



# Marlin, Fisher Funds reject Elevation bid

[JASON KRUPP](#) Last updated 10:32 18/10/2012

Listed investment fund Marlin Global and its manager Fisher Funds are urging shareholders to reject a wind-up bid.

They say the offer from New Zealand fund manager Elevation Capital to wind the business up and return the proceeds to shareholders doesn't stack up.

Marlin specialises in small cap international stocks and Elevation claims it has failed to reach the performance benchmarks stated in its 2007 prospectus. The benchmark was to beat the NZX 90-day bank bill index by 5 per cent.

Elevation said if shareholders dumped the manager and wound up the company they were likely to receive a payment of 81 cents per share based on its net asset value, rather than the 71c that Marlin shares are currently trading at.

The resolution is backed by a KPMG report Marlin commissioned in 2009 to address the trading discount. The adviser recommended the firm start share-buybacks, implement a managed dividend policy, or delist and wind-up.

Elevation stressed Marlin's buybacks and quarterly dividend policy had failed to lift the value, which left winding down as the only recourse to tap the underlying value.

Marlin's independent directors, in a letter to shareholders that was filed with the NZX today, have urged shareholders to reject the offer on the grounds that they're unlikely to see a return of 81c once costs are factored in.

They note that while the fund had missed its benchmarks in a volatile trading period, it was one of the best performing of the 29 comparable portfolio investment entities investing internationally since inception.

They also noted that Elevation Capital has only been a Marlin shareholder for a matter of weeks.

"Marlin shares are publicly traded," the directors said in the statement. "All shareholders are free to buy and sell as they please. There is no need to wind up the company for shareholders to access their capital."

Fisher Funds, which manages the assets on behalf of Marlin, labelled the move "opportunistic".

It said if the resolution is passed, the board does not have rights to terminate the management agreement except in certain cases such as liquidation or gross negligence.

Plus, Fisher Funds said the initial management term - which was due to expire next month - had been renewed for a further five years, a move that wouldn't have been undertaken if Marlin was dissatisfied with its performance.

Shareholders will vote on the non-binding resolution on November 1. A quorum of 75 per cent is needed to pass it.

- © **Fairfax NZ News**