marlin
growing globally

MONTHLY UPDATE

May 2023

Share Price	Warrant Price	MLN NAV	DISCOUNT[1]
$0.87	$0.01	$0.88	0.9%

as at 30 April 2023

A WORD FROM THE MANAGER

Marlin's gross performance return for April was up 1.7%, while the adjusted NAV return was up 1.6%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up 1.3%.

In April, global equities gained +1.6%. US and European equities were up +1.5% and +2.6%, respectively. Emerging market equities, on the other hand, were down -1.3%.

The US reporting season is almost 60% of the way complete. So far, 67% of companies reporting have beaten revenue expectations and 80% have beaten earnings expectations. The European reporting season is around 40% of the way through. So far, 66% of companies reporting have beaten revenue expectations, while only 63% have beaten earnings expectations.

Our portfolio is 53% of the way through earnings season. So far, 90% of companies have beaten revenue expectations and 90% have beaten earnings expectations. As always, results are backwards looking so guidance is crucial. 80% of our portfolio companies have either raised guidance or not guided and consensus has upgraded year ahead earnings estimates.

Portfolio

Alibaba (-18%) and **Tencent** (-11%) declined alongside the wider Chinese market, reversing gains made in the prior month on the back of Tencent's strong results and Alibaba's business restructure announcement. There was no significant news for these two companies in the month.

We added to our **Dollar General** (+6%) and **Dollar Tree** (+7%) positions in the month. These US discount retailers have wide moats, which will continue to widen as they expand their store footprint and bring value to US consumers. Dollar General and Dollar Tree stock a variety of consumable and discretionary items at affordable sub-$10 price points that are on par with a mass merchant like Walmart, and they are 20%~40% cheaper than grocery and drug stores.

Edwards Lifesciences (+6%). The healthcare industry continues to recover from the combination of COVID headwinds and hospital staffing shortages, with surgical procedures for medical device companies coming in well ahead of expectations for the first quarter. Following several quarters of lower growth in its core TAVR franchise, Edward's returned to its historic double-digit growth rate.

Icon (-10%), the clinical research outsourcing (CRO) company, had a weak month. Sentiment continues to sour on its early-stage biotech clients which make up around 15% of company revenue. Funding for these early-stage biotech companies has declined from the high levels seen during the COVID years. This is starting to result in delays in small biotech projects, as clients conserve cash and prioritise projects. Management believe these concerns are overblown. Any headwinds will be limited, while the long-term growth story remains intact. Biotech funding has decreased but it is still consistent with pre-COVID levels. Client's R&D budgets in the remaining 85% of Icon's revenue base continue to grow. Icon is well positioned to increase its share of industry outsourcing spend following its 2021 merger with PRA Health Sciences, as pharmaceutical companies consolidate their R&D spend to the larger CRO's such as Icon.

Mastercard (+5%) beat earnings expectations during the month. The company lifted its full year guidance for 2023. Consumer spending has remained resilient despite the current economic uncertainty, high inflation and high interest rate environment. Dollar volumes grew 15% in the core payments business. The company is winning new customers and selling additional value-added services, such as analytics and fraud detection, which grew 21%. MA's cross-border payments business grew 35% in the quarter, continuing to show strength as economies continue to reopen and travel resumes at a more normalised level.

[1] Share Price Discount 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).

Meta (+13%) reported strong earnings. User growth, revenue and earnings exceeded market expectations. Meta also provided better-than-expected revenue guidance for the following quarter and once again lowered its expense guidance for the full year. Compared to 6 months ago, Meta has reduced its expense guidance by 11%, at the same time as revenue is coming in stronger than expected. This has driven consensus operating profit forecasts 40% higher in the past 3 months. Artificial intelligence (AI) was a key topic, which management credits for driving greater user engagement and advertising efficiency.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited

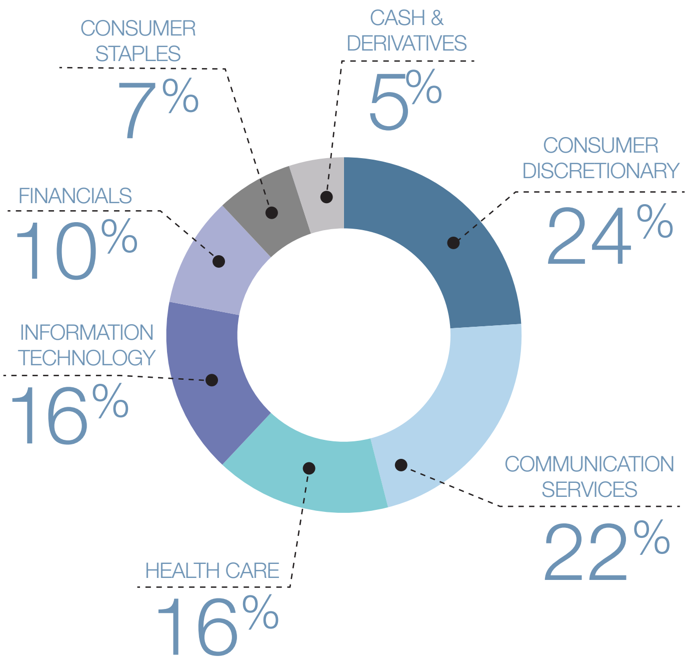
KEY DETAILS

as at 30 April 2023

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	$1.10
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	205m
MARKET CAPITALISATION	$178m
GEARING	None (maximum permitted 20% of gross asset value)

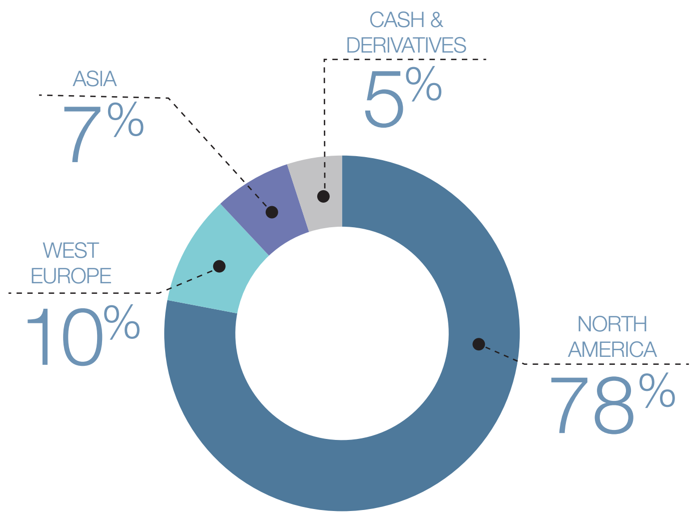
SECTOR SPLIT

as at 30 April 2023



GEOGRAPHICAL SPLIT

as at 30 April 2023



APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

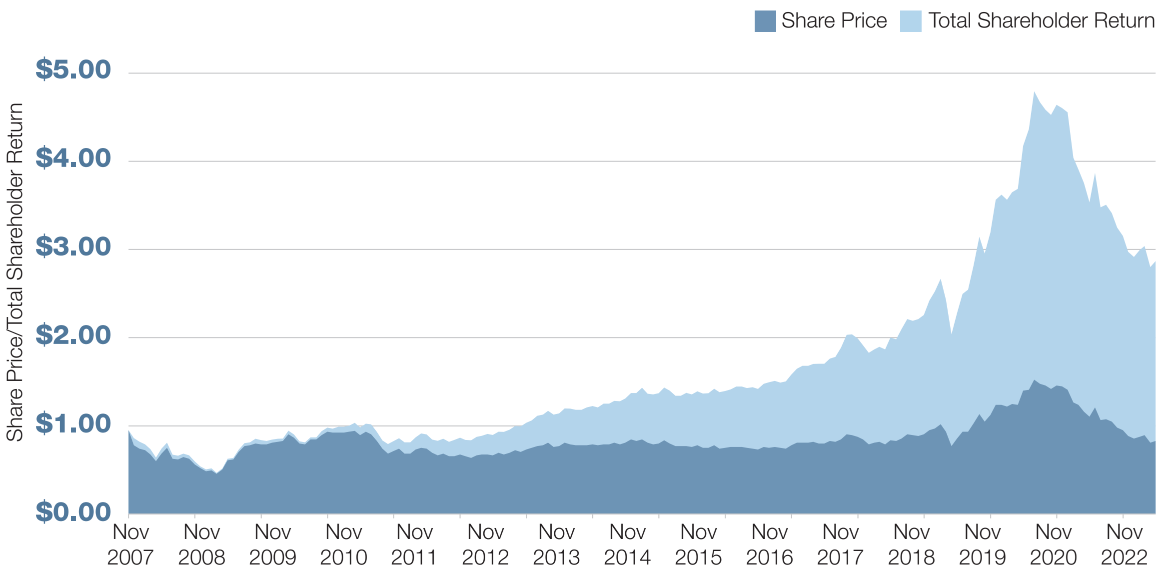
META PLATFORMS	GARTNER	ICON	TENCENT	ALIBABA GROUP
+13%	-7%	-10%	-11%	-18%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2023

AMAZON	META PLATFORMS	ALPHABET	FLOOR & DECOR	BOSTON SCIENTIFIC
8%	8%	8%	6%	6%

The remaining portfolio is made up of another 14 stocks and cash.

TOTAL SHAREHOLDER RETURN to 30 April 2023



PERFORMANCE to 30 April 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.2%	(4.1%)	(18.9%)	+7.9%	+11.0%
Adjusted NAV Return	+1.6%	+0.7%	(3.1%)	+5.4%	+7.5%
Portfolio Performance					
Gross Performance Return	+1.7%	+0.7%	(1.4%)	+8.5%	+10.6%
Benchmark Index^	+1.3%	+0.8%	+2.7%	+12.1%	+6.9%

^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 utilised 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 warrants is 10 November 2023

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