

Monthly Update

September 2016

MLN NAV	SHARE PRICE	DISCOUNT
\$0.87	\$0.82	6.2%
as at 31 August 2016		



A word from the Manager

I wonder how many parents would consider fund management as a worthy career for their sons and daughters? I would, but then I've enjoyed being part of the fund management industry for nearly thirty years and seen its impact on people's lives.

There is no doubt that investing has changed in the past three decades and will most likely be a completely different art (or is it a science?!) in future decades.

It used to be that being a good fund manager essentially involved beating a benchmark index by picking the good investments from the index and avoiding the bad.

You could identify the investment philosophy or style that most resonated with your own personality — a growth investor would look for investments that offered the best prospects for profit growth, and a value investor would look for investments that were cheaper, and therefore offered better value than the rest of the index.

You could decide how often you transacted — perhaps you were a buy and hold investor like Warren Buffett, buying shares in companies that you intended to own forever. Or you could attempt to time the market and get into investments before other investors discovered them, and sell before others sold and pushed the price down.

Investors would generally appreciate the skill and effort required of a stock picker and would seek out those who had a better-than-average track record of success.

But that was in the old days. As in all industries, the investment business has experienced significant change, and the rate of change is accelerating.

Much of the change relates to the investment industry itself — investment styles are now interchangeable with growth investments often behaving like value investments and vice versa; information and markets change so rapidly that owning anything forever is out of the question; and few fund managers have been able to achieve a better-than-average track record, so investors are unsure who to pick!

Significant change has also occurred in investors' attitudes. Having a fund manager beat an index has become less important than the manager generating returns to beat the bank deposit rate. Today dividend yield is considered more important and appealing than capital growth. Investors

want to have a greater say in the sort of investments their fund manager owns (eg. ethical and socially responsible businesses) yet at the same time, they like passive or index funds which offer no opportunity to choose particular industries or companies.

Our ageing population and the era of low interest rates and economic growth has led to another significant change — a focus on 'decumulation' rather than accumulation. That is, as many people are investing to ensure their funds last their lifetime and provide a retirement income, as those who are looking to accumulate assets and grow them as quickly as possible.

The one thing that hasn't changed about fund management, and the reason that I would still recommend it as a career choice for my children, is that fund managers perform a vital function, and the number of people needing investment management services is going to keep growing as people live for longer.

Investors don't just need good stock-picking, or a choice of investment products; they need someone to hold their hand and make the right decisions for them, in good markets and bad, so they can achieve their financial goals. Clients need someone to anticipate changing trends and adjust accordingly, so that whatever happens next, their financial journey will continue as planned.

We've provided the stock-picking and the diversified range of investment products and we've made some good decisions to ensure our performance remains competitive. But most importantly, we've helped investors stay on course and reach their destination; that's our primary function.

Carmel Fisher
Managing Director,
Fisher Funds



Key Details

as at 31 August 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	115m
MARKET CAPITALISATION	\$94m
GEARING	None (maximum permitted 20% of gross asset value)

Performance

to 31 August 2016

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
MLN Adjusted NAV*	+0.4%	(0.0%)	(3.1%)	+21.8%	+49.9%
Benchmark Index [^]	+0.2%	+0.9%	+0.8%	+43.7%	+69.9%
Total Shareholder Return*	+3.5%	+1.9%	+4.0%	+42.2%	+48.9%

[^]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 (Adjusted NAV)

The adjusted NAV per share represents the total assets of Marlin Global (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- » the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;
- » shares bought off the market (share buybacks) at a price different to the NAV, and;
- » warrants exercised at a price different to the NAV at the time exercised.

Adjusted NAV assumes all dividends are reinvested in the company's dividend reinvestment plan and excludes imputation credits.

The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buybacks and warrants, which are a capital allocation decision and not a reflection of the portfolio's performance.

Total Shareholder Return (TSR)

The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares and dividends paid to shareholders.

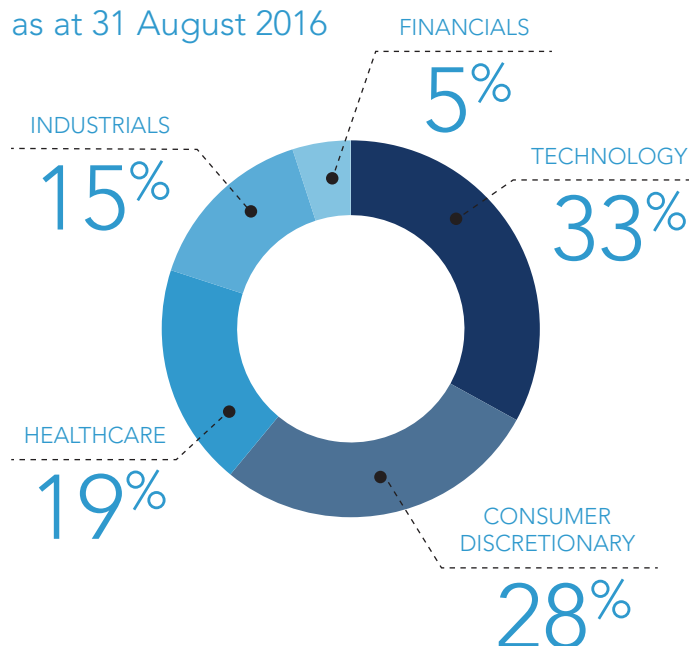
TSR assumes:

- » all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted reinvestment price and exclude imputation credits, and;
- » all shareholders that have received warrants (for free), have subsequently exercised their warrants at the warrant expiry date and bought shares (if they were in the money).

The directors believe this metric to be useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options.

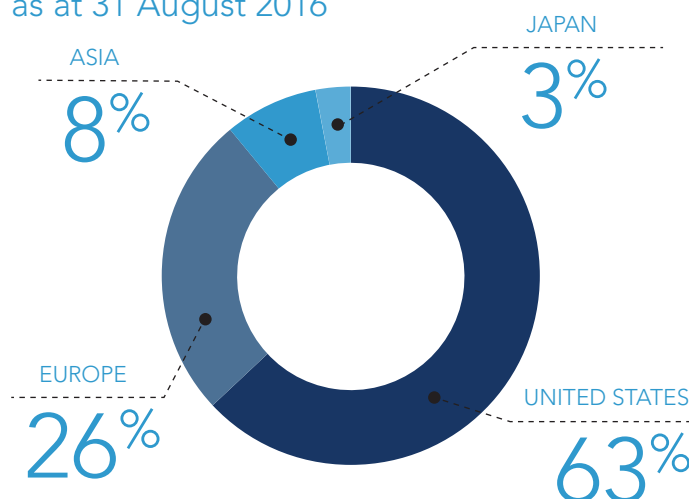
Sector Split

as at 31 August 2016



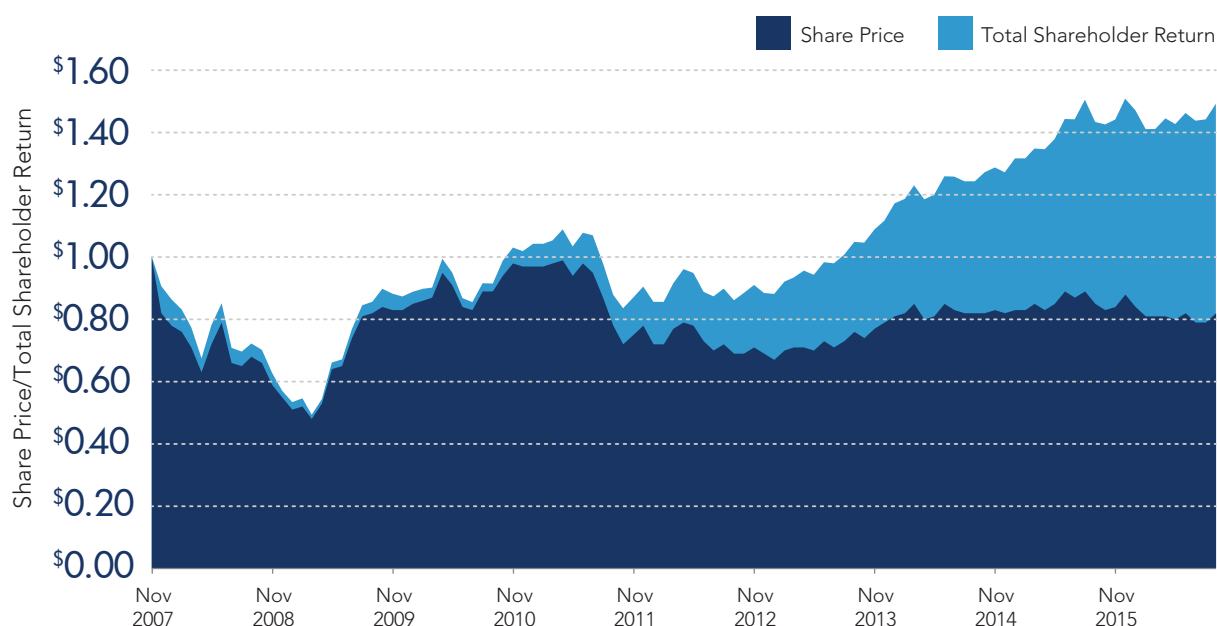
Geographical Split

as at 31 August 2016



Total Shareholder Return

to 31 August 2016



August's Biggest Movers in New Zealand dollar terms

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

ALIBABA GROUP

+17%

STRATEC BIOMEDICAL

+8%

WIRECARD

+6%

UNITED INTERNET

-9%

PARK24

-15%

5 Largest Portfolio Positions

as at 31 August 2016

ALPHABET

5%

WIRECARD

5%

MASTERCARD

4%

PAYPAL

4%

ALIBABA GROUP

4%

The remaining portfolio is made up of another 24 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 2017, 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

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.