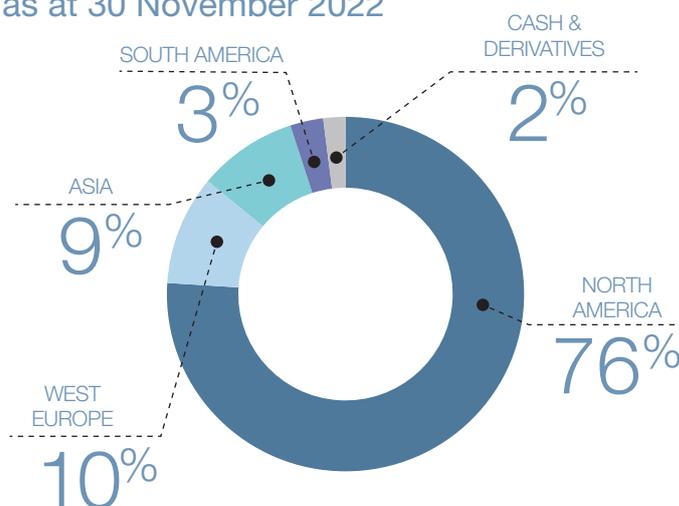
## SECTOR SPLIT

as at 30 November 2022



## GEOGRAPHICAL SPLIT

as at 30 November 2022



# NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

TENCENT HOLDINGS

+40%

ALIBABA GROUP HOLDING

+30%

META PLATFORMS

+27%

GARTNER

+16%

GREGGS

+15%

## 5 LARGEST PORTFOLIO POSITIONS as at 30 November 2022

AMAZON

7%

ALPHABET

7%

PAYPAL

6%

META PLATFORMS

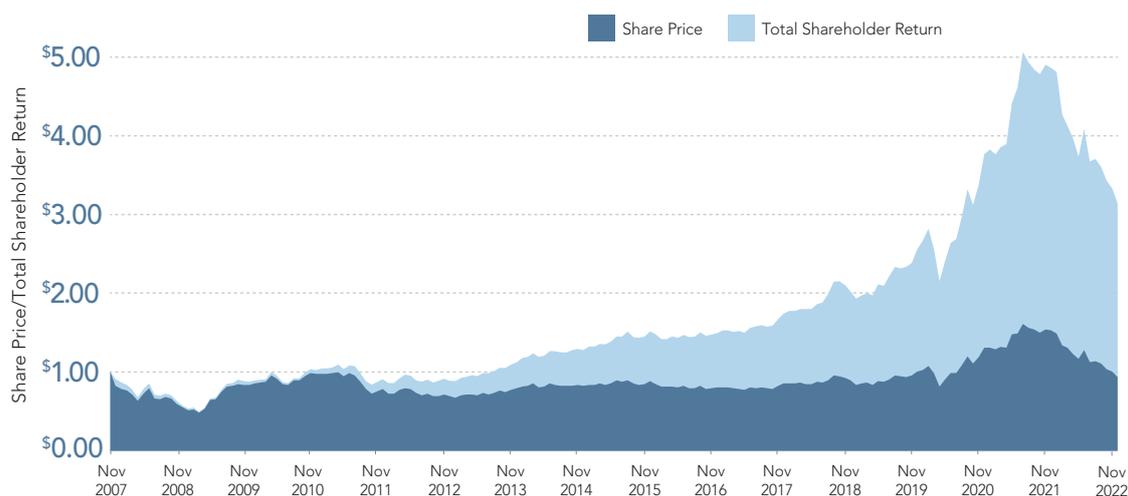
6%

ICON

5%

The remaining portfolio is made up of another 17 stocks and cash.

## TOTAL SHAREHOLDER RETURN to 30 November 2022



## PERFORMANCE to 30 November 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	(6.0%)	(13.0%)	(35.4%)	+7.1%	+12.6%
Adjusted NAV Return	+2.0%	(5.5%)	(23.9%)	+3.3%	+7.2%
<b>Portfolio Performance</b>					
Gross Performance Return	+3.1%	(4.9%)	(23.0%)	+6.2%	+10.2%
Benchmark Index <sup>^</sup>	+3.6%	+1.8%	(7.7%)	+6.2%	+6.3%

<sup>^</sup>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 re-issued for the dividend reinvestment plan

### Warrants

- » Marlin announced a new 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 new 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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