marlin
growing globally

Monthly Update
August 2016

MLN NAV	SHARE PRICE	DISCOUNT
$0.87	$0.79	9.2%

as at 31 July 2016

A word from the Manager

I recently read an article describing the bull market of the last seven years as 'history's least loved'. It noted that even as markets have risen over the years, headlines have constantly spouted warnings about the 'next big bad' for markets, leaving people feeling pretty anxious.

A Credit Suisse strategy paper similarly noted that after visiting clients in the US, Europe and South Africa they found them to be 'as bearish on equities as we can remember'. They said their clients (who are generally fund managers and professional investors) felt that shares are too expensive and not attractive enough to compensate for the macro, political, earnings and business risks that exist today.

It is indeed hard to know how to feel about these markets. Returns from a number of markets have been pretty good, but there are things happening every day that encourage anxiety. Take low interest rates for instance. While mortgage holders might be happy about them, investors who rely on investment income have every reason to feel anxious when rates remain so low for so long.

We justifiably felt a bit of anxiety following Britain's momentous decision to leave the European Union. But then, within days markets shook off any anxiety and within weeks some markets have delivered virtually a year's worth of return.

One of the reasons investors have been feeling glum or pessimistic is that for the first half of this year we've been constantly reminded of all the things we should feel pessimistic about.

China was going to suffer a hard landing, and that was going to affect the world economy, and particularly those of us who trade with China. But actually, so far so good. Chinese GDP is on track to grow by around 6.7% for the year.

Low and negative interest rates were supposed to cause havoc, but actually while we still scratch our head about negative rates (why would anyone want them?) fixed income investors have simply widened their search and found other investments to give them a decent income.

Company earnings were supposed to struggle to keep up with share valuations, and earnings disappointments were going to cause share prices to tumble from their lofty heights. But actually, earnings have been okay, and lofty share prices don't seem that lofty when interest rates are as low as they are now.

Politics, especially in the US and Europe, were supposed to be a big risk for markets because the 'wrong' outcomes could derail global trade and economic growth. But markets have taken politics in their stride, as we've seen in the last month, and apart from bouts of volatility, politics have largely turned out to be media fodder rather than a significant driver of markets.

There will be plenty of politics in the next four months, and given the closeness of the Trump/Clinton polls, it is likely that a potential Trump win will emerge as the 'biggest bad' that investors have to worry about heading into the end of the year. It will be bad because the effect of a Trump win will be uncertain for markets, and markets hate uncertainty.

It's not uncertainty about economic policy that will worry markets — Trump's intentions have been relatively clearly signalled and they will take some time to implement. Rather, markets will concern themselves with a possible Trump impact on the Federal Reserve's policy stance. There is no doubt share markets have remained strong because of the Fed's interest rate policy — low interest rates make shares attractive. Trump has talked tough saying he intends to 'audit the Fed' but that doesn't mean he will (or can) change their policy approach.

Still, the next four months may turn out to be this year's 'least loved'. Or, the year to date trends may continue, and we may find ourselves worrying for nothing.

Carmel Fisher
Managing Director,
Fisher Funds

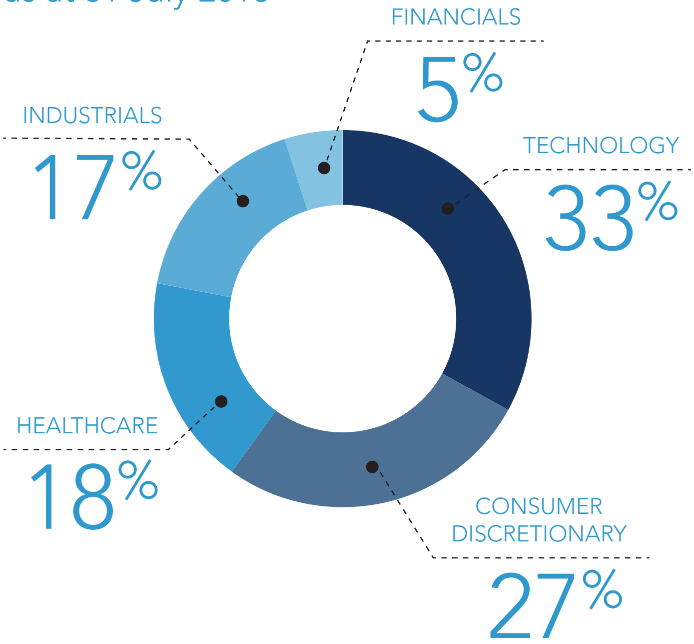
Key Details

as at 31 July 2016

FUND TYPE	Listed Investment Company
INVESTS IN	Growing international companies
LISTING DATE	1 November 2007
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	30-40 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	$0.89 per share
SHARES ON ISSUE	113m
MARKET CAPITALISATION	$89m
GEARING	None (maximum permitted 20% of gross asset value)

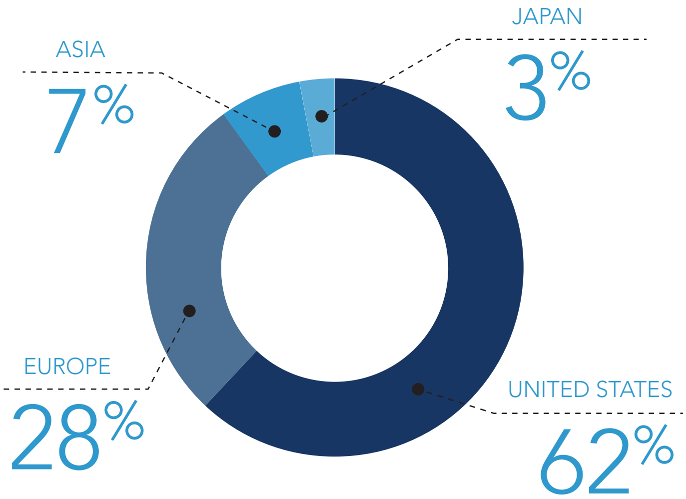
Sector Split

as at 31 July 2016



Geographical Split

as at 31 July 2016



Performance

to 31 July 2016

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
MLN Adjusted NAV*	+4.7%	+3.2%	(7.3%)	+23.0%	+47.6%
Benchmark Index^	+4.4%	+3.2%	(0.7%)	+45.6%	+69.9%
Total Shareholder Return*	+0.0%	+0.9%	(2.7%)	+42.6%	+43.4%

^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

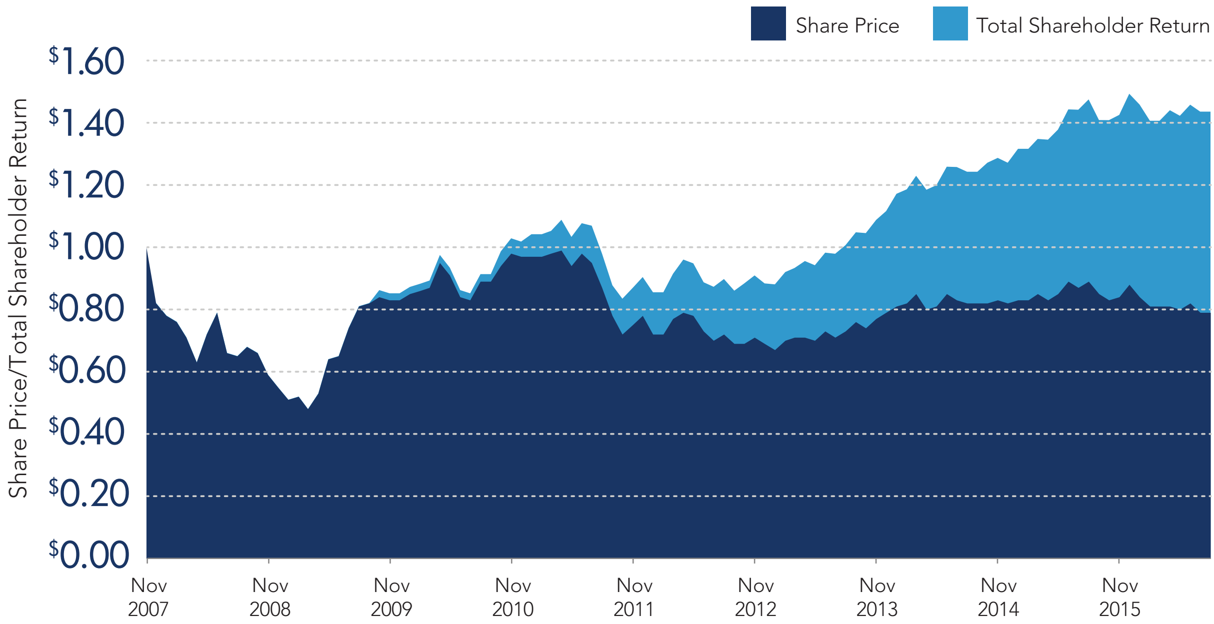
***Definitions of non-GAAP measures:**

Adjusted Net Asset Value (NAV)
Adjusted NAV is calculated using NAVs (audited at the end of each financial year) and is net of fees and tax, adds back dividends paid to shareholders (but excludes imputation credits) and includes the dilution effect of warrants exercised.

Total Shareholder Return (TSR)
TSR is calculated using the share price performance plus dividends paid to shareholders (but excludes imputation credits) and excludes the impact of warrants.

Total Shareholder Return

to 31 July 2016



July's Biggest Movers in New Zealand dollar terms

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

EBAY	VARIAN MEDICAL	ADIDAS	ALPHABET	STERICYCLE
+31%	+14%	+14%	+11%	-14%

5 Largest Portfolio Positions

as at 31 July 2016

ALPHABET	MASTERCARD	PAYPAL	WIRECARD	ALIBABA GROUP
5%	4%	4%	4%	4%

The remaining portfolio is made up of another 26 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 30 and 40 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. Roger Garrett (senior portfolio manager), Frank Jasper (senior investment analyst) and Chris Waters (senior investment analyst) take the prime management responsibilities and are highly experienced in researching and investing in international growth companies with over 60 years combined experience. Fisher Funds are 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 (Chairman), 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

» This policy is well received by shareholders as it provides an attractive and regular return that is referable to the NAV

» 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 5.5m of its shares on market in the year to 31 October 2016

» 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 and to pay performance fees

Warrants

» On 5 August 2016, 1,419,270 Marlin warrant holders converted their warrants into ordinary Marlin shares

» The new shares were allotted to warrant holders on 9 August 2016 and quoted on the NZX Main Board on 10 August 2016

» All new shares have the same rights as current Marlin shares, including participating in the company's quarterly dividend policy

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