

# MONTHLY UPDATE

December 2024

SHARE PRICE

\$0.92

WARRANT PRICE

\$0.02

MLN NAV

\$1.02

DISCOUNT<sup>1</sup>

9.5%

as at 30 November 2024

## A WORD FROM THE MANAGER

Marlin's gross performance return for November was up +5.3%, while the adjusted NAV return was up +5.0%. This compared with our global benchmark, S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up +5.0%.

### Market Environment

US markets had a strong month in November on the back of Donald Trump being re-elected as US President. The US S&P500 (+5%) outperformed Europe (flat), emerging markets (-4%) and China (-5%). This is due to potential stimulatory moves such as tax cuts, removing regulatory roadblocks to investment, and tariffs to be imposed on foreign goods.

In the US, there was significant activity happening behind the scenes. For example, profitless technology (think cryptocurrency, Coinbase, ARKK<sup>2</sup> etc.) was up circa 27% and Tesla was up circa 39% given Elon Musk's association with Trump.

Outside of that, small caps and value related stocks sharply outperformed growth (e.g. Russell 2000 +10%, Financials +10%, Industrials +7% vs. Nasdaq +5%). Also, there was a broadening out in US tech, with a new term coined the Mag70 (previously the Mag7). This occurred in anticipation of a more favourable M&A backdrop under Trump's administration, which potentially unlocks strategic M&A value for smaller technology companies.

### Portfolio

**Salesforce** (+13%) benefited from improved sentiment around software stocks; and positive reception of its new AI Agentforce product. Software companies have been through a period of sluggish growth the last two years as customers digested high IT spend during COVID; and as IT budgets were shifted towards AI projects. But we are seeing signs that software spend is recovering which has led to improving sentiment across the sector. The AI Agentforce product was unveiled in September and has received strong initial feedback from customers. Agentforce is an autonomous AI agent that can interact with customers or employees; for example, helping automate patient appointment scheduling for doctor clinics. While Agentforce is largely in the testing phase with these customers, this has the potential to be a material growth driver for Salesforce.

**Netflix** (+17%) continued to rise following a positive earnings report in October, driven by strong subscriber growth and margins. The month featured the highly publicized Tyson-Paul boxing match, which drew 60 million households, and with two NFL games scheduled for Christmas Day, Netflix is positioning itself as an attractive advertising platform. Additionally, the company's ability to increase prices in its largest markets, the U.S. and Canada, along with the untapped potential of its advertising business, creates a positive outlook for Netflix moving forward.

**Amazon** (+12%) had a solid November on the back of positive third quarter earnings result. The main theme in the quarter was margins in both AWS and ecommerce. AWS recorded its highest ever quarterly operating profit margin at 38%, the result of measured spending and revenue growth reaccelerating after a period of measured customer spend post pandemic. Amazon's ecommerce margins continue to improve post the large investment made into its logistics infrastructure. While North American ecommerce margins were better than expected in the quarter, Amazon's international ecommerce margins were the star. This quarter showed that Amazon's international ecommerce business continues to close the profitability gap to North America as more of its international markets mature.

**Floor & Décor** (+9%) reported better than expected earnings at the end of October, driven by cost discipline. Floor & Décor continues to take market share against a tough macroeconomic backdrop for flooring. Given the share price weakness in the last two months, we added weight during November.

**Danaher** (-2%) and **Icon** (-5%) declined on Trumps' election, and also in Icon's case, continued underperformance following its guidance downgrade last month as several large pharma customers reduced their R&D budgets, and biotech spend has been slow to recover. Trump selected Robert F. Kennedy Jr. to be Health and Human Services secretary, and while specific policies have not been announced, given Kennedy's history of anti-pharma and anti-FDA rhetoric, this was seen as negative for drugmakers and portfolio companies like Danaher and Icon that provide services or products to these customers. That said, his nomination is far from certain. Firstly, Kennedy needs

<sup>1</sup> 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).

<sup>2</sup> ARK Innovation

to get senate approval, and he is not necessarily a consensus candidate; and many changes to federal agencies would require Congressional oversight or legislation change, so major changes to the status quo could be challenging. But markets and companies do not like uncertainty. Until we get more clarity around policy – we may see biotech and pharmaceutical companies being hesitant to start new development projects, which would also be a temporary headwind for companies like Icon and Danaher.

**Alphabet** (-1%) was soft during the month after the US Department of Justice (DOJ) released its proposed solutions for the anti-trust case they won against Alphabet in August. The solutions proposed by the DOJ are wide ranging and include

options requiring Alphabet to split off parts of its business such as Chrome and requiring Alphabet to open its data and IP of its search engine to competitors. This is to reduce Alphabet's dominant position in global internet search. A final decision on solutions will be decided by the judge in August 2025. Alphabet is appealing the initial judgement against them and the remedies judgement will also likely be appealed later in 2025. The case likely has several years to play out before a conclusion is reached, we continue to monitor developments closely.



Sam Dickie  
Senior Portfolio Manager  
Fisher Funds Management Limited



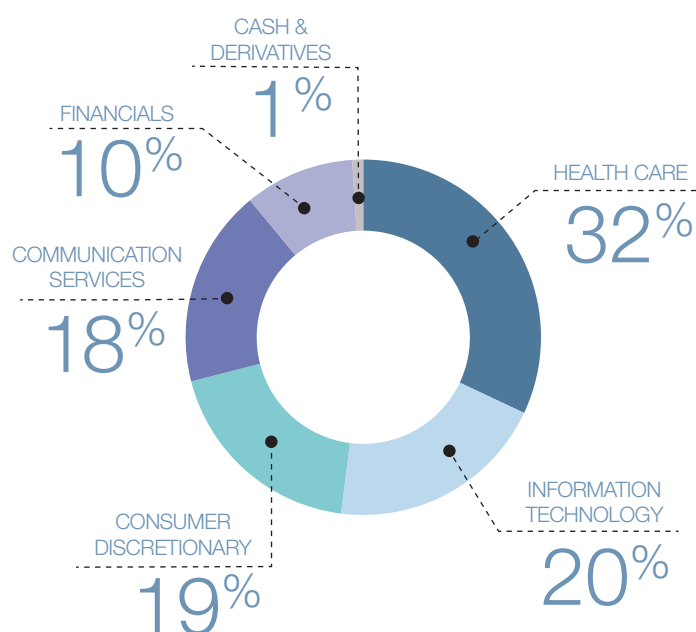
## KEY DETAILS

as at 30 November 2024

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	\$1.00
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	218m
MARKET CAPITALISATION	\$205m
GEARING	None (maximum permitted 20% of gross asset value)

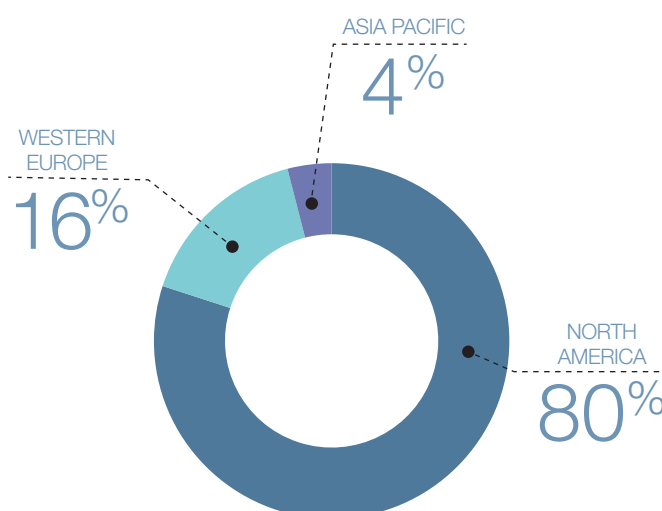
## SECTOR SPLIT

as at 30 November 2024



## GEOGRAPHICAL SPLIT

as at 30 November 2024



# NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

(in local currency) during the month

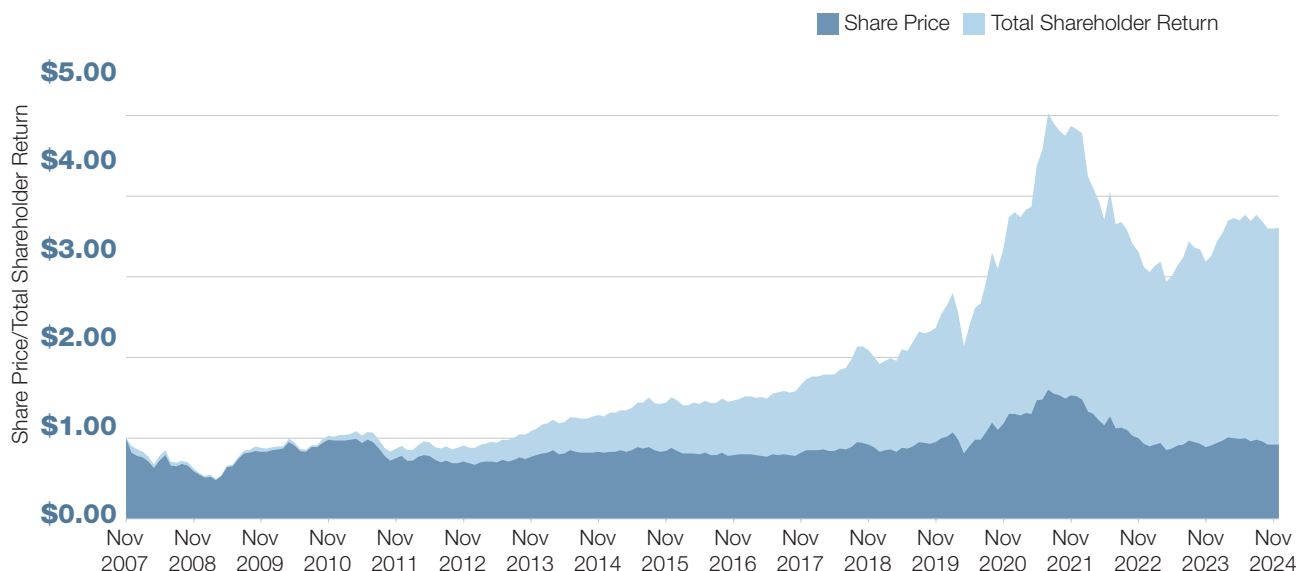
NETFLIX	SALESFORCE	AMAZON	DEXCOM	FLOOR & DÉCOR HOLDINGS
+17%	+13%	+12%	+11%	+9%

## 5 LARGEST PORTFOLIO POSITIONS as at 30 November 2024

AMAZON	MICROSOFT	ALPHABET	MASTERCARD	FLOOR & DÉCOR
8%	7%	6%	6%	6%

The remaining portfolio is made up of another 18 stocks and cash.

## TOTAL SHAREHOLDER RETURN to 30 November 2024



## PERFORMANCE to 30 November 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	+0.1%	(2.3%)	+10.5%	(9.2%)	+7.3%
Adjusted NAV Return	+5.0%	+4.3%	+18.9%	+1.7%	+8.8%
<b>Portfolio Performance</b>					
Gross Performance Return	+5.3%	+5.2%	+22.7%	+4.0%	+11.8%
Benchmark Index <sup>^</sup>	+5.0%	+7.8%	+28.6%	+8.7%	+10.7%

<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 [marlin.co.nz/about-marlin/marlin-policies](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 Daniel Moser and Charles Barty (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 on 29 April 2024
- » The warrant term offer document was sent to all Marlin shareholders in early May 2024
- » Warrants were allotted to all eligible Marlin shareholders on 16 May 2024
- » The new warrants (MLNWG) commence trading on the NZX Main Board from 17 May 2024
- » The Exercise Price of each warrant is \$1.04, 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 Marlin warrants is 16 May 2025

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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