

ISCAL INVESTMENT CLUB - INAUGURAL EDITION

IIC Monthly

Newsletter

March 2026

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FOREWORD

Welcome to the IIC Newsletter

Welcome to the first edition of the ISCAL Investment Club Monthly Newsletter. The IIC was founded in 2025 with a clear mission: to bridge the gap between the theory taught in classrooms and the realities of financial markets. Each month, this newsletter covers three pillars: a macroeconomic overview of the forces shaping global markets; an equity research section with in depth stock analysis; and an IIC Fund update tracking our simulated virtual portfolio with full transparency.

This inaugural March 2026 edition is published at a moment of heightened complexity. The Federal Reserve revised its dot plot to signal only one rate cut in 2026, the Iran conflict continues to push energy costs higher, and the S&P 500 is up approximately 2.14 percent, recovering from a volatile first quarter that saw a drawdown of approximately 4.6 percent year-to-date. Against this unpredictable backdrop, our research team presents buy rated pitches on Uber Technologies and Oracle Corporation, a hold recommendation on Mastercard, and the launch of the IIC Fund.

MACRO OVERVIEW

United States - March 2026

Executive Summary

The US economy expanded at an annual rate of 0.5 percent in the fourth quarter of 2025, while the unemployment rate fell to 4.3 percent in March. Activity indicators pointed to a resilient manufacturing expansion. The ISM Manufacturing PMI rose to 52.7, supported by production growth and firmer domestic demand. However, a divergence persisted since output improved while employment metrics remained soft. This is consistent with an environment of low hiring and low firing.

Inflation accelerated sharply and complicated the path to the target set by the Federal Reserve. March headline CPI rose 3.3 percent year over year, representing a steep jump from February, with core CPI at 2.6 percent. This surge was heavily driven by a historic spike in gasoline prices. Consequently, on March 18, the Federal Reserve held the target range for the federal funds rate at 3.50 to 3.75 percent and maintained a cautious tone on both inflation and employment risks.

Tight financial conditions continued to weigh on credit and housing. The outlook remains a delicate balance between a soft landing and sticky inflation. The risks are heavily tilted toward further energy shocks, supply chain disruptions, and trade policy uncertainty following the Supreme Court ruling that limited IEEPA tariff authority.

Growth & Activity

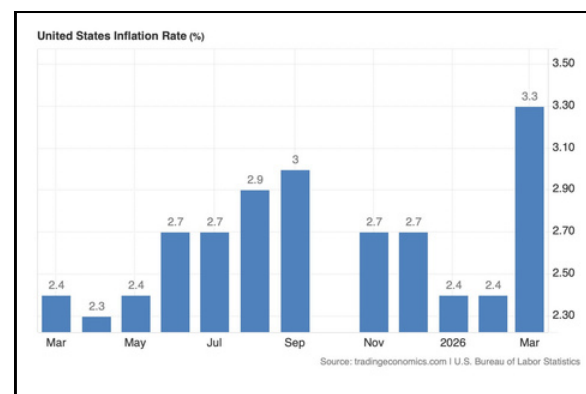
The real gross domestic product of the US economy grew at an annual rate of just 0.5 percent in the fourth quarter of 2025 according to the third estimate from the BEA. That marked a sharp slowdown from the 4.4 percent pace in the third quarter and reflected weaker consumer demand, government spending, exports, and investment.

Despite the GDP slowdown, manufacturing activity remained in expansion territory in March. The Manufacturing PMI registered 52.7, which is up from 52.4 in February, signaling the strongest growth in factory activity since August 2022. This expansion was driven by production, although new orders slowed and prices increased. These figures suggest that the manufacturing sector remained resilient, pointing to an expansion led by productivity rather than hiring.

Inflation

According to the US Bureau of Labor Statistics, the CPI for All Urban Consumers increased 0.9 percent in March and brought the 12 month headline inflation rate to 3.3 percent. Core CPI rose 0.2 percent on the month and 2.6 percent over the year. This shows that underlying inflation pressures are still stubbornly above the objective of the Federal Reserve.

The headline acceleration was driven by a massive energy shock. The energy index increased 10.9 percent in March, marking the largest monthly jump since 2005, led by a 21.2 percent surge in gasoline prices. Shelter costs also continued to rise and posted a 0.3 percent increase in March. This combination of persistent core services inflation and highly volatile energy prices supports the reluctance of the Federal Reserve to move quickly on rate cuts.



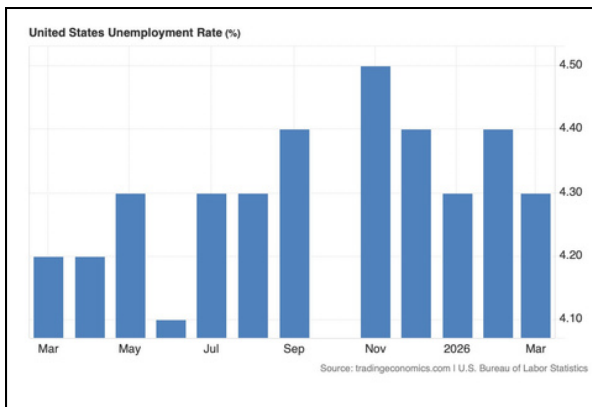
MACRO OVERVIEW

United States - March 2026

Labour Market

The labor market presented a mixed and cooling picture in March 2026. While the headline unemployment rate fell to 4.3 percent from 4.4 percent in February, this drop was driven by a shrinking labor pool rather than robust hiring. The labor force declined by 396,000 individuals, and total employment actually fell by 64,000. Furthermore, the broader U6 unemployment rate rose to 8.0 percent.

The data point to a labor market that is losing momentum but not collapsing. In practical terms, firms appear to be operating with caution. They are preserving margins and output while actively adding fewer workers. This aligns with a low hiring and low firing environment characterized by stagnant job creation.



Monetary Policy

In its March 18 statement, the Federal Reserve emphasized its dual mandate of maximum employment and 2 percent inflation, noting that uncertainty around the economic outlook remains elevated.

The FOMC kept the target range for the federal funds rate at 3.50 to 3.75 percent.

The March dot plot implied fewer cuts than the December 2025 projection. This reinforced the view that rates may stay restrictive longer than markets had initially expected. This signal that rates will remain higher for longer is the key policy takeaway from the meeting. Ultimately, the more cautious path taken by the Federal Reserve strengthens the case for elevated real rates through much of 2026.

Risks & Scenarios

A bearish scenario would involve further escalation in Middle East tensions that continues to lift oil prices and pushes inflation even higher while slowing growth. In that case, the Federal Reserve would face a severe dilemma between controlling inflation and supporting economic activity. Another downside risk is policy uncertainty around tariffs. The Supreme Court ruling that limited IEEPA tariff authority creates legal and fiscal uncertainty in the short term.

A bullish scenario assumes that artificial intelligence and productivity improvements allow firms to expand output without equivalent inflation or hiring pressures. If this dynamic continues and the energy shock proves temporary, the economy could achieve a softer landing. It would slow less than feared while avoiding a major spike in unemployment.

MACRO OVERVIEW

Eurozone - March 2026

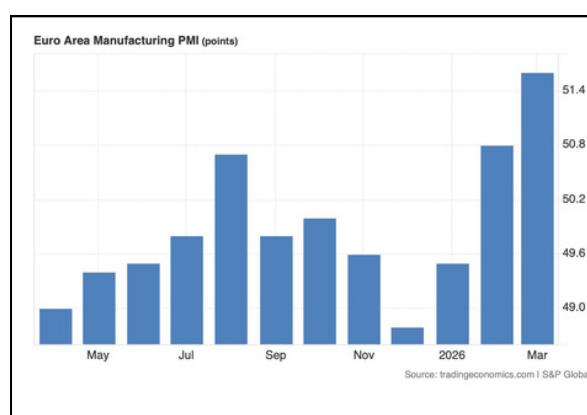
Executive Summary

The euro area enters 2026 facing slowing economic growth, persistent inflation pressures, and tightening financial conditions. Gross domestic product increased by only 0.2 percent in the fourth quarter of 2025. Inflation remains highly vulnerable to energy shocks, with the headline rate climbing to 2.5 percent in March. The European Central Bank projects higher inflation and lower growth for 2026 amid rising geopolitical risks. Financial conditions have deteriorated and bond markets reflect this uncertainty. Sovereign spreads, energy markets, and geopolitical developments remain the primary sources of volatility, weighing heavily on both economic confidence and the euro. Overall, the outlook is fragile. Market sentiment will depend on the trajectory of energy prices, central bank policy signals, and the degree of geopolitical escalation in the months ahead.

Growth & Activity

The euro area economy grew by 0.2 percent in the fourth quarter of 2025, which represents a slight deceleration from the previous quarter. According to Eurostat, output increased by 0.2 percent in both the euro area and the European Union during the final three months of the year. The regional divergence is notable. Spain grew by 0.8 percent and outperformed the regional average thanks to strong tourism and immigration. Conversely, Germany grew by just 0.3 percent as it continued to be weighed down by its struggling industrial base. The European Central Bank recently cut its 2026 growth forecast to 0.9 percent, down from the 1.2 percent projected in December, reflecting energy price pressures and weaker external demand. In the manufacturing sector, the S&P Global Eurozone Manufacturing PMI rose to 51.6 in March.

This marks the strongest expansion in the sector since June 2022. Output growth hit a seven month high and new orders matched a 46 month record. However, employment continued to decline and business confidence weakened, weighed down by ongoing Middle East tensions and supply disruptions impacting global logistics markets.



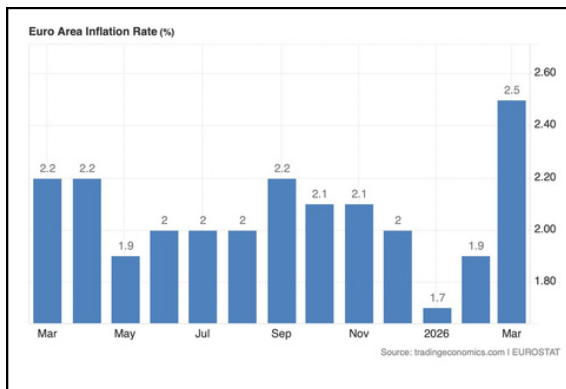
Inflation & Labour Market

Headline inflation in the euro area climbed to 2.5 percent in March, up from 1.9 percent in February. This marked the highest rate since January 2025 and pushed inflation above the 2 percent target of the European Central Bank. This spike was driven entirely by a massive 4.9 percent increase in energy costs stemming from the Middle East conflict, representing the sharpest annual increase since February 2023. However, underlying price pressures showed some signs of cooling. The core rate, which excludes volatile energy, cooled to 2.3 percent from 2.4 percent, and services inflation slowed to 3.2 percent. Among the largest economies, inflation accelerated sharply in Germany and Spain, while the rate in Italy remained stable at 1.5 percent.

MACRO OVERVIEW

Eurozone - March 2026

Despite the broader economic slowdown, the labor market remains relatively resilient. According to the latest available data, the unemployment rate increased slightly to 6.2 percent in February from the historical low of 6.1 percent in January. While the region saw steady employment gains overall over the last few years, this slight uptick in the jobless rate indicates that conditions are beginning to cool at the margins.



Monetary Policy & Credit

The European Central Bank kept interest rates unchanged in March. The deposit facility remained at 2.00 percent, the main refinancing rate at 2.15 percent, and the marginal lending rate at 2.40 percent. President Christine Lagarde warned that the Middle East conflict has made the outlook significantly more uncertain and increased the risks for both inflation and growth.

The latest staff projections show inflation for 2026 revised up to 2.6 percent before easing to 2.0 percent in 2027 and 2.1 percent in 2028. The central bank noted that a prolonged energy shock could raise inflation further while pushing the economy closer to a recession. Credit conditions tightened at the end of 2025. Banks reported stricter lending standards for corporate and consumer loans, although mortgage criteria eased slightly.

Further tightening is expected in early 2026. Loan demand remained weak overall, with only small increases in corporate borrowing but stronger housing loan demand.

Energy & External Environment

Energy markets remain the primary source of volatility for the euro area. The escalation of the Middle East conflict has kept oil and gas markets on edge. The European Central Bank warned that tensions around the Strait of Hormuz continue to pose upside risks to inflation and the broader economic outlook. Natural gas prices in Europe have shown renewed volatility reflecting uncertainty around supply and storage heading into the next heating season. These dynamics have reinforced inflation pressures and contributed to weaker consumer and business confidence.

The euro has depreciated since the start of the year due to higher energy import costs, safe haven flows into the dollar, and a more cautious growth outlook for the region. The currency has become increasingly sensitive to movements in energy prices and geopolitical headlines. Looking ahead, the direction of the euro will depend largely on how energy markets evolve. Further escalation in the Middle East would likely push prices higher and weigh on the currency, while an easing of tensions would help stabilize both markets and the euro.

Risk & Market Implications

Risks to the euro area outlook continue to lean to the downside. Geopolitical tension is increasing uncertainty about inflation and growth because higher energy prices could delay disinflation while simultaneously weakening economic activity.

MACRO OVERVIEW

Eurozone - March 2026

Sovereign spreads have widened, credit standards have tightened, and slower loan growth suggests softer momentum ahead. Upcoming political events such as the French elections may also contribute to volatility.

For financial markets, the main scenarios revolve around energy dynamics and the reaction function of the central bank. Another spike in oil or gas prices would push bond spreads higher, weaken the euro, and delay expectations for interest rate cuts. A milder scenario with stable energy markets and easing geopolitical tensions would support core bonds, reduce volatility, and help restore investor confidence.

Analysts Overview

Investors should approach European markets with caution and flexibility in the current environment. Growth is slowing, inflation remains extremely sensitive to energy prices, and financial conditions have tightened. Until the macroeconomic outlook stabilizes, it makes sense to favor higher quality assets, remain selective with peripheral sovereign debt, and closely monitor energy developments since they remain the key driver of both inflation and currency movements. A defensive stance is prudent in equities, focusing on sectors less exposed to energy volatility or global demand swings. For fixed income, the combination of weaker growth and eventual easing by the central bank supports core duration, while peripheral spreads may remain under pressure. Staying data driven and ready to adjust positioning is essential in a market backdrop that can shift quickly.

STOCK ANALYSIS



Uber Technologies, Inc. (UBER)

BUY Recommendation	\$71.89 Current Price	\$86.25 Price Target	19.97% Implied Upside
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Business Details

Uber Technologies is a global technology platform operating across mobility, delivery, and freight logistics. Founded in 2009 and headquartered in San Francisco, the company has evolved into one of the largest platforms in the world connecting consumers, drivers, merchants, and freight partners across multiple countries. As of fiscal year 2025, the company reported revenue of approximately \$52.0 billion, net income of \$10.1 billion, and an EBIT margin of 10.7 percent. This represents a substantial improvement from previous years. The company operates through three primary segments; mobility remains the core engine of the business, contributing \$29.7 billion in revenue during 2025 and generating the highest unit economics. Delivery acts as a strategic complement that increases platform engagement, while the freight division adds diversification and provides leverage over logistics infrastructure.

Investment Thesis

The company has transformed into a structurally profitable platform, with EBIT margins expanding to 10.7 percent in 2025 and projected to reach 13.8 percent by 2030 driven by operating leverage across its fixed cost infrastructure. Supported by a capital light model, free cash flow to the firm is expected to grow from 5.5 billion dollars in 2025 to 12.6 billion dollars by 2030, providing financial flexibility for buybacks, acquisitions, and ecosystem investments. This strength is protected by a powerful bilateral network effect where more riders attract more drivers. This self reinforcing dynamic creates massive density advantages and structural supply liquidity, establishing a product moat that allows the platform to fulfill requests within minutes while acting as a strong pricing lever.

The business has strategically positioned itself as the primary demand orchestrator for the autonomous vehicle ecosystem through partnerships with Waymo, BYD, and Rivian. Rather than bearing the heavy capital intensity of developing autonomous technology, the platform provides the network, demand, and data that operators need for commercial scale. As robotaxi deployments accelerate globally, the company is perfectly positioned to benefit from structurally lower costs per trip with no incremental capital outlay.



STOCK ANALYSYS



Valuation

Forecasts & Income Statement Summary

Revenue projections are anchored to Uber's strong momentum across its three segments in 2025, followed by a gradual deceleration consistent with the company's increasing scale and Damodaran's sector projections. Growth is projected to increase from 12.2 percent in 2026 to 15.9 percent in 2030, reflecting continued outperformance of the sector driven by Delivery and Mobility expansion in underpenetrated geographies.

(\$m)	FY2023A	FY2024A	FY2025A	FY2026P	FY2027P	FY2028P	FY2029P	FY2030P
Revenue	37,281	43,978	52,017	58,379	66,774	76,709	88,507	102,562
YoY Growth	N/A	18.0%	18.3%	12.2%	14.4%	14.9%	15.4%	15.9%
Gross Profit	14,824	17,327	20,679	23,208	26,545	30,495	35,185	40,773
Gross Margin	39.8%	39.4%	39.8%	39.8%	39.8%	39.8%	39.8%	39.8%
EBIT	1,110	2,799	5,565	6,623	7,997	9,661	11,680	14,139
EBIT Margin	3.0%	6.4%	10.7%	11.4%	12.0%	12.6%	13.2%	13.8%
Net Income	1,887	9,856	10,053	4,751	6,569	8,033	9,810	11,974
Net Margin	5.1%	22.4%	19.3%	8.1%	9.8%	10.5%	11.1%	11.7%
D&A	823	737	747	1,010	1,155	1,327	1,531	1,774
CapEx	-223	-242	-336	-1,401	-1,603	-1,841	-2,124	-2,461
Delta WC	227	-1,554	-906	-767	-790	-813	-838	-863
FCFF	1,381	4,148	5,491	5,541	7,380	8,801	10,523	12,618

The DCF model employs a two-stage approach: an explicit projection period from 2026 to 2030, followed by a Gordon Growth terminal value. FCFFs are discounted using the mid-year convention (periods 0.5-4.5) and the WACC. The Terminal Value is discounted at period 5.0 (end of projection period). A terminal growth rate of 3.0 percent is applied, reflecting Uber's long-term growth potential supported by geographic expansion, autonomous vehicle monetization, and the continuing digitisation of transport and logistics globally.

Terminal Growth Rate	3.0%	Implied Enterprise Value (\$m)	164,220
WACC	9.41%	Less: Net Debt (\$m)	2,888
PV of Terminal Value (\$m)	129,345	Shares Outstanding (m)	2,120
Sum of PV of FCFF (\$m)	34,876	Implied Share Price	\$76.10

STOCK ANALYSIS



The comparables analysis benchmarks Uber against its closest listed peers in the mobility and ride-hailing sector: Grab Holdings (GRAB), Lyft (LYFT), and DiDi Global. The peer set reflects companies with exposure to platform-based transportation economics, though significant differences in scale, geography, and profitability exist. The comparables-implied price was calculated using the EV/EBITDA and EV/Sales medians with P/E as a secondary cross-check.

Company	Price (\$)	Mkt Cap (\$m)	EV (\$m)	EV/Sales	EV/EBITDA	P/E
Grab Holdings (GRAB)	3.62	15,050	10,300	3.06x	19.9x	61.2x
Lyft Inc. (LYFT)	13.33	5,290	4,730	0.75x	46.0x	1.9x
DiDi Global Inc.	3.99	18,900	13,570	0.43x	—	—
Peer Median	—	—	—	0.59x	33.0x	31.6x
Uber Technologies (UBER)	71.84	152,407	155,295	2.99x	19.1x	15.2x

Key Risks

Regulatory & Labour Classification Risk: Uber remains exposed to reclassification of drivers as employees across key jurisdictions. The UK Supreme Court ruling (2021) established a precedent that has since been examined across the EU and select US states. Mandatory employee status would fundamentally alter Uber's cost structure, potentially adding billions in payroll-linked costs and eroding the asset-light model that underpins the investment thesis.

Competition from Regional Players: In high-growth markets such as Southeast Asia (Grab), Latin America (InDriver, 99), and the Middle East (Careem, Noon), Uber faces structurally entrenched competitors with lower cost bases, local regulatory relationships, and deep market knowledge. In freight, Uber Freight competes with well-funded incumbents such as C.H. Robinson, XPO Logistics, and a range of tech-native brokerages with superior shipper relationships.

Conclusion

Based on our DCF and Comparable companies analysis, the final blended price target of **\$86.25** reflects a 50 percent weight to DCF price (**\$76.10**) and 50 percent weight to the comparables-implied price (**\$96.41**), meaning there is a upside potential of **19.97 percent** compared to the current price as of April 2, 2026.

Oracle Corporation (ORCL)

BUY Recommendation	\$146.38 Current Price	\$158.38 Price Target	8.20% Implied Upside
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Business Details

Oracle Corporation is a global technology leader specializing in enterprise software, cloud infrastructure, and database management systems. Founded in 1977, the company has evolved from a relational database pioneer into one of the largest enterprise technology companies in the world. For the TTM ending in 2026, Oracle reported revenue of approximately \$64.1 billion, net income of \$16.2 billion, and an EBIT margin of 32.3 percent. The company operates through three primary business segments: Cloud and License, Hardware, and Services. The Cloud and License segment is the dominant contributor and accounts for approximately 86 percent of total revenue. Within this segment, Oracle Cloud Infrastructure has emerged as the fastest growing major public cloud platform globally, driven by surging demand for artificial intelligence training workloads.

Investment Thesis

The acceleration of cloud infrastructure driven by artificial intelligence is the cornerstone of this thesis. Unlike other major hyperscalers, the company offers purpose built artificial intelligence cluster configurations at lower costs and with guaranteed capacity. This technical differentiation makes it the platform of choice for large language model training by major players such as OpenAI, xAI, and Meta.

The dominance of Oracle in enterprise databases and enterprise resource planning creates formidable switching costs. Over 430,000 customers globally, including the majority of Fortune 500 companies, rely on its core infrastructure. As these customers migrate to the cloud, revenue recognition shifts from lumpy legacy licenses to high margin recurring subscriptions. This flywheel dynamic structurally improves both revenue visibility and overall margin quality.

As cloud revenue scales, the fixed infrastructure cost base becomes increasingly leveraged. EBIT margins are projected to expand from 32.3 percent in the TTM ending in 2026 to approximately 44.7 percent by 2030. This expansion is driven by operating leverage on cloud infrastructure that is already deployed, positioning the company for substantial free cash flow generation.



STOCK ANALYSYS



Valuation

Forecasts & Income Statement Summary

Revenue projections are anchored to reported trailing twelve month revenue reflecting the latest available data. Growth is expected to moderate from approximately 11.8 percent in 2026 to 10.0 percent in 2030 as the company scales. This trajectory is consistent with backlog growth and management guidance. The projections assume the cloud segment continues to grow at double digit rates to offset the ongoing decline in legacy hardware.

(\$m)	2023A	2024A	2025A	2026P	2027P	2028P	2029P	2030P
Revenue	49,954	52,961	57,399	64,184	71,470	79,250	87,505	96,212
YoY Growth	N/A	6.0%	8.4%	11.8%	11.4%	10.9%	10.4%	10.0%
Gross Profit	36,390	37,818	40,472	42,985	52,910	60,115	68,015	76,626
Gross Margin	72.8%	71.4%	70.5%	72.2%	74.0%	75.9%	77.7%	79.6%
EBIT	13,773	16,071	18,052	21,077	25,593	30,733	36,539	43,044
EBIT Margin	27.6%	30.3%	31.4%	32.8%	35.8%	38.8%	41.8%	44.7%
Net Income	8,503	10,467	12,443	15,120	19,187	23,816	29,045	34,904
Net Margin	17.0%	19.8%	21.7%	23.5%	26.8%	30.0%	33.2%	36.3%
D&A	6,108	6,139	6,174	7,381	8,219	9,114	10,063	11,064
CapEx	-8,695	-6,866	-21,215	-1,540	-1,715	1,902	-2,100	-2,309
Delta WC	-2,181	456	-2,069	-1,303	-1,342	-1,382	-1,423	-1,466
FCFF	12,426.77	13,144.16	2,891.07	26,127	30,896	36,274	42,295	48,989

The discounted cash flow model employs a two stage approach featuring an explicit projection period from 2026 to 2030 followed by a Gordon Growth terminal value. Cash flows are discounted using the mid year convention. A terminal growth rate of 3.5 percent is applied, consistent with long run nominal economic growth assumptions and the durable competitive positioning of Oracle in the enterprise cloud market.

Terminal Growth Rate	3.5%	Implied Enterprise Value (\$m)	606,025
WACC	10.22%	Less: Net Debt (\$m)	95,472
PV of Terminal Value (\$m)	464,278	Shares Outstanding (m)	2,903
Sum of PV of FCFF (\$m)	141,747	Implied Share Price	\$175.89

STOCK ANALYSYS



The comparable company analysis cross checks the discounted cash flow valuation by anchoring the implied price against observable market multiples of its closest peers. Five companies were selected operating in enterprise software and cloud infrastructure. Given the significant dispersion in the peer group, particularly the premium multiples of Palantir, the median is the appropriate central tendency measure anchored by Microsoft, SAP, and IBM.

Company	Price	Mkt Cap (\$m)	EV (\$m)	EV/Sales	EV/EBITDA	P/E
Microsoft (MSFT)	\$408.96	2,770,000	2,740,000	8.97x	14.56x	23.37x
SAP SE (SAP)	\$198.99	196,600	192,000	4.38x	14.40x	22.81x
IBM (IBM)	\$258.85	232,000	283,070	4.12x	16.10x	21.83x
Palantir (PLTR)	\$157.16	350,360	343,410	76.73x	238.45x	232.52x
Palo Alto (PANW)	\$165.05	130,300	126,140	12.75x	56.92x	86.26x
Median	—	—	—	8.97x	16.10x	23.37x
Oracle Corporation (ORCL)	\$139.66	405,398	500,870	8.3x	17.38x	25.79x

Key Risks

Cloud Competitive Intensity: Oracle faces intensifying competition from Amazon, Microsoft, and Google. The three major players collectively hold approximately 65 percent of the global market share. Any slowdown in bookings growth relative to the backlog would represent a material negative surprise.

Cerner Integration Risk: The acquisition of Cerner added significant financial leverage and operational complexity. A failure to extract projected synergies or customer attrition in the healthcare vertical could impair the medium term revenue trajectory.

Database to Cloud Transition Risk: The transition from perpetual licenses to cloud subscriptions introduces a revenue recognition timing mismatch. This compresses reported growth in the short term and could lead to a temporary earnings trough.

Conclusion

Based on our valuation models, the final blended price target of **\$158.38** reflects an equal weighting of the discounted cash flow implied price of **\$175.89** and the comparables implied price of **\$140.87**. This represents an **8.20 percent** upside from current levels of April 2, 2026, supporting a BUY recommendation.

STOCK ANALYSIS



Mastercard Inc. (MA)

HOLD Recommendation	\$493.44 Current Price	\$513.84 Price Target	4.13% Implied Upside
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Business Details

Mastercard is a global technology leader in the payments industry, providing a critical link between consumers, financial institutions, and businesses worldwide. Founded in 1966, Mastercard has evolved from a regional bankcard association into one of the most valuable corporations globally, anchored by its global payments network and a rapidly growing value added services segment. As of fiscal year 2025, Mastercard reported an approximate revenue of \$32.8 billion, net income of \$15.0 billion, and an EBIT margin of 57.6 percent, which sits well above industry peers.

The company operates through two primary segments: Payment Network and Value-Added Services and Solutions. Value-Added services, which include cyber and intelligence solutions, data analytics, consulting, and loyalty programs, is the fastest growing and highest margin segment, driving a structural improvement in overall profitability. As of 2025, value added services represented approximately 44 percent of total revenue and continues to grow at double digit rates.

Investment Thesis

Services led margin expansion: The pivot of Mastercard toward high margin recurring revenue through value added services is the primary long term value driver. With these services representing 44 percent of total revenue in 2025, each incremental percentage point of service mix meaningfully expands consolidated margins.

Network effects and pricing power: Mastercard maintains one of the strongest competitive moats in global finance through its ubiquitous four party payments network. Switching costs are high, network effects are exceptional, and the company consistently demonstrates above average pricing power. EBIT margins have expanded from 55.8 percent in 2023 to 57.6 percent in 2025, remaining well above the industry average of 28.5 percent.

New payment flows and digital expansion: Mastercard is aggressively capturing business to business and peer to peer new payment flows. This strategic expansion represents a significant long term growth opportunity within a total addressable market worth multiple trillions of dollars.



STOCK ANALYSYS



Valuation

Forecasts & Income Statement Summary

Revenue projections are based on the strong growth seen in 2025 followed by a gradual slowdown over time. Growth is expected to decrease from 12.8 percent in 2026 to 11.2 percent in 2030 as it moves to a more sustainable long term level.

(\$m)	2023A	2024A	2025A	2026P	2027P	2028P	2029P	2030P
Revenue	25,098	28,167	32,791	36,998	41,512	46,659	52,258	58,111
YoY Growth	N/A	12.2%	16.4%	12.8%	12.2%	12.4%	12.0%	11.2%
Gross Profit	25,098	28,167	32,791	36,998	41,512	46,659	52,258	58,111
Gross Margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EBIT	14,008	15,582	18,897	21,501	24,323	27,561	31,113	34,867
EBIT Margin	55.8%	55.3%	57.6%	58.1%	58.6%	59.1%	59.5%	60.0%
Net Income	11,195	12,874	14,968	16,474	18,911	21,722	24,834	28,060
Net Margin	44.6%	45.7%	45.6%	44.5%	45.6%	46.6%	47.5%	48.3%
D&A	799	897	1,143	1,284	1,440	1,619	1,813	2,016
CapEx	-1,088	-1,194	-1,215	-1,110	-1,245	-1,400	-1,568	-1,743
Delta WC	-445	-2,381	-1,811	-1,592	-1,640	-1,689	-1,740	-1,792
FCFF	11,654	15,235	16,964	18,752	21,263	24,153	27,347	30,656

The discounted cash flow model employs a two stage approach covering an explicit projection period from 2026 to 2030 followed by a terminal value calculation. Free cash flows to the firm are discounted using the mid year convention. A terminal growth rate of 2.5 percent is applied, which is justified by the expansion of Mastercard into new payment flows and digital solutions globally.

Terminal Growth Rate	2.50%	Enterprise Value (\$m)	502,526
WACC	7.85%	Less: Net Cash (\$m)	8,434
PV of Terminal Value (\$m)	402,676	Shares Outstanding (m)	906
Sum of PV of FCFF (\$m)	99,850	Implied Share Price	\$545.36

STOCK ANALYSYS



The comparable company analysis regulates the discounted cash flow valuation by anchoring the implied price against observable market multiples. Two companies were selected on the basis of operating model comparability. Given the structural differences between Visa and PayPal, particularly the significantly lower margins of PayPal, the median applied is effectively anchored by Visa alone to prevent distorting the reference multiple.

Company	Price	Mkt Cap (\$m)	EV (\$m)	EV/Sales	EV/EBITDA	P/E
Visa Inc. (V)	\$302.24	675,210	682,130	14.0x	21.8x	28.0x
PayPal (PYPL)	\$43.23	53,710	54,230	2.1x	9.3x	14.8x
Median (Visa only)	—	—	—	14.0x	21.8x	28.0x
Mastercard Incorporated, Inc. (MA)	\$493.44	447,057	448,160	14.08x	22.58x	30.8x

Key Risks

Interchange Fee Litigation: A long running antitrust class action over excessive interchange fees resulted in a contested settlement still pending court approval. The proposed terms would cap domestic credit interchange rates for up to eight years. Parallel trials from major merchants keep material downside risk alive.

Antitrust Pressure in Europe: Mastercard faces an active European investigation backed by major retailers alleging significant fee surges. Regulators are pushing for mandatory price controls in a market where Visa and Mastercard hold the vast majority of transactions.

Account to Account Disintermediation: Real time instant payments systems have already surpassed traditional cards in daily transaction volume in India. Mandatory instant payment regulations in Europe are accelerating this same dynamic, exposing Mastercard to structural volume erosion in key growth markets.

Conclusion

Based on our valuation models, the final blended price target of **\$513.84** reflects an equal weighting of the discounted cash flow implied price of \$545.36 and the comparables implied price of **\$482.58**. This represents a limited **4.13 percent** upside from current levels. Given the active regulatory risks, this provides an insufficient margin of safety, resulting in a HOLD recommendation.

IIC FUND

Portfolio Overview

This is the inaugural edition of the IIC Fund section. The ISCAL Investment Club has launched its virtual investment portfolio with an initial capital of €50,000, with the goal of generating alpha through bottom-up equity research while maintaining disciplined risk management. All investment decisions are driven by member-produced research pitches, combining discounted cash flow analysis with comparable company analysis. The S&P 500 Index serves simultaneously as the portfolio benchmark and as the default vehicle for uninvested capital, ensuring that idle cash is kept exposed to broad market returns rather than sitting dormant. All figures exclude transaction costs and commissions.

EUR 50,000 Initial Capital	EUR 43,400 Invested Capital	EUR 6,600 Cash	3 Active Positions
0.77 Sharpe Ratio	-7.31% VaR (95%, 1-day)	-22.46% Max Drawdown	0.97 Portfolio Beta

Current Holdings

Security	Sector	Qty	Entry Price	Value (EUR)	Weight	Rec.
S&P 500 Index	Broad Market	6	USD 6,816.89	EUR 33,698	68.40%	INDEX
Oracle (ORCL)	Technology	60	USD 146.38	EUR 7,493	15.21%	BUY
Cash	—	—	—	EUR 6,600	13.20%	—
Uber (UBER)	Consumer	36	USD 71.89	EUR 2,208	4.48%	BUY

Risk Rules

Rule	Limit	Current	Status
Max Weight - Stock	≤ 15%	68.40% *	OVER *
Max Weight - Sector	≤ 25%	19.69%	OK
Minimum Cash Holding	≥ 10%	13.20%	OK

* S&P; 500 (69.79%) triggers the single-stock rule as a single instrument. In practice this is the benchmark parking vehicle - not a concentrated bet. Weight decreases naturally as new equity positions are added.

IIC Fund

Understanding the Risk Indicators

Sharpe Ratio

Measures the return earned per unit of risk taken. Calculated as the portfolio's excess return over the risk-free rate, divided by its standard deviation. A ratio above 1.0 is generally considered strong; our current reading of 0.77 reflects the early stage of the portfolio, as holdings mature and the strategy crystallises, this metric will become increasingly meaningful.

Value at Risk

The maximum loss the portfolio is statistically expected not to exceed over a single day, at a 95 percent confidence level. In simple terms: on 95 out of 100 trading days, we do not expect to lose more than 7.31 percent of portfolio value. This figure is dominated by the volatility of the S&P 500, which currently makes up the bulk of the portfolio.

Expected Shortfall

Also known as Conditional VaR, this measures the average loss in the worst 5 percent of scenarios, in other words, on the days when VaR is breached. It gives a more complete picture of tail risk than VaR alone, and is particularly useful for understanding extreme market events.

Maximum Drawdown

The largest peak-to-trough decline in the portfolio's historical value. This figure is inherited from the S&P 500's historical behaviour and reflects real drawdown episodes (such as 2022 bear market). It is the most intuitive measure of how painful past downturns were, and a key input when sizing risk tolerance.

Beta

Measures how sensitive the portfolio is to movements in the S&P 500. A beta of 1.0 means the portfolio moves exactly in line with the market. Our beta of 1.09 is close to 1, which is expected given that the S&P 500 index itself makes up the largest position.

Alpha

The excess return generated above the benchmark (S&P 500), after adjusting for market risk. Alpha will become a key performance metric as the fund builds a track record over the coming months.

CLOSING - WHAT TO WATCH NEXT MONTH

Looking Ahead - April 2026

As we look into April 2026, several key events will shape market performance and the IIC Fund's trajectory. Our team will monitor the following closely:

Q1 2026 Earnings Season. Major US banks report week of 13 April. Technology giants (Alphabet, Meta, Microsoft, Amazon) report in the final two weeks of April. Consensus expects 12 to 15 percent YoY EPS growth for the S&P 500, with technology driving approximately 60 percent of earnings growth.

Federal Reserve Leadership. Chair Powell's term expires in May. The market will be watching the new Chair nomination and any signals about the pace of easing. This transition is the primary source of institutional uncertainty in H1 2026.

Energy and Geopolitics. The Strait of Hormuz handles approximately 20 percent of global oil trade. Sustained disruption would push Brent above \$90-100/barrel, rekindling inflation and forcing central banks to reconsider easing timelines.

IIC Team

Our Team

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