

To our partners,

The first quarter of 2026 reinforced our view that we are in the later stages of the credit cycle.

While headline indices remain supported by momentum and concentration in large-cap technology, underlying conditions appear less stable. Liquidity remains present, but it is not translating into broad economic expansion.

We believe capital has been misallocated during this cycle. As credit tightens, that misallocation should begin to unwind.

During the quarter, policy dynamics shifted. After significant balance sheet reduction through 2025, stress emerged in funding markets. In response, the Federal Reserve reintroduced targeted liquidity.

At the same time, structural constraints are becoming more visible. U.S. federal debt continues to expand, placing pressure on private demand. Servicing costs are now a meaningful contributor to deficits, limiting policy flexibility.

This creates a narrow path: further tightening risks financial strain, while easing could sustain inflation.

In our view, the environment is stable on the surface, but fragile underneath.

Portfolio Positioning

Our focus remains on capital preservation and selective deployment.

We are not chasing late-cycle opportunities. Instead, we concentrate capital where downside is limited and upside is driven by fundamentals.

Performance & Key Drivers

As of March 31, 2026, the fund returned +36.9%, compared to -4.8% for the S&P 500.

Performance was primarily driven by our position in Nabors Industries.

We believed the market underestimated the durability of upstream capital expenditure in a tightening supply environment. As energy markets strengthened, this view played out.

We have begun to realize gains while maintaining core exposure.

Our position in Grindr Inc. remains approximately flat.

We viewed the decline as technical rather than fundamental and maintained our position.

Opportunity Set

We are monitoring select technology companies following the moderation in AI enthusiasm. We remain patient.

Internationally, we are focused on Japanese and Korean equities where valuations are more attractive.

Risk Management

We have increased emphasis on liquidity and downside protection.

While performance has benefited from energy exposure, we recognize that timing transitions is uncertain.

Closing Thoughts

We expect the period ahead to be more volatile.

We remain patient and selective. Periods like this reward discipline, not activity.

Sincerely,

Alex Chislaru