marlin
growing globally

QUARTERLY NEWSLETTER

1 April 2025 – 30 June 2025

Share Price	MLN NAV	DISCOUNT[1]
$0.91	$0.95	4.0%

as at 30 June 2025

A roller-coaster quarter, reminding us that the impact of politics is transient

Marlin ended the June quarter with gross performance up +6.0% and the adjusted NAV return was +5.1%, compared with our global benchmark which was up +7.7%.

Global stock markets began the quarter in turmoil and ended with a powerful recovery.

We often talk about how hard it is to predict the impact of politics on stock markets. In the last three months the US implemented sweeping tariffs across the globe; bombed three nuclear sites in Iran resulting in a 20% spike in oil prices; Republican's proposed a government spending bill that would add $2-$3 trillion to the US government deficit; US long-term interest rates rose, driven by both tariff related inflationary fears and excess US Government debt fears; and US GDP for the March quarter was released, contracting 0.5%.

And after all that the S&P 500 stock index ended the quarter +11% at all-time highs!

We used the April sell-off to reposition the portfolio: 1. Adding to oversold tariff-impacted names Intuitive Surgical and Meta; 2. Upgrading the quality by buying Costco and Hermès, funded by reducing weight in the lower quality Icon and Greggs; and 3. Trimming defensives United Health and Boston Scientific to add to Amazon, KKR and Nvidia.

Portfolio update

Nvidia (+46%) led performance. The stock was pressured in April by trade war fears, export restrictions to China, and concerns about an artificial intelligence (AI) bubble. We added significantly during the dip. Nvidia beat earnings, Trump eased trade tensions, and sovereign demand is expected to offset lost China revenue. Enthusiasm for AI agents—tools that enhance corporate workflows—helped dispel fears of an AI hype cycle.

Netflix (+44%) and **Microsoft** (+33%) emerged as relative tariff winners early in the quarter as their service-based products are not impacted by US tariffs. Netflix's subscriber growth continues to beat expectations as it continues to roll-out new subscription tiers to appeal to a wider range of customers. Microsoft's Azure, its cloud computing platform, continues to grow ahead of expectations at 35%.

Dexcom (+28%) reported US sales which were well ahead of expectations. The company also received FDA approval for its 15-day sensors. Longer lasting sensors means fewer sensor changes, lower cost of goods sold, and higher margins. Dexcom's ability to improve health outcomes (lower the rate of diabetes) and reduce costs for the healthcare system is becoming increasingly important with greater scrutiny on rising healthcare costs globally.

ASML (+21%) benefitted from ongoing investment in AI, which is fuelling demand for AI-related semiconductor chips. TSMC, the world's leading semiconductor manufacturer and ASML's largest customer, reported a 40% increase in revenue last month, primarily due to strong demand for AI accelerators. This surge in demand for advanced chips supports further orders for ASML's cutting-edge lithography equipment.

Floor & Décor (-6%) was weak given its exposure to tariffs (it imports around 50% of its products) plus the knock-on effect of disruptive tariffs to demand. The company reduced its store roll-out target for the year given this uncertainty. It has a diverse global supply chain which gives it the flexibility to absorb proposed tariff impacts and puts it in a better position than competitors. Floor & Décor has already seen competitors increase prices by up to 50%, which could potentially widen Floor & Décor's price gap and enhance its value proposition.

UnitedHealth (-40%) was a defensive haven during the tariff sell-off, outperforming the S&P by 20% at one point. We used that strength to continue to reduce our position in the company. In May, a rare earnings miss caused a 30% share price decline, shaking investors' confidence in this historically stable business. US health insurers have faced challenges as reimbursement pressure in government programs and rising healthcare costs squeezed profit margins. We have a very small position and are reviewing our thesis.

Icon (-17%) and its clinical research peers continue to be impacted by reduced R&D spending from pharma and biotech clients post-COVID. Recovery was expected this year, but high interest rates, macro uncertainty, and unclear regulatory direction have delayed investment. We had been reducing our position ahead of earnings due to these concerns.

New portfolio additions in the quarter

Costco is a leading global warehouse club, offering high-quality products in bulk at low prices. The company is the third largest retailer in the world by revenue and operates more than 900 warehouses. Costco serves 137 million members by providing a wide range of goods—from groceries and electronics to household items. Costco's ability to leverage its scale to consistently deliver the lowest prices creates a strong moat. This, combined with its customer-centric culture has led to sales per square foot double that of its nearest competitor. Costco's has substantial opportunity to expand its warehouse footprint both in the U.S. and internationally.

[1] *Share price discount to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).*

KKR is a leading alternative asset manager benefitting from the rising allocations to alternative assets by pension funds, sovereign wealth funds and high-net-worth individuals. KKR has a wide moat given its strong track record of returns and the stickiness of assets under management. KKR's brand and track record helps with fundraising and attracting investment talent.

Tradeweb operates electronic marketplaces for fixed income and equities, connecting over 2,800 clients. Its scale, real-time pricing, and superior liquidity have allowed it to take market share from competitors for the last 7+ years through implementing innovative trading protocols. The adoption of electronic trading will continue to be a tailwind.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Ltd
14 July 2025

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN LOCAL CURRENCY

NVIDIA	NETFLIX	KKR & CO	MICROSOFT	UNITEDHEALTH
+46%	+44%	+41%	+33%	-40%

PERFORMANCE

as at 30 June 2025

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+4.4%	+1.3%	+7.3%
Adjusted NAV Return	+5.1%	+10.9%	+7.3%
Portfolio Performance			
Gross Performance Return	+6.0%	+13.7%	+10.1%
Benchmark Index[1]	+7.7%	+16.4%	+13.7%

[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.

COMPANY NEWS

Dividend Paid 27 June 2025

A dividend of 1.91 cents per share was paid to Marlin shareholders on 27 June 2025, under the quarterly distribution policy. Interest in Marlin's dividend reinvestment plan (DRP) remains high with 38% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on 09 488 8777.

PORTFOLIO HOLDINGS SUMMARY

as at 30 June 2025

Headquarters	Company	% Holding
China	Tencent Holdings	3.9%
France	Hermes International	3.9%
Ireland	Icon	1.9%
United Kingdom	Greggs Plc	2.5%
United States	Alphabet	5.6%
	Amazon.Com	7.7%
	ASML Holding NV	5.0%
	Boston Scientific	4.0%
	Costco Wholesale Corp	1.0%
	Danaher Corporation	5.1%
	Dexcom Inc	4.5%
	Edwards Lifesciences Corp.	2.9%
	Floor & Décor Holdings	4.6%
	Gartner Inc	4.0%
	Intuitive Surgical Inc	5.6%
	KKR & Co Inc	1.1%
	Mastercard	6.0%
	Meta Platforms Inc	4.1%
	Microsoft	6.9%
	MSCI Inc	2.4%
	Netflix	3.2%
	Nvidia Corp	2.7%
	salesforce.com	3.4%
	Tradeweb Markets Inc	1.0%
	UnitedHealth Group Inc	1.2%
	Zoetis Inc	2.7%
	Equity Total	**96.9%**
	New Zealand dollar cash	0.4%
	Total foreign cash	1.0%
	Cash Total	**1.4%**
	Forward Foreign Exchange	1.7%
	TOTAL	**100.0%**

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