marlin
growing globally

QUARTERLY NEWSLETTER

1 April 2026 – 30 June 2026

SHARE PRICE	WARRANT PRICE	MLN NAV	DISCOUNT[1]
$0.77	$0.01	$0.80	3.2%

as at 30 June 2026

A word from the Manager

Marlin's gross performance return for the second quarter (Q2) was +2.0%, while the adjusted NAV return was +1.4%. This compared with our global benchmark, the S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was +15.4%.

Market Environment

The U.S. stock market recorded its best quarter since 2020, with the S&P 500 up 15% and the Nasdaq surging 22%, driven by a narrow set of AI and semiconductor stocks. Fewer than 30% of companies outperformed the index, the lowest market breadth on record, including at the peak of the dotcom boom. High-quality companies underperformed lower-quality, cyclical peers by 16% in the quarter and over 70% in the past twelve months, leaving relative valuations at their lowest since 2000. We believe this creates a compelling entry point for long-term investors with a focus on quality growth companies.

Our underweight to semiconductors was a headwind, as the iShares Semiconductor ETF delivered its strongest quarter on record, rising 95%. We remain constructive on the structural AI buildout, but our exposure is deliberately concentrated in businesses with durable economics: enablers such as ASML, TSMC and Nvidia, and platforms such as Amazon, Alphabet, Meta and Tencent. These have lagged the more speculative parts of the market, but in our view offer a significantly better risk-adjusted way to participate in AI over the long term.

Memory stocks illustrate the distinction. AI-driven demand has lifted prices and profit margins, with stock prices of memory makers up over 200% this quarter. But memory is historically cyclical and commoditised: around two-thirds of Micron's profit still comes from legacy PC and mobile memory segments. The market expects ~$80bn of profit in 2026, rising to ~$120bn annually for the following five years, against a total of $70bn generated across the company's entire 47-year history. We believe that level of profitability will prove difficult to sustain as supply responds and customers become more price sensitive. We have already seen signs of this narrative shifting: with large businesses reining in internal AI spend; Apple increasing prices for the iPhone by around $100; and Meta looking to monetise excess compute capacity through a new cloud business.

We believe the underlying fundamentals across our portfolio holdings remained sound. Many of our portfolio companies delivered solid operational updates during the quarter - a picture partly obscured by the market's singular focus on near-term AI momentum.

Portfolio

Our semiconductor holdings were among the portfolio's strongest contributors (**ASML** +51% in local curreny for Q2), **TSMC** +42%, **Nvidia** +15%), lagging the more speculative, cyclical parts of the market, but performed well in absolute terms.

Keyence (+48%), the global leader in industrial automation and inspection equipment was added to the portfolio in February 2026. It performed strongly as investors gained confidence in a recovery across key end markets, particularly electronics and automotive; while progress on shareholder disclosure and buybacks was well received.

ICON (+57%) rebounded after its accounting review proved better than feared, with minimal restatement to 2023–24 financials and no impact on customers, operations or cash flow. More importantly, execution under the new CEO has improved, with accelerating new bookings supported by recovering biotech funding, pharma R&D spend and market share gains, reinforcing our view that ICON's leading clinical research franchise remains intact. The recovery (stock price up 160% from February lows) is a reminder of how quickly quality companies can re-rate when fundamentals turn and sentiment has become too negative.

Zoetis (-39%), the leading global animal health company, disappointed as weaker consumer spending reduced vet visits, while competition in key products and a temporary pipeline lull added pressure. The company now faces two new entrants in the billion-dollar dermatology market it created, with discounting and promotions proving deeper and more prolonged than expected. While Zoetis has several potential blockbuster drugs in its pipeline, the product launches not expected until late 2027; and with no immediate signs of improving pet-owner spending, we are holding Zoetis at a below average position size.

Medical device holdings lagged, driven by rotation into higher-momentum areas and investor concerns around normalising procedure volumes and hospital capital budgets. Conditions on the ground tell a different story. Procedure volumes remain resilient: **Intuitive Surgical** (-14%) delivered 17% procedure growth; **Edwards** (+13%) is seeing accelerating revenue growth for its core minimally invasive heart valves; and **Dexcom** (+7%) continues to penetrate an early-innings Type 2 diabetes market. **Boston Scientific** (-32%) is navigating a more challenging period following several years of strong growth and market share gains. New entrants have eroded its first-mover advantage in pulse-field ablation even as the overall category expands, and Watchman growth has slowed due to operating theatre capacity constraints and mixed clinical data. Boston has a steady pipeline of new minimally invasive medical devices which will continue to take share from traditional surgical approaches. We remain positive on the long-term thesis, but the near-term headwinds are real, and we are watching execution closely.

We have been reducing overall healthcare exposure over the past 12 months, concentrating our remaining positions in our highest-conviction names with dominant positions in end markets where demand for innovative medical treatments continues to grow.

A common thread across several detractors this quarter is the investment cycle. The market is indiscriminately penalising companies spending today to grow tomorrow, including **Meta** (-1%); **Tencent** (-10%), **Netflix** (-26%), **Intuitive Surgical** (-14%), **Mercado Libre** (-2%), and **Uber** (0%). Tencent is deploying AI across its dominant Weixin and gaming ecosystem, with early revenue uplift already visible in advertising revenues. MercadoLibre is expanding logistics and credit to deepen its customer proposition, with clear evidence these initiatives are paying off. Intuitive Surgical is lowering the lifetime cost of its robotic instruments, improving customer ROI and raising the bar for competitors.

[1] *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).*

We believe these investments will strengthen competitive positions and support medium-term earnings growth. Early signals are encouraging: Tencent rose 10% in two days following the launch of AI Agents within Weixin; Meta gained 9% on reports of the new cloud business. We expect share price performance to follow fundamentals as the return on this spend becomes more apparent.

Ashley Gardyne
Senior Portfolio Manager
Fisher Funds Management Ltd
15 July 2026

PERFORMANCE

as at 30 June 2026

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(6.6%)	+2.6%	(7.0%)
Adjusted NAV Return	+1.4%	+3.1%	(1.5%)
Portfolio Performance			
Gross Performance Return	+2.0%	+5.7%	+0.7%
Benchmark Index[1]	+15.4%	+20.0%	+11.7%

[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 26 June 2026

A dividend of 1.70 cents per share was paid to Marlin shareholders on 26 June 2026, under the quarterly distribution policy. Interest in Marlin's dividend reinvestment plan (DRP) remains high with 37% 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.

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN LOCAL CURRENCY

ICON	ASML HOLDINGS	KEYENCE CORP	TAIWAN SEMICONDUCTOR MANUFACTURING CO	ZOETIS
+57%	+51%	+48%	+42%	-39%

PORTFOLIO HOLDINGS SUMMARY

as at 30 June 2026

Headquarters	Company	% Holding
China	Tencent Holdings	4.9%
France	Hermes International	3.5%
Japan	Keyence Corp	3.0%
Ireland	Icon	1.6%
United Kingdom	Greggs Plc	2.0%
United States	Alphabet	3.6%
	ASML Holding NV	2.7%
	Boston Scientific	2.8%
	Capital One Financial Corporation	1.7%
	Danaher Corporation	3.6%
	Dexcom Inc	3.6%
	Edwards Lifesciences Corp.	2.3%
	Equifax Inc	2.2%
	Floor & Décor Holdings	4.1%
	HDFC Bank Limited	1.0%
	Intuitive Surgical Inc	3.0%
	Mastercard	5.7%
	MercadoLibre Inc	3.9%
	Meta Platforms Inc	5.4%
	Microsoft	7.0%
	MSCI Inc	3.1%
	Netflix	3.0%
	Nvidia Corp	4.9%
	Old Dominion Freight Line Inc	2.2%
	salesforce.com	1.3%
	Taiwan Semiconductor Manufacturing Co	1.7%
	Tradeweb Markets Inc	1.9%
	Tyler Technologies Inc	0.5%
	Uber Technologies Inc	3.2%
	Zoetis Inc	2.2%
	Equity Total	**98.4%**
	New Zealand dollar cash	0.7%
	Total foreign cash	2.1%
	Cash Total	**2.8%**
	Forward Foreign Exchange	-1.2%
	TOTAL	**100.0%**

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