

TOP MARK CAPITAL

2026 Q1

PARTNER LETTER



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Dear Partners,

I first started investing in college. Not in stocks, but in cars. A family friend named Rodney owned a small dealership in North Carolina, and he suggested that I sell the pickup truck I'd worked so hard to afford. Take that money, he said, and buy two cars: one to drive, and one to sell. Buy something you can fix up or market better and sell for more than you paid. This was my first real foray into value investing, even if I didn't know the term yet.

I mainly specialized in what Rodney called twenty-footers. Classic cars from the '60s and early '70s that you could drive and enjoy and looked pretty good from twenty feet away. He had three mostly reliable resources: an interior guy, a mechanic, and a paint guy. Between them, we could get nearly any car road-ready and have a reasonable estimate of what it would cost. Over three or four years, I bought and sold thirty to forty cars this way.

Around this time, eBay and digital photos were both just taking off. When it became possible to list cars with photos, even grainy, low-resolution photos, it was revolutionary. Previously, people bought cars by driving to see them parked on a dealer's lot. With eBay, I could browse from my dorm room.

My first eBay vehicle purchase was a 1967 Impala Super Sport. The car was in Ohio. Rodney and I drove out with a tow dolly to go pick it up. We had almost no idea what we were getting. The listing photo was of low quality, and the car was an off-white cream color, making it incredibly hard to judge. Nonetheless, we were confident it was a real Super Sport, which should be worth a lot more than my \$4,400 winning bid (practically my life savings).

When the seller rolled it out of his garage, we couldn't believe it. The car was impeccable. This was an \$8,000 car, not a \$4,000 car. It could have gone the other direction just as easily. The paint could have been shot, the body rough, and the interior in need of a new upholstery. We never would have known from the photos. By buying it for \$4,400, we had a margin of safety. We could have painted it and still done well. Instead, we did very well.

The reason I'm telling you this story is actually to tell you about the ride home.

On the drive back, towing the Impala behind the truck, I felt something odd through the steering wheel. I told Rodney we had to pull over. Sure enough: flat tire, rear right. We swapped in the spare, found a place to get the tire patched, and we were on our way. A 'detour', but no big deal. Just another adventure, as Rodney liked to say. It was his way of saying that surprises are part of the deal, not a reason to abandon it.

We also had the other kind of adventure on that trip, the kind that actually impairs value. We were navigating a parking lot with the car on the dolly. Tight maneuver, bad angle. I dented the front quarterpanel of the Impala. Unlike the flat

tire, which was a delay, this was real damage. It changed the intrinsic value of the car. We had bought it right, so the damage wasn't catastrophic to the investment, but the impairment was real.

Two types of adverse adventures. *Detours*, adventures that slow you down but don't change where you're going or what you own, like flat tires. And *damage*, adventures that actually impair value and require a reassessment of the plan.

In the first quarter, Harrow, our largest position in both partnerships, sold off nearly 40%, peak to trough. As concentrated, long-duration investors, this is the most important question we face when it happens: is this a detour, or is this damage? Has something changed in the intrinsic value of the business, damage we now have to account for? Or is this a detour, something that makes the journey longer but leaves the destination intact?

Charlie Munger once said: "If you're not willing to react with equanimity to a market price decline of 50% two or three times a century, you're not fit to be a common shareholder and you deserve the mediocre result you're going to get". Rodney would have put it differently. He would have called it an adventure. To me it means the same thing: *the ability to endure the adventures is what separates investors who compound from those who don't.*

Jason and I walk through the answer, position by position, in the TMCP and TMHP portfolio updates that follow. But I will tell you now what I believe: this is a detour. Harrow is the same business it was at the beginning of the quarter. The competitive position has not deteriorated. The unit economics have not changed. What changed is the price. And price, as our Partners know, is what you pay. Value is what you get.

We bought this position right and were able to add to it when it sold off. And just like that Impala in Ohio, buying right provides margin of safety to absorb the adventures along the way, flat tires and dents alike. Jason and I like to say, the journey is the destination. It's on the wall in our office. All journeys are filled with adventures, good and bad. How we handle the adverse adventures determines the success or failure of the journey.

Partnership Outlook

Our results reflect a deliberate process. Some investments may take five years or more, others may appreciate sooner. A rare few may be held indefinitely. Along the way, there will be adventures. Detours and damage alike. The question is never whether they will happen, but whether we bought right and whether we have the patience to continue on. We invest for outcomes measured in years, not quarters. In the near term, our results are as likely to be poor as strong. Over time, we believe our results will prove satisfactory.

If you share our temperament and long-term perspective, we invite you to consider joining us as a Partner.

Performance

The price of the collective positions in Top Mark Capital Partners (TMCP) declined by 14% net of fees during the quarter as compared to the S&P 500 Total Return index which declined by 4%. Quarterly and annual return figures will inevitably vacillate, so we suggest evaluating our performance over longer periods. We invest for outcomes measured in years, not quarters. Our focus is resolutely on the long term.

To tie back to the partnership letter above, investing is a *journey*. There will be adverse adventures along the way. So long as we act with equanimity, we believe our results will be satisfactory over the long-term.

Our results to date reflect a deliberate process: identifying durable trends and investing in high-quality assets positioned to benefit from them. This framework guides what we buy (and when), what we sell (and when), and how we accept new capital. Some of these investments may take five years (or longer) for the market to recognize their full value. Others may appreciate much sooner.

The table below summarizes results over various periods, alongside a selection of alternatives and indexes. These are not intended as formal benchmarks but as reference points for evaluating your investment experience over time. A tearsheet is included on the following page.

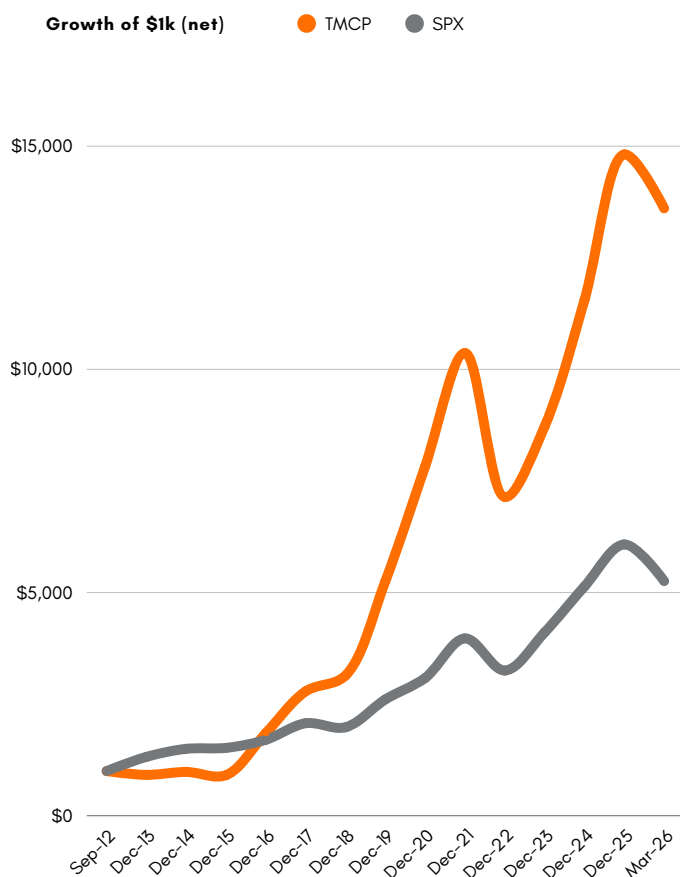
To: 3/31/2026, From:	TMCP	S&P	BRK	VC	QQQ
One Quarter	-14%	-4%	-4%	n/a	-6%
One Year	14%	18%	-10%	10%	23%
Five Years	59%	77%	86%	20%	85%
Ten Years	1,322%	276%	236%	208%	465%
Inception (10/1/2012)	1,168%	479%	455%	432%	895%
Annualized	21%	14%	14%	13%	19%

Model portfolio performance assumes full investment at inception (Q4 2012) and is shown net of a 2% management fee and 20% performance allocation (actual fees were lower in earlier years). Benchmarks include dividends, are for illustrative purposes only, and may not be comparable. Past performance is not indicative of future results. Investing involves risk, including loss of capital. See topmarkcapital.com/terms.

Top Mark Capital Partners (TMCP) is a concentrated, long-horizon investment partnership designed to pursue asymmetric returns by owning a small number of durable businesses aligned with the most important secular shifts in the global economy. We begin **top-down**, mapping where value is migrating across major themes, and then underwrite **bottom-up**, using a value discipline focused on business model quality, strategic positioning, free cash flow durability, and managements' capital allocation records. This integrated approach helps us identify where market price diverges from intrinsic value and to size positions when we believe upside meaningfully outweighs downside.

The portfolio is high conviction and low turnover. We prefer to hold a few compounders through volatility, aiming for "heads we win big, tails we don't lose much." Risk is addressed first by avoiding permanent impairment: knowing what we own, buying with a margin of safety, insisting on aligned leadership, and maintaining thematic alignment. Our atypical backgrounds as technologists sharpen our view of product, platform, and adoption curves, separating signal from hype. We keep partners informed with clear, thematic updates on what we own, why we own it, and what would change our minds.

PERFORMANCE



Stats (10 years)	TMCP	SPX
Annualized Return	30%	14%
Standard Deviation	34%	15%
Sharp Ratio	0.88	0.81
Downside Deviation	6.7%	3.9%
Sortino Ratio	4.8	4.3
Monthly Beta to SPX	1.01	

STRATEGY DETAILS

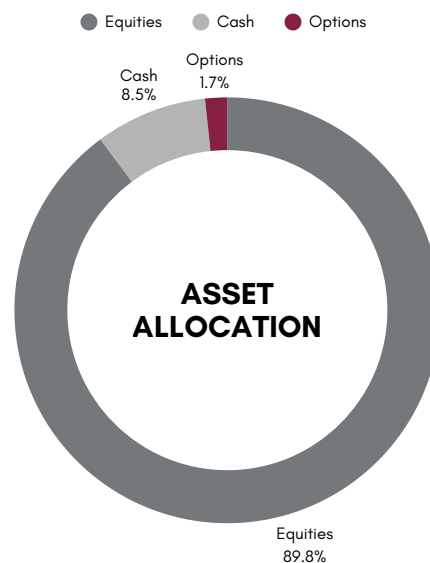
Asset Class: concentrated equity

Exposure: long bias

Sector Focus: unconstrained

Fees: 2% management, 20% incentive allocation, high water mark

AUM: \$8.3m



MANAGEMENT

In 2012, Michael Nicoletti founded Top Mark Capital and has managed the firm's flagship Partnership (TMCP) for more than a decade. He began his career as a technology consultant and holds a BA in Economics and an MBA. Outside of investing, he is an avid sailor. Jason Wallace manages Top Mark Health Partners (TMHP) and previously spent a decade in the U.S. intelligence community, including eight years with the NSA, before taking on operational roles at several startups. He holds a BS in Aerospace Engineering and enjoys tennis and snowboarding.

Model portfolio performance assumes full investment at inception (Q4 2012) and is shown net of a 2% management fee and 20% performance allocation (actual fees were lower in earlier years). Benchmarks include dividends, are for illustrative purposes only, and may not be comparable. Past performance is not indicative of future results. Investing involves risk, including loss of capital. See topmarkcapital.com/terms.

Performance

Partnership interests in Top Mark Health Partners (TMHP) decreased by 15.0% in Q1 as compared to a 4.3% decline in the S&P 500 Healthcare Sector index.

The partnership's underperformance was largely driven by a selloff in Harrow shares following management's explicit shift in guidance philosophy. The CEO moved from "stress and miss", as he characterized it, to underpromising and overdelivering, an unexpected change that drove a 38% peak-to-trough decline in our largest holding. Despite a botched investor communication, we believe this reflects business maturation rather than deterioration. We are confident this is a flat tire. Our destination remains unaltered.

This quarter we continued to explore the implications of affordable genomic sequencing on the healthcare system. Our Top Mark Capital Fellow, Montana Joy, gave an excellent presentation on the topic in February (available on YouTube). In short, sub-\$200 sequencing makes a broad class of genomic-based clinical diagnostics economically viable. This market is only just beginning to take shape and we expect a decades long trajectory of growth ahead.

The other topic of interest this quarter was cell and gene therapy. Despite the tribulations at the FDA, this technology will save lives.

The table below summarizes results over various periods, alongside a representative index. This is not intended as formal benchmarks but as reference points for evaluating your investment experience over time. Quarterly and annual return figures will inevitably vacillate, so we suggest evaluating our performance over longer periods. A tearsheet is included on the following page.

To: 3/31/2026, From:	TMHP	S&P HC
One Quarter	-15%	-4%
One Year	-3%	2%
Two Years	20%	3%
Inception (3/28/2023)	30%	22%
Annualized Since Inception	9%	7%

Model portfolio performance assumes full investment at inception (Q4 2012) and is shown net of a 2% management fee and 20% performance allocation (actual fees were lower in earlier years). Benchmarks include dividends, are for illustrative purposes only, and may not be comparable. Past performance is not indicative of future results. Investing involves risk, including loss of capital. See topmarkcapital.com/terms.

Top Mark Health Partners (TMHP) is a concentrated, long-horizon investment partnership designed to pursue asymmetric returns by investing in businesses at the forefront of health and life sciences. We begin **top-down**, mapping disruptive themes across therapeutics, care delivery, enabling infrastructure, food, and beyond, and then underwrite **bottom-up**, using a value discipline focused on business model quality, strategic positioning, free cash flow durability, and managements' capital allocation records. This approach enables us to develop variant perceptions where market price diverges from intrinsic value and to size positions when we believe upside meaningfully outweighs downside.

The portfolio is high conviction and low turnover. We prefer to hold a few compounders through volatility, aiming for "heads we win big, tails we don't lose much." Risk management begins with avoiding permanent impairment: knowing what we own, buying with a margin of safety, insisting on aligned leadership, and maintaining thematic alignment. Our atypical backgrounds as technologists in life sciences sharpen our ability to assess product, platform, and adoption dynamics, helping us separate real breakthroughs from noise. Importantly, a quarter of our carried interest is donated to Cold Spring Harbor Laboratory, advancing fundamental research in biology and genetics alongside our pursuit of long-term investor outcomes.

PERFORMANCE



MANAGEMENT

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Model portfolio performance assumes full investment at inception (Q4 2012) and is shown net of a 2% management fee and 20% performance allocation (actual fees were lower in earlier years). Benchmarks include dividends, are for illustrative purposes only, and may not be comparable. Past performance is not indicative of future results. Investing involves risk, including loss of capital. See topmarkcapital.com/terms.

Stats	TMHP	SPHC
Annualized Return	9%	7%
Standard Deviation	20%	14%
Sharp Ratio	0.31	0.51
Downside Deviation	14%	10%
Sortino Ratio	0.79	0.73
Monthly Beta to SPHC	0.86	

STRATEGY DETAILS

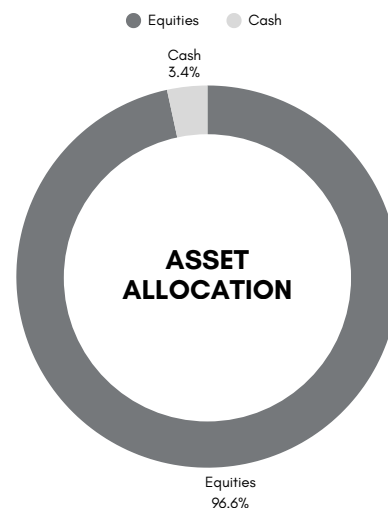
Asset Class: concentrated equity

Exposure: long bias

Sector Focus: health & life sciences

Fees: 2% management, 20% incentive allocation, high water mark

AUM: \$3m



Performance Data and Past Results

Performance figures presented are historical and are provided for informational purposes only. Past performance does not guarantee future results - investors should not assume that any fund or strategy's past gains will recur. Performance results are shown for standard periods (e.g., 1-year, 5-year, and 10-year trailing returns) in accordance with regulatory guidelines. Investment return and principal value will fluctuate over time, and an investor's assets may be worth more or less than their original value by the time of withdrawal.

Benchmark Comparisons

Our portfolios are not managed according to benchmarks. Any benchmark or index shown is for illustrative comparison purposes only. Indices are unmanaged, assume reinvestment of dividends, and exclude advisory fees or transaction costs. Benchmark returns will typically exceed what an investor actually earns net of fees. The illustrative benchmarks may include but are not limited to S&P 500 Total Return (S&P), Berkshire Hathaway stock (BRK), Cambridge Venture Capital index (VC), Invesco QQQ Trust (QQQ), and the S&P Health Care Sector Index (SPHC).

Gross vs. Net Performance (Fees and Expenses)

Performance results are shown on both a gross and net basis for the same periods:

Gross performance reflects returns before deduction of any management fees and performance allocations..

Net performance reflects returns after deduction of a model fee –specifically, a 2% annual management fee and a 20% performance allocation. This model fee represents the highest fee schedule charged across our fund structures and is used for consistency; actual net returns will vary by investor based on the specific fees applicable to their account.

In line with SEC Marketing Rule requirements, gross and net performance are presented side by side, with equal prominence and over identical measurement periods, to allow a clear, apples-to-apples comparison. Investors should focus on net performance, as fees and expenses materially impact long-term returns.

Regulatory Compliance (SEC Marketing Rule)

This disclosure complies with the SEC's Marketing Rule (Rule 206(4)-1 under the Investment Advisers Act of 1940). Gross performance is accompanied by net performance with equal prominence and for identical return periods. Performance is shown over standardized time horizons (e.g., 1, 5, 10 years) to ensure fairness and consistency. No statement herein implies SEC approval of these results.

General Investment Risks

All investments involve risk, including potential loss of principal. No guarantee exists that any strategy will achieve its objectives or avoid losses. Investment returns can be volatile due to market conditions, economic events, or other factors. Investors may lose some or all of their invested capital.

Third-Party Information and Data

Market data, index values, and other information may be obtained from third-party sources believed to be reliable. We do not guarantee the accuracy or completeness of such information and are not responsible for errors or omissions. Third-party content is provided "as is" without endorsement.

Not an Offer or Personalized Advice

This material is for general informational purposes only and does not constitute an offer to buy or sell any security. It is not tailored to any individual's circumstances and should not be relied upon as personalized investment advice. Investors should consult their own financial, tax, and legal advisors before making any investment decision.

Additional Notes

All information is current as of the date indicated (or the most recent quarter-end if no date is shown) and is subject to change without notice. The firm assumes no obligation to update forward-looking statements or projections. Hypothetical or simulated performance (if presented) is for illustrative purposes only and involves its own assumptions and limitations. Registration with the SEC or any state securities authority does not imply a certain level of skill or training and does not endorse the merits of this information.

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