

QUARTERLY NEWSLETTER

1 July 2025 – 30 September 2025

Share Price

\$0.95

MLN NAV

\$0.94

PREMIUM¹

0.5%

as at 30 September 2025

Marlin ended the September quarter with gross performance up +1.9% and the adjusted NAV return was +1.2%. This compared with our global benchmark S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD), which was up +10.2%.

Market Environment

Global share markets had a solid quarter (+7%), driven by easing trade tensions, robust corporate earnings, optimism around artificial intelligence (AI), and expectations of monetary policy easing.

The best example of this enthusiasm towards AI was the 30% rise in one day in the Oracle share price during the quarter – OpenAI signed a \$300bn (\$60bn per annum) contract with Oracle to house the accelerated computer chips to train OpenAI's AI models. For context, OpenAI's total revenue today is \$15bn. And remember, the \$60bn annual operating cost OpenAI committed to is only one of its many costs!

Portfolio performance lagged the benchmark significantly, primarily due to our exposure to the healthcare sector. It is rare to see sentiment so beaten down in a sector - healthcare has not been cheaper vs the broader market in 25 years. This manifested in the last few days, with our largest healthcare weighting, Danaher, bouncing almost 20% in three days on the back of some "less bad" news for its pharmaceutical customers on US drug pricing. We discuss the healthcare sector in detail below.

Portfolio

Our overweight position in healthcare was a drag again in Q3, with several of our large healthcare positions including **Intuitive Surgical**, **Dexcom** and **Boston Scientific** amongst our worst performers.

Healthcare has been a strong performing sector over the long-term, driven by an aging population and technological advances in how we treat disease. Companies like Boston Scientific, which manufactures a range of innovative medical devices has nearly tripled since we added it to the portfolio in 2020. However, with government budgets stretched post COVID, governments like the USA are looking to put some pressure on rising healthcare costs. This has been most acutely felt in the pharmaceutical sector, which has negatively impacted portfolio companies like Danaher and Icon, who provide products and services to these pharmaceutical companies.

In hindsight we have underappreciated how long some of these headwinds would take to resolve and the severity of some of the proposed changes; and that has hurt portfolio performance over the last twelve months. While we anticipate that the eventual impact of these changes will be manageable, companies do not like uncertainty. Boards are unlikely to approve billion-dollar drug plants or trials without clear visibility on drug pricing and tariffs. And this had led to consistent underperformance from companies like Danaher and Icon. Recently, we have seen some signs that end-customer demand is improving. When sentiment shifts, stock prices can move fast as we saw with Icon, which was up 40% over the course of three days during July.

While we have reduced our total exposure to healthcare, we are maintaining an overweight position. Sentiment toward the sector is near the lowest in decades, despite what we view as manageable

headwinds. Our healthcare portfolio companies are generally market leaders in innovative and fast-growing markets, that are also playing a role in managing overall healthcare costs, which at least partially shields them from Government spending cuts. For example, Dexcom's continuous glucose monitors for diabetics have been proven to reduce total costs to healthcare systems, such as reducing emergency department visits by 30%; and RFK Jr, who is effectively the Minister for Health in the US; believes widespread use of devices like CGMs will help make Americans healthier.

Our top three performers for the quarter were all AI related. **Alphabet** continues to prove the critics of its AI capabilities wrong, winning AI cloud deals with **Meta** and Open AI; and is in discussions with Apple to integrate Google Gemini into a revamped Siri. The continued demand for AI compute requires increased investment in semiconductor manufacturing capacity, in turn driving demand for ASML's advanced lithography tools used to develop these advanced chips. **Tencent** is using AI to drive performance in its advertising and gaming businesses. AI algorithms are improving the return on advertising spend for advertisers on Tencent's short-video product, driving 50% revenue growth from short-video advertising in the quarter.

Alphabet and **ASML** have both dragged on portfolio performance over the last 6-12 months, and we took the opportunity to add significant weight to each these names during this period; and have benefitted from the subsequent outperformance. While these recoveries in share prices can take time to play out, this does highlight the benefit of also playing offence when sentiment is negative, provided our investment thesis has not changed.

On the opposite side of the fence was **Gartner**, a company that has been deemed an AI-loser by the market. Gartner's negative earnings result in August elevated fears that AI is disrupting the research and consulting industry, despite management's commentary that it was more macro-driven. We had reduced a third of our position coming into results as we felt the AI risks had heightened. We now hold it at a very small weight post the sell-off. While we acknowledge the AI risks, we do think Gartner's proprietary data and independence provides some defence, and the business is not standing still, with Gartner recently launching its own AI search product "AskGartner."

We have also added to several of our positions outside of tech and healthcare, opportunistically increasing our position size in **Zoetis**, **Hermes** and **Tradeweb**, and adding a new company **Old Dominion** to the portfolio. While the market is overly focused on near term challenges for Zoetis's Librela pain drug for dogs, we believe these challenges will eventually be resolved, and the market is missing the multi-year growth runway for Zoetis as it continues to launch innovative new treatments for animals. We continued to add to our Hermes position amongst weakness in the broader luxury market given key brand health metrics like resale values remain stable, indicating the brand's MOAT is intact. We increased our Tradeweb position. The sell-off in defensive companies, coupled with temporary concerns about low-fee competitors taking market share from Tradeweb created the opportunity. Tradeweb remains the best positioned electronic bond trading platform and will benefit from the ongoing structural shift to electronic trading.

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

Portfolio additions and exits

We initiated a position in **Old Dominion Freight Line (ODFL)**, which is North America's second largest less-than-truckload (LTL) carrier, a segment where operators charge more than full-truckload peers due to multi-customer handling and sorting. ODFL is regarded as the industry benchmark, with on-time deliveries above 99%, damage claims of just 0.1%, and 15 consecutive #1 quality rankings from Mastio & Company. Its culture of "Helping the World Keep Promises" has supported market share gains and industry-leading margins. With the freight sector in its longest recession in decades as COVID over-earning continues to unwind, we began building a position.

We exited **UnitedHealth Group** during the quarter. The company was one of our worst performers in the June quarter, as earnings were cut 50%, shaking investors' confidence in this historically stable business. We had trimmed our position size significantly into the result and subsequently as we reviewed our investment thesis. Following a circa 40% increase in share price from the start of August, we exited our position.

Sam Dickie

Senior Portfolio Manager
Fisher Funds Management Ltd
15 October 2025



SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN LOCAL CURRENCY

ALPHABET	TENCENT HOLDINGS	DEXCOM	TRADEWEB MARKET	GARTNER
+38%	+32%	-23%	-24%	-35%

PERFORMANCE

as at 30 September 2025

	3 Months	3 Years (annualised)	5 Years (annualised)
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Company Performance

Total Shareholder Return	+5.9%	+5.6%	+5.3%
Adjusted NAV Return	+1.2%	+11.3%	+6.0%

Portfolio Performance

Gross Performance Return	+1.9%	+14.6%	+8.7%
Benchmark Index ¹	+10.2%	+19.6%	+13.9%

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.

COMPANY NEWS

Dividend Paid 26 September 2025

A dividend of 1.88 cents per share was paid to Marlin shareholders on 26 September 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 September 2025

Headquarters	Company	% Holding
China	Tencent Holdings	4.0%
France	Hermes International	4.5%
Ireland	Icon	3.1%
United Kingdom	Greggs Plc	2.1%
United States	Alphabet	4.7%
	Amazon.Com	6.9%
	ASML Holding NV	4.0%
	Boston Scientific	2.5%
	Costco Wholesale Corp	1.5%
	Danaher Corporation	5.7%
	Dexcom Inc	4.4%
	Edwards Lifesciences Corp.	3.7%
	Floor & Décor Holdings	4.1%
	Gartner Inc	1.7%
	Intuitive Surgical Inc	5.7%
	KKR & Co Inc	1.1%
	Mastercard	5.9%
	Meta Platforms Inc	3.5%
	Microsoft	6.6%
	MSCI Inc	2.5%
	Netflix	2.0%
	Nvidia Corp	3.7%
	Old Dominion Freight	3.5%
	salesforce.com	3.1%
	Tradeweb Markets Inc	2.0%
	Zoetis Inc	4.5%
	Equity Total	97.0%
	New Zealand dollar cash	0.8%
	Total foreign cash	2.6%
	Cash Total	3.4%
	Forward Foreign Exchange	(0.4%)
	TOTAL	100.0%

Disclaimer: The information in this newsletter has been prepared as at the date noted on the front page. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable, but Marlin Global Limited and its officers and directors make no representation as to its accuracy or completeness. The newsletter is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from a financial adviser should be taken before making an investment. To the extent that the newsletter contains data relating to the historical performance of Marlin Global Limited or its portfolio companies, please note that fund performance can and will vary and that future results may have no correlation with results historically achieved.