



march 2008 - update



### Dear Share & Warrant Holders

Welcome to the newsletter for the quarter ending 31 March 2008, the first full quarter since Marlin began operating in November 2007.

By now, you will be familiar with the weakness in the Global equity markets emanating from the credit crisis in the US. As anticipated in our last newsletter, the unsettled theme continued throughout this quarter, with Marlin's share price ending at \$0.63. This represents a 33% discount to the 31 March net asset value (NAV) per share of \$0.94. Your directors find it difficult to comprehend this substantial discount given cash reserves of \$68m held at the end of March. However the discount is likely to reduce as the portfolio continues along the track of becoming fully invested and at the time of writing the share price has risen to \$0.74.

Our Manager, Fisher Funds has taken advantage of the lower prices of favoured stocks and has invested a further \$21m this quarter to continue building on the initial portfolio. Eleven new companies were added, bringing the total number of portfolio companies to 24, with one declaring a substantial dividend.

Your Directors view the focused and unhurried approach of the Manager to be appropriate in the current market. Recent feedback from shareholders has also been encouraging, commending the Manager for the way investing has been conducted. Fisher Funds provides further information on the market and investment activities later in this newsletter.

The Marlin website [www.marlin.co.nz](http://www.marlin.co.nz) was completed at the end of January, and contains the latest share and warrant price, NAV, announcements to the Stock Exchange as well as correspondence with investors. You are also able to check your share or warrant holding in Marlin from the website. We encourage you to visit the website to see the other information that may be of interest.

The next quarter will contain milestones for the Company; further investing of the portfolio and the end of the financial reporting period. Our next report will be in mid August when we announce the results of the first eight months operations to the NZ Exchange. This will be followed by our Annual Report to 30 June and our first Annual Shareholder Meeting in September.

We thank you for your interest and support.

Yours sincerely

**Rob Challinor** - Chairman, Marlin Global Limited  
10 April 2008

### Marlin Global Quarterly Review – Fisher Funds

#### Market Review

The global equity markets continued the sell off from late last year with the MSCI Global Small Cap Index declining 8.5% in USD terms. To add to the misery, the N.Z. dollar hit a new high during the quarter and ended 2.6% stronger against the greenback. >

### At a Glance

Performance for the period 1 November 2007 to 31 March 2008 (since listing):

	At 31 Mar '08	Movement 1 Nov '07 – 31 Mar '08
Net Asset Value	\$0.94	-3.2%*
Diluted Net Asset Value	\$0.96**	-2.1%
Share Price	\$0.63	-37.0%
Warrant Price	\$0.09	+8.7%

\* Based on adjusted Net Asset Value per share at listing of \$0.9734, representing the issue price of \$1 less issue costs of \$0.0266 per share.

\*\*The Diluted Net Asset Value per share is higher than the Net Asset Value per share because it assumes all outstanding warrants (31 Mar 2008: 51,499,999) will be exercised at a price of \$1.00 per warrant. Realistically it is not expected that warrants will be exercised if the share price is below \$1.00.

#### Portfolio Holding Summary as at 31 March 2008:

US	18.4%
Asia	6.7%
Europe	4.6%
Total Equities	29.7%
Cash	70.3%

#### Portfolio Holdings Detail as at 31 March 2008:

	% Holding
<b>US Listed Companies</b>	
Home Inns & Hotels Management Ltd	3.0%
Conceptus Inc	2.3%
Icon PLC	1.9%
Equinix Inc	1.7%
Micro Systems	1.6%
Sciele Pharmaceuticals	1.6%
Ebix Inc	1.0%
Stratec Biomedical	1.0%
Jamba Inc	0.9%
O2Micro International Limited	0.9%
Celera	0.7%
Hansen Natural Corporation	0.7%
OSI Pharmaceuticals	0.7%
The Ultimate Software Group Inc	0.4%
<b>French Listed Companies</b>	
Gameloft	0.7%
<b>German Listed Companies</b>	
Wirecard AG	1.8%
Roth & Rau	0.8%
<b>Greek Listed Companies</b>	
Jumbo	1.3%
<b>Hong Kong Listed Companies</b>	
City Telecom	1.4%
Midland Holdings	0.5%
Ports Design	0.5%
<b>Singapore Listed Companies</b>	
Hongguo Intl Holding Limited	1.6%
Midas Holdings	1.5%
Raffles Education Corp Ltd	1.2%
<b>Equity Total</b>	<b>29.7%</b>
New Zealand dollar Cash	22.0%
US dollar Cash	15.2%
Singapore dollar Cash	9.9%
Euro Cash	9.0%
Hong Kong dollar Cash	9.1%
Swiss Cash	3.0%
Japanese Cash	2.1%
<b>Cash Total</b>	<b>70.3%</b>

The credit crisis was again the catalyst culminating in a stock market low during March on the heels of the demise of one of the world's top investment banks - Bear Stearns. In addition, concerns intensified regarding a U.S recession and the anticipated flow on effect to other economies around the world.

It is likely the negative headline news will continue during the next quarter. However, we are more focused about the impact this has on the stock market and more importantly, our stocks. History has proven that we experience events like this time and time again. We have had credit crunches, housing booms and busts, asset bubbles, and of course many recessions. Looking at the impact of U.S recessions over the past 70 years; the average peak to trough performance of the S&P500 is approximately -25%. From the market peak in October to the current trough in March the S&P500 has declined 19%. While history doesn't usually repeat, it often rhymes. The stock market has historically discounted recessions ahead of the recession ending, even though the negative news continues flowing over this period.

Short term news and pessimism aside we must re-iterate that we believe we are in one of the greatest global economic booms of all time driven by Asia and the developing economies.

### Portfolio Review/Changes

During the quarter we added 11 companies to the portfolio to bring the total to 24. We have another 10 companies where we are either finalising our due diligence, waiting for a company-specific catalyst or looking for a more attractive buy level. We more than doubled our invested proceeds to 30% during the quarter.

While the fund is built on a company by company basis, there are some overall trends and themes emerging:

1. The urbanisation in China driven by the emerging middle class: Home Inns, Hongguo, Ports Design, Raffles Education, Midas
2. Businesses that have been, and continue to be, successful in the U.S. and are now growing globally: Equinix, Hansens, Micros, Ebix
3. Healthcare companies (generally not impacted by the economy): Conceptus, Icon, Sciele, Celera, OSI Pharmaceuticals, Stratec Biomedical
4. Increased utilisation of the Internet: Equinix, Hong Kong Telecom, Wirecard.

In addition to the 30% of capital invested in companies, we have another 48% of capital in foreign currencies. This is not just because we believe the NZ Dollar is overvalued but also in preparation for investing in our target companies. We look forward to updating you on the progress next quarter.



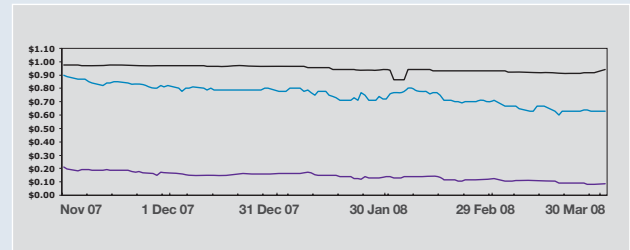
**Carmel Fisher**  
Managing Director  
Fisher Funds Management Limited  
10 April 2008



**Ken Applegate**  
Senior Portfolio Manager  
Fisher Funds Management Ltd  
10 April 2008

RELATIVE PERFORMANCE 31/03/08	1 Month	3 Months	Since Inception
Marlin NAV	1.07%	-2.65%	-3.23%
90 Day Bank Bill Index (NZD) + 5% p.a.	1.16%	3.47%	5.82%
MSCI Global Small Cap	0.35%	-10.86%	-18.43%

## Marlin Net Asset Value and Share Price Performance



### Points of Interest

#### Share Price discount to Diluted Net Asset Value

We have received a number of queries from shareholders over the few months asking why the gap between the share price and the diluted NAV was so large. Over the quarter, the share price has ranged from \$0.60 to \$0.80, while the diluted NAV has remained between \$0.91 and \$0.98. Diluted NAV per share reflects the effect on Marlin's assets should all warrants currently on issue, be notionally exercised at the exercise price of \$1.00.

Unfortunately while there is no hard answer we can provide regarding the current share price and the large discount compared to the diluted NAV, we have determined that discounts usually occur as a function of the following (which we also concluded do not feature with Marlin):

1. Poor track record (not the case here)
2. Unwieldy / expensive vehicle (also not the case here)
3. Bad underlying portfolio holdings (as we have about 70% still in cash and the 30% that is invested are performing well so this is not an issue either)
4. Hidden or non-transparent portfolio holdings (not the case here as all are listed on the stock exchange and the NAV is announced weekly).

All we can offer is weak market sentiment as a plausible reason at present, as this typically opens up short-term discounts.

So we focus on maintaining NAV growth over time, minimising operating costs and keeping shareholders and the market fully informed as to the investments in all our companies. Discounts come and go usually depending on the mood of the market at the time, which recently has been very volatile.

We can just ensure that we do our best to invest in great companies which we believe will deliver growth over the long term.

### What's Coming Up?

- 30 June 2008 Full Year preliminary result – August 2008
- 30 June 2008 Annual Report publication – August 2008
- Annual Shareholders Meeting – September 2008
- Update newsletter September 2008 – October 2008
- First warrant exercise period - 31 October 2008
- 31 December 2008 Interim Results – February 2009

*The Marlin Update newsletter is produced for the March and September quarters only. The Annual and Interim Reports will cover the June and December periods. Should you prefer to receive future Update newsletters electronically please email us at [enquire@marlin.co.nz](mailto:enquire@marlin.co.nz)*

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