marlin
growing globally

QUARTERLY NEWSLETTER

1 January 2026 – 31 March 2026

Share Price	MLN NAV	PREMIUM[1]
$0.85	$0.81	4.1%

as at 31 March 2026

A tough year, well positioned for the future.

Marlin's gross return for the first quarter was -12.1%, while the adjusted NAV return was -11.5%. This compared with our global benchmark, the S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was -0.9%.

Market environment

Markets had a volatile start to the year, with most major global stock indices ending the first quarter lower overall. It has been a very tough quarter for investors — one defined by the most extreme style headwinds our investment process has faced in over a quarter-century. The AI disruption narrative broadened from software into wealth management, clinical research and credit card networks, punishing quality growth companies. And the outbreak of the US-Iran conflict in early March caused the largest monthly oil price spike in four decades (+63% for Brent crude in March) and the largest quarterly rally in energy stocks (which we don't own) in at least 30 years.

Global equities fell 3% for the quarter, but the divergence beneath the surface was dramatic. Value stocks (+1%) outperformed growth stocks (-8%), driven by a surge in energy, materials and utilities. High-quality companies underperformed lower-quality stocks by an even wider margin for the fourth consecutive quarter (45% underperformance in the last 12 months). After the worst relative stretch in 30 years, quality/growth companies now look attractively valued versus the broader market. We are excited about the opportunities this is creating.

Portfolio

Old Dominion (+25%) has continued to navigate a prolonged freight recession — the longest in over twenty years. Ignoring Iran, the recent stabilising volume growth coupled with weak supply of trucks drove the stock. As the most efficient operator in the industry, Old Dominion is well placed to benefit from any recovery, with meaningful operational leverage expected to drive a strong rebound in profitability as volumes return.

Netflix (+3%) withdrew its bid for Warner Brothers Discovery and can now refocus on delivering the best content offering in the industry. In March, Netflix implemented its annual price increase — justified by a leading value proposition as the cheapest streaming platform on a per-hour-viewed basis.

ASML (+24%) was a key driver of portfolio returns, driven by overwhelming demand for its chip-making equipment. ASML received $13 billion of orders in the fourth quarter — nearly double market expectations — as AI chip manufacturers rapidly build capacity. Leading customer and chipmaker TSMC are running near 100% utilisation, while memory chipmakers like Micron were sold out through year-end. We reduced our position in ASML after strong share price performance (+90% since August).

Healthcare was the main drag on performance, driven largely by sentiment rather than fundamentals. **Boston Scientific** (-34%) was impacted by near-term growth concerns around pulsed field ablation and its product Watchman, though we remain confident given its breadth of platforms and large cardiovascular end markets. **ICON** fell sharply after an accounting investigation and AI disruption fears — an overreaction in our view — and has since partially recovered. Overall fundamentals remain intact: **Intuitive Surgical** delivered 17% procedure growth last quarter; Dexcom's Type 2 penetration remains early on the adoption curve; and **Edwards** is guiding confidently into 2026. Innovative healthcare companies delivering more cost-effective treatments will continue to grow irrespective of Government budget pressures — catheter labs and robotic surgical systems remain among the highest hospital investment priorities, and the strong biotech funding recovery reinforces our conviction in **Danaher**. After almost halving our healthcare weighting from its peak, we are now seeing attractive opportunities.

Software saw a sharp, indiscriminate sell-off (-24%) as investors reassessed business models vulnerable to AI disruption. **Salesforce** was caught up in this (-30%) after Anthropic's AI agent launch reignited competitive concerns, while **Microsoft** had its steepest single day drop since 2020 amid delayed AI capex payback concerns. We have reduced software exposure over the past 18–24 months, including exiting Gartner this quarter, and are concentrating on platforms where AI strengthens moats. Microsoft 365 is entrenching itself as the default enterprise AI deployment layer — controlling both the user interface and data governance stack. Salesforce's moat lies in its system-of-record role for customer data, reinforced by AI automation; Agentforce reached about $0.8bn in annualised revenue last quarter and continues to scale rapidly. The sell-off also created an opportunity to reinitiate in **Tyler Technologies** — another franchise where AI deepens rather than disrupts competitive advantage.

Mastercard (-12%) and **Hermès** (-24%) are two further examples of quality companies that underperformed. Mastercard faces competitive pressures from stablecoins and European alternative payment initiatives, but its strong value proposition, trusted brand and powerful network effects — merchants accept it because consumers use it; consumers use it because merchants accept it — underpin a durable moat. Hermès has been impacted by weakness in Asia Pacific ex-Japan (42% of sales) and Middle East conflict (8% of sales), but its ability to steadily gain share of luxury spending, supported by unmatched product quality and excess demand over supply, remains intact. The Hermès family's significant ownership stake and recent management share purchases amid the weakness reinforce long-term alignment.

New portfolio additions/exits.

Tyler Technologies is the leading provider of essential software to over 15,000 US local and state governments — from property tax and court management systems to 911 dispatch. With two-thirds of local governments still running in-house or unsupported legacy systems, security concerns and rising maintenance costs are driving a long growth runway toward modern platforms. Tyler is the only vendor offering a full suite of products across most client needs. We previously owned Tyler in 2019–2020 and used the indiscriminate software sell-off to reinstate the position.

Capital One is a leading US credit card issuer that has grown market share from 4% in 2010 to 14% today. Following its merger with Discover, it is now the third largest card issuer in the US. Capital One has been a data-driven company from day one — operating almost entirely as a digital bank, fully in the cloud — delivering superior credit

[1] Share price premium to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).
[2] TSMC - Taiwan Semiconductor Manufacturing Co

underwriting and cost advantages over traditional banks. The Discover merger strengthens its moat, drives meaningful earnings growth, and supports higher capital returns.

Keyence is a global leader in industrial automation and inspection equipment — cameras, sensors and microscopes that help manufacturers improve productivity and quality control across automotive, food and other end markets. Its large direct salesforce, IP portfolio, broad product range and disciplined culture create a durable competitive moat, positioning it well for the global factory automation trend.

TSMC[2] is the global leader in outsourced semiconductor manufacturing and a critical enabler of the AI supply chain. Its scale, process technology leadership, advanced packaging capabilities and trusted ecosystem create very high barriers to entry.

We exited **Costco** due to its elevated valuation and will monitor for a more attractive re-entry point. We exited **KKR** and **Gartner**, having previously reduced both to minimum sizes given AI disruption risks to their core businesses. While both remain quality franchises, we redeployed capital into what we believe are higher-quality opportunities.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Ltd
15 April 2026

PERFORMANCE

as at 31 March 2026

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(7.6%)	+8.4%	(0.6%)
Adjusted NAV Return	(11.5%)	+6.2%	+0.4%
Portfolio Performance			
Gross Performance Return	(12.1%)	+8.5%	+2.4%
Benchmark Index[1]	(0.9%)	+16.6%	+9.9%

[1] Benchmark index : S&P Large Mid Cap/S&P Small Cap Index (hedged 50% 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 capital allocation decisions after expenses, fees and tax,*
- *adjusted NAV return – the percentage change in the adjusted NAV value,*
- *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 newsletter 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.

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN LOCAL CURRENCY

ICON	GARTNER	BOSTON SCIENTIFIC	SALESFORCE	KKR & CO
-39%	-37%	-34%	-30%	-29%

PORTFOLIO HOLDINGS SUMMARY

as at 31 March 2026

Headquarters	Company	% Holding
China	Tencent Holdings	4.9%
France	Hermes International	3.4%
Japan	Keyence Corp	1.4%
Ireland	Icon	1.2%
United Kingdom	Greggs Plc	1.5%
United States	Alphabet	3.1%
	Amazon.Com	7.1%
	ASML Holding NV	1.0%
	Boston Scientific	3.3%
	Capital One Financial Corporation	1.1%
	Danaher Corporation	4.2%
	Dexcom Inc	3.5%
	Edwards Lifesciences Corp.	2.5%
	Equifax Inc	2.5%
	Floor & Décor Holdings	3.4%
	Intuitive Surgical Inc	4.1%
	Mastercard	5.9%
	MercadoLibre Inc	3.7%
	Meta Platforms Inc	5.7%
	Microsoft	7.3%
	MSCI Inc	3.6%
	Netflix	4.5%
	Nvidia Corp	4.7%
	Old Dominion Freight Line Inc	3.2%
	salesforce.com	1.5%
	Taiwan Semiconductor Manufacturing Co	0.5%
	Tradeweb Markets Inc	2.2%
	Tyler Technologies Inc	0.6%
	Uber Technologies Inc	3.5%
	Zoetis Inc	3.6%
	Equity Total	**98.7%**
	New Zealand dollar cash	1.2%
	Total foreign cash	0.3%
	Cash Total	**1.5%**
	Forward Foreign Exchange	-0.2%
	TOTAL	**100.0%**

marlin
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