



Q1 2026 Masonry Partners Fund, LP Commentary

May 2026

“When the world feels insecure, it hoards.”

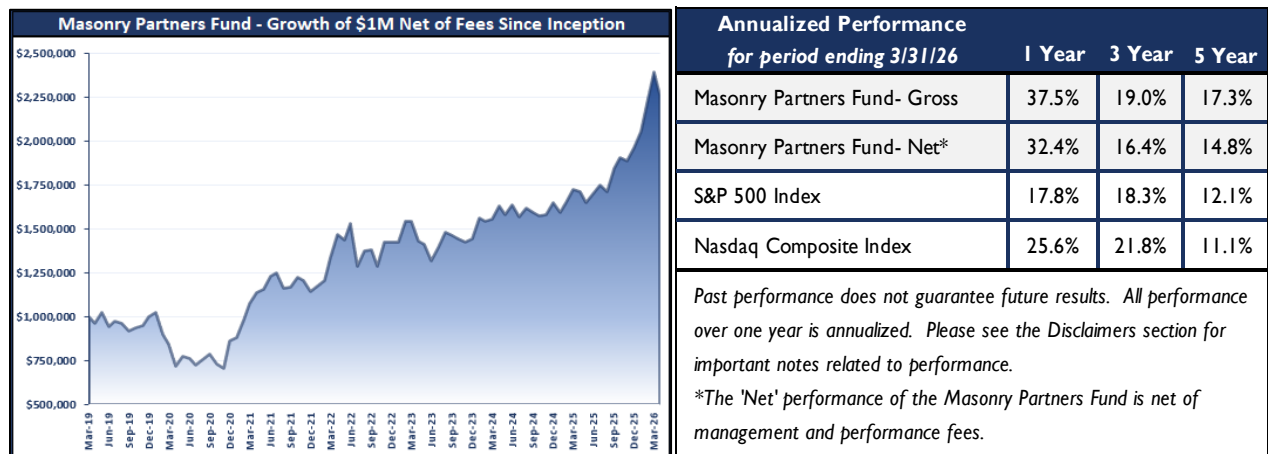
- Carlye Group, *A Crude Awakening*, (March 2026)

To Our Partners:

For the quarter ending March 31, 2026, the Masonry Partners Fund returned 10.10% net of fees as compared to -4.33% for the S&P 500. Below, we present the performance of the Fund since inception, a chart of cumulative growth since launch, and 1-, 3-, and 5-year trailing gross and net returns.

Masonry Partners Fund: Performance Since Inception														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P 500
2026	7.47%	8.24%	-5.35%										10.10%	-4.33%
2025	4.37%	3.65%	-0.86%	-3.32%	2.89%	2.89%	-1.97%	7.36%	3.35%	-0.73%	3.88%	4.75%	28.97%	17.88%
2024	-1.31%	0.88%	4.66%	-2.85%	3.43%	-4.30%	3.43%	-1.77%	-1.11%	0.41%	4.46%	-3.40%	1.99%	25.02%
2023	8.50%	0.14%	-7.29%	-1.64%	-6.65%	6.07%	5.91%	-1.08%	-1.22%	-1.50%	1.47%	8.20%	9.95%	26.29%
2022	2.73%	10.45%	9.92%	-2.21%	6.80%	-15.99%	6.62%	0.51%	-6.80%	10.66%	0.32%	-0.30%	20.96%	-18.11%
2021	11.80%	9.18%	5.97%	1.73%	6.41%	1.62%	-7.22%	0.72%	4.79%	-1.46%	-5.33%	2.95%	33.82%	28.71%
2020	-12.03%	-6.21%	-14.50%	7.03%	-1.28%	-4.94%	4.42%	4.16%	-7.63%	-3.29%	22.48%	1.73%	-14.22%	18.40%
2019			-3.71%	6.38%	-7.85%	3.37%	-1.61%	-4.45%	2.19%	1.11%	5.55%	2.41%	2.45%	17.95%
												Net Cumulative Since Inception	126.24%	162.04%
												Net Annualized Since Inception	12.22%	14.57%

Cumulative Since Inception¹ includes the time period from March 1, 2019 to March 31, 2026.



Overview of Performance and Positioning

As of March 31, 2026, we were approximately 89% long with the remainder in cash. The Fund's largest long positions at the end of the quarter were Anheuser-Busch InBev (ticker: BUD), Coca-Cola Femsa (ticker: KOF) and Altria Group (ticker: MO).

The portfolio consists of positions we consider to be Core Holdings, Special Situations, Hedges / Shorts and Cash. The approximate percentages of each category in the portfolio at the end of Q1 2026 were as follows:

General Category	Approximate Portfolio Allocation
Core Holdings	21.5%
Special Situations	58.9%
Hedges / Shorts	8.2%
Cash	11.4%

For the quarter, the Fund's largest contributors were Tidewater Inc. (ticker: TDW), Valaris Ltd. (ticker: VAL) and International Seaways Inc. (ticker: INSW). The largest detractors were the investments in TruBridge Inc. (ticker: TBRG), The Brinks Co. (ticker: BCO) and Baxter International Inc. (ticker: BAX).

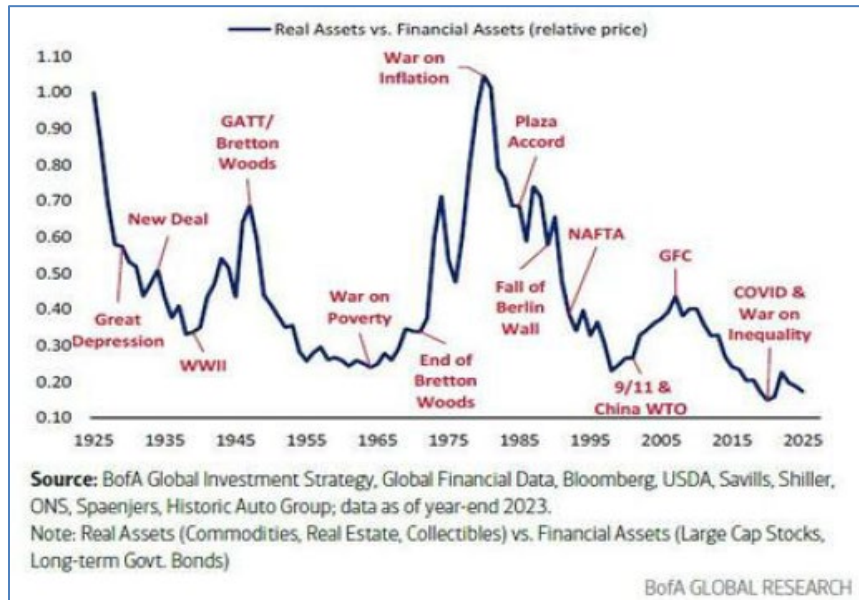
In managing and reviewing the portfolio we categorize securities in specific buckets to help manage risk but also to track where the returns are being generated. The sources of return for the 1st quarter of 2026 are below:

General Category	Approximate Q1 2026 Net Contribution by General Category
Energy / Commodities	6.94
Shipping	3.00
Consumer	0.94
Hedges / Shorts	0.75
Media / Content / Technology	0.49
Financials / Insurance	0.35
Materials	0.03
Industrial / Building Materials	-1.15
Healthcare	-1.25

Market Thoughts and Observations

In **Chart 1**, we again highlight the divergence in performance between real assets and financial assets, as shown by Michael Hartnett at BofA Global Research. We included this chart in our year-end letter but are revisiting it here given its growing relevance considering geopolitical developments during the first quarter of 2026.

Chart 1: Real Assets at Near All-time Low Relative to Financial Assets



By 2020, real assets, including commodities, real estate, and collectibles, traded at their lowest relative level versus financial assets since 1925, and this ratio had begun falling again before the events of Q1 2026 unfolded.

A communication titled “*When the Straight Closed*” from Goehring & Rozenwaig notes that of the forty-two commodities they track, only seven were at record nominal highs as of February. On an inflation-adjusted basis, gold was the only commodity at a true all-time high, while the remaining forty-one traded roughly 73% below their real historical peaks.

When this is viewed alongside the strategic importance of securing raw materials for national security and industrial capacity, a broader picture begins to emerge: a commodity complex that has endured more than a decade of underinvestment is now intersecting with renewed structural demand and heightened policy focus globally. This raises the possibility that secular demand for physical assets could increasingly outpace financial assets in the years ahead. In this context, we believe it is plausible that the cycle trough occurred in 2020, with an ultimate peak potentially still many years away.

Reinforcing this theme, Carlyle’s March 2026 publication “*A Crude Awakening*” observes that major geopolitical inflection points over the past half-century have consistently coincided with rotations from asset-light to asset-heavy exposures. This shift comes at a time when energy represents only

~3% of the S&P 500 (down from over 20% in the 1970s), while technology, broadly measured, has expanded to almost 50% of the index weight with the Mag 7 stocks alone representing over 30%.

A few poignant pieces that struck us from their writing are below:

“Much of the market commentary has emphasized that the world is less dependent on oil than in the 1970s. That is true but it is precisely the wrong way to read the data. Oil’s share of the global economy has fallen steadily for fifty years. That decline has made it less expensive per unit of GDP but more irreplaceable in function — oil is the rare earth of the macro system.”

“As we argued in the ‘Old Economy Takes Its Revenge’, the current rotation toward physical assets is not a trade – it is a regime change.”

Shifting one’s perspective is typically a difficult process, particularly when an existing framework has been in place for a long time. As an example, there was broad consensus among most investment banks, and even the EIA before the Iran War, that the world was facing on oversupply of oil. This view was not shared by Saudi Aramco’s chief executive officer, Amin Nasser, however, who stated at the World Economic Forum in Davos, Switzerland that the “oil glut predictions are seriously exaggerated.” He further noted that spare capacity stood at 2.5% below the minimum 3% level he considers necessary for system stability. In our view, his perspective carries greater credibility given his direct visibility into global production and spare capacity dynamics. If his assessment proves correct, the disruption to oil output associated with the Iran War could have a more pronounced impact on already constrained global supply than is widely anticipated.

One potential consequence of the Iran war may be a more persistent impairment to oil and natural gas production and refining capacity that could extend over several years. We are also closely monitoring the role of the United States, particularly shale production in the Permian Basin, which has served as the world’s marginal swing producer, and whether its ability to materially increase output in the future is becoming more constrained. The Permian has been the primary engine of U.S. growth (**Chart 2**), but recent data suggest production may be plateauing or rolling over (**Chart 3**), raising questions about the durability of incremental supply from shale.

At the same time, we note the potential for offsetting dynamics, including the emergence of new trade relationships with Venezuela that could partially alleviate global supply pressures. Taken together, these forces point to a potential re-rating in the structural floor for oil prices, with tighter supply conditions supporting a higher equilibrium than in prior cycles.

Chart 2: Shale Growth since 2019

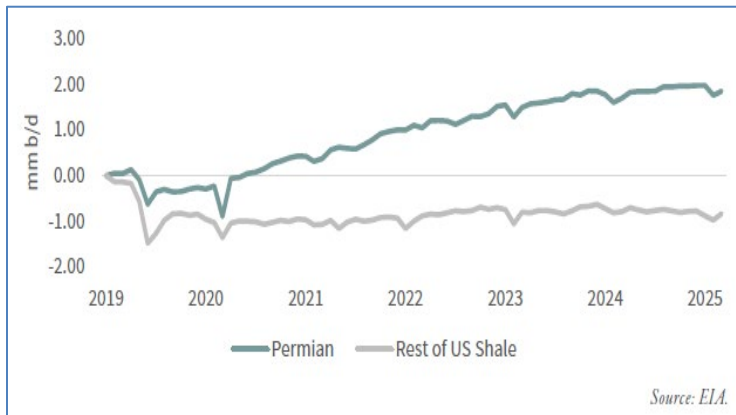


Chart reproduced from Goehring & Rozenzwaig's Fourth Quarter 2025 Commentary from March 12, 2026

Chart 3: Permian Basin Shale Oil Year-on-Year Growth

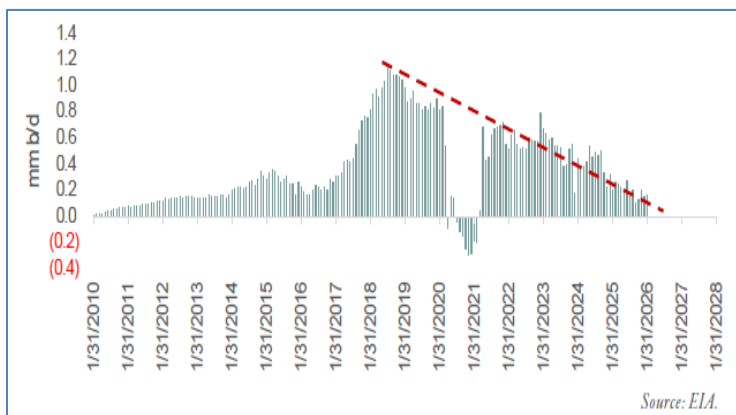


Chart reproduced from Goehring & Rozenzwaig's Fourth Quarter 2025 Commentary from March 12, 2026

As Polymath Investor noted in a Substack post from January 25, 2026:

“For the past twenty years, the prevailing investment orthodoxy has favoured the ‘intangible economy’: as it’s commonly said, bits over atoms, platforms over plants, globalized efficiency over sovereign redundancy. This period relied on two foundational axioms. First, that the physical layer of the economy (energy, materials, manufacturing) was a commoditized utility that would remain cheap and frictionless. Second, that geopolitical integration would prevent greater power conflict, allowing supply chains to optimize purely for cost rather than security. Both axioms have been falsified.”

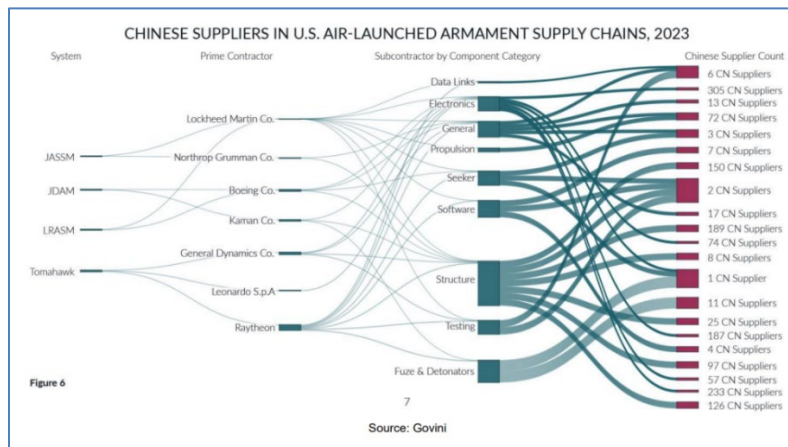
This was written prior to developments in Iran and just weeks after the U.S. removed President Maduro from Venezuela. In hindsight, the perspective has held up well.

Govini is a defense-focused data platform that maps, analyzes, and monitors the industrial base supporting U.S. military systems. In **Chart 4**, it illustrates the extent of Chinese suppliers embedded

within the U.S. air-launched armament supply chain as of 2023. The implication is a deeply interconnected supply network that leaves U.S. defense production materially exposed to Chinese inputs in areas directly tied to national security.

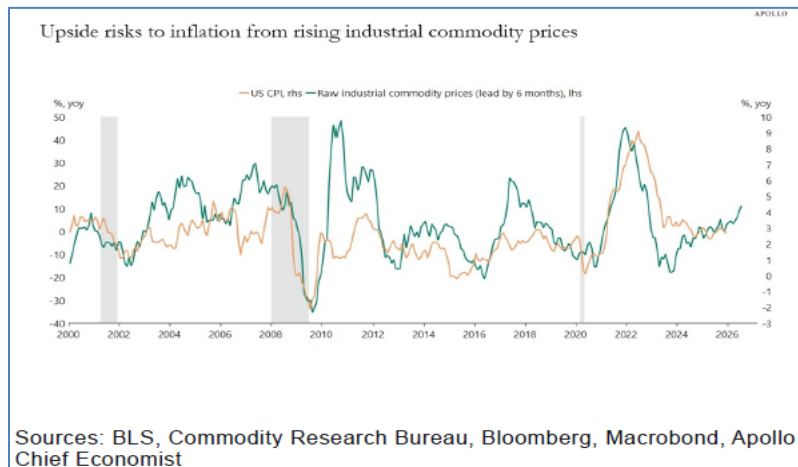
This raises questions around strategic autonomy as it is commonly defined in U.S. and European policy frameworks, namely, the ability to sustain critical industries domestically or within aligned supply chains, and to remain resilient to supply disruptions in times of conflict. The evidence increasingly suggests these considerations have become more central in recent years. Viewed through this lens, recent geopolitical volatility becomes easier to interpret and is likely to reinforce ongoing efforts to secure physical resources and rebuild domestic manufacturing capacity not only in the U.S. but for countries around the world.

Chart 4: Chinese Suppliers in U.S. Weapons Supply Chain



A rise in demand for physical assets experiencing supply constraints should therefore increase prices. Apollo, in one of their recent publications of *The Daily Spark*, highlighted the relationship between inflation and industrial commodities, showing the relationship between the two is tightly correlated (**Chart 5**).

Chart 5: Inflation and Rising Industrial Commodities Are Tightly Correlated



As we have noted repeatedly in recent years, this backdrop is unfolding alongside record fiscal deficits and U.S. debt-to-GDP levels comparable to World War II. In such an environment, the Federal Reserve may have limited flexibility to raise interest rates in response to renewed inflationary pressures.

Prior to the escalation of hostilities in Iran in late February, the global manufacturing cycle had begun to improve, with the World Manufacturing PMI moving back above 50, indicating expansion, as shown in **Chart 6**, supported in part by looser financial conditions. This marked a notable shift from what we believe to be a quasi-recessionary environment that had persisted for much of the three plus years prior. That said, the JPMorgan Global Manufacturing PMI did begin to roll over in early March which gives us caution, though it remained in expansionary territory, as shown in **Chart 7**. Should geopolitical tensions ease without causing broader systemic disruption and growth continue, the resulting macro regime shift would likely have meaningful implications for the investment opportunity set.

Chart 6: World Manufacturing PMI and Financial Conditions

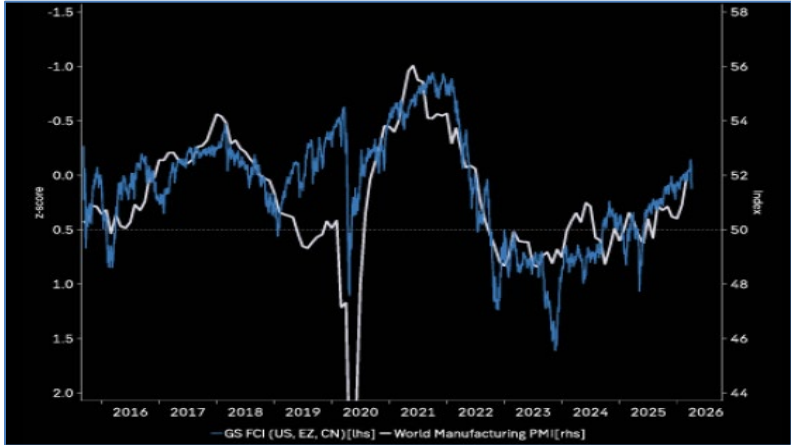
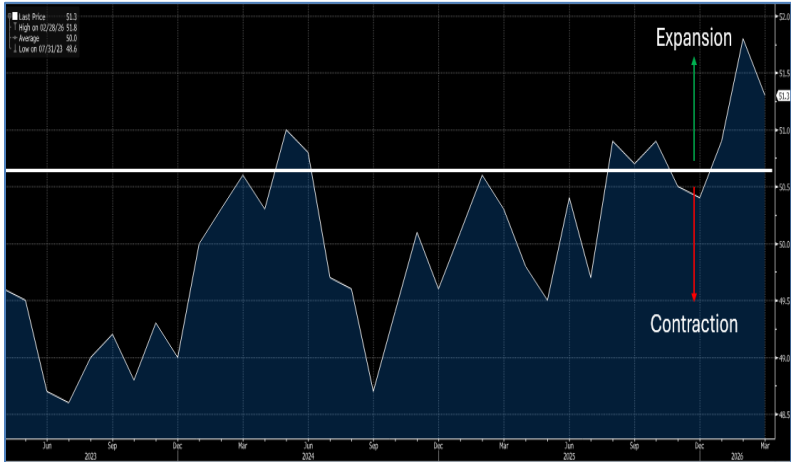
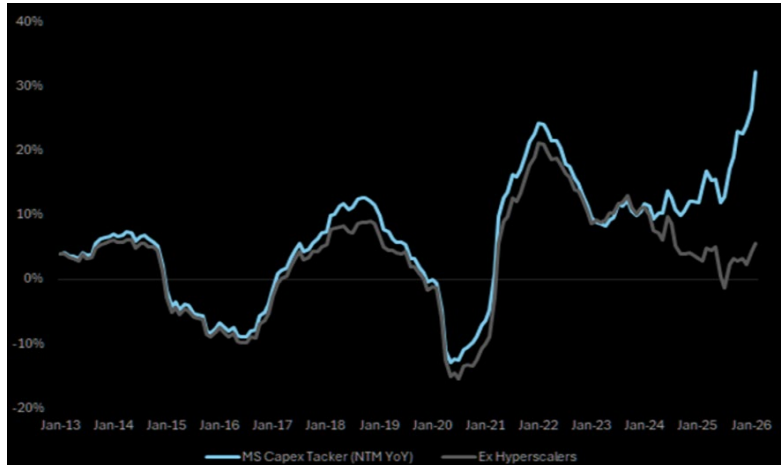


Chart 7: JPMorgan Global Manufacturing PMI



The growth in projected capex spend is not just relegated to the spending of hyperscalers building data centers as can be seen in **Chart 8**.

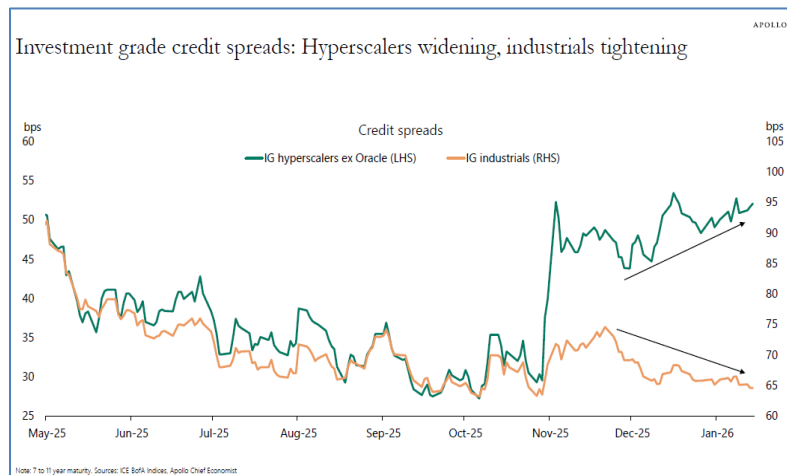
Chart 8: NTM (next twelve months) Capex Plans



Morgan Stanley's MS Capex Tracker shows U.S. growth in total capex is exploding higher, but capex outside of the hyperscalers has inflected upward also starting around the middle of 2025.

Spending by the hyperscalers had fostered a broadly uniform investor view that their investments would ultimately translate into future profitability. However, **Chart 9** highlights a growing divergence: widening spreads for hyperscalers suggest increasing market skepticism around that thesis, while tightening spreads in the industrial sector lend support to the broader global industrial recovery narrative, consistent with recent Globa PMI data.

Chart 9: Hyperscaler Credit Spreads Increasing vs. Decreasing Spreads for IG Industrials

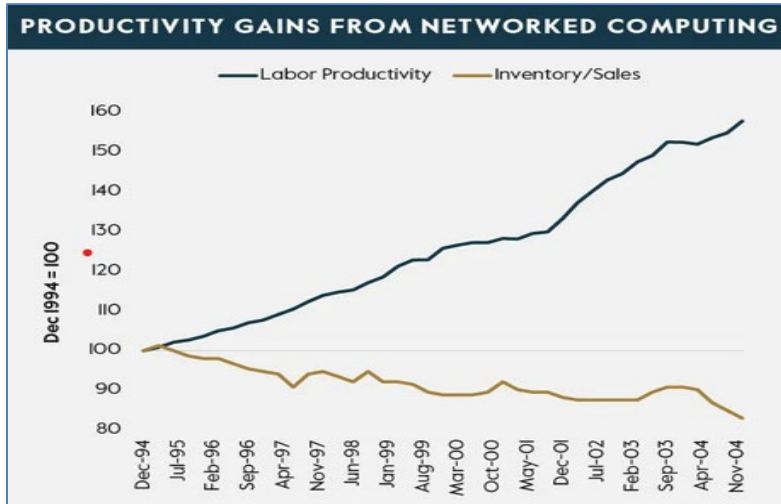


The debate over who will ultimately capture the greatest economic benefit from hyperscaler-driven infrastructure spending is now underway in earnest. During the dot-com era, telecom companies financed much of the internet's physical backbone, yet the primary long-term beneficiaries were the platform companies that followed, such as Microsoft, Amazon, and Google.

In the current cycle, those same firms are effectively playing the role of telecoms by funding the large-scale buildout of artificial intelligence infrastructure.

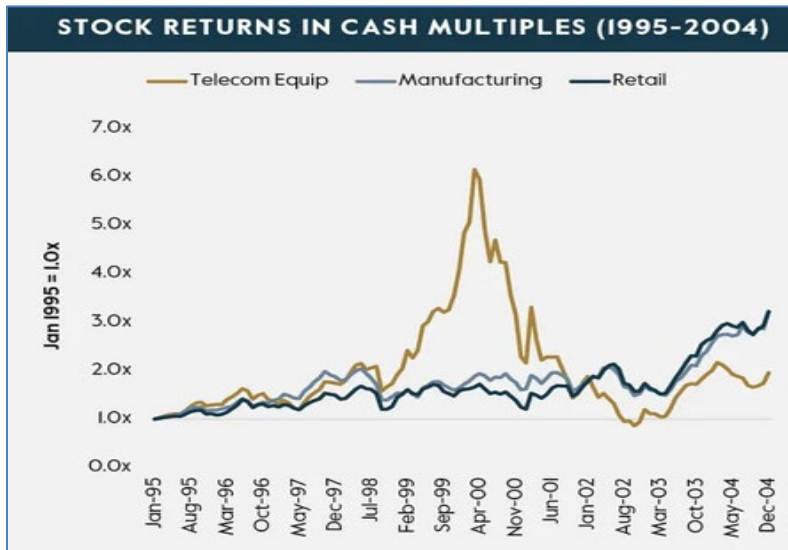
As in that earlier period, the most durable gains may accrue less to the infrastructure builders and more to the end users. The dot-com expansion delivered significant productivity improvements across industries, including better inventory management and operating efficiency (**Chart 10**), with those gains ultimately reflected in higher valuation multiples for the beneficiaries (**Chart 11**).

Chart 10: Labor Became More Productive and Inventory Management Improved



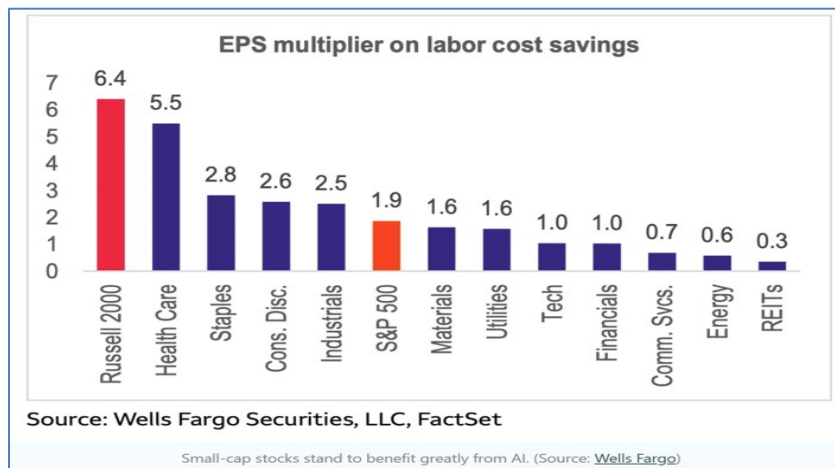
Labor became more productive during the advent of the internet, while the inventory / sales ratio improved.

Chart 11: The Value Premium Afforded to the Builders vs Users Changed Over Time



This dynamic is further amplified by **Chart 12** which highlights the impact labor cost saving has on the earnings per share of across various industries as well as indices generally.

Chart 12: Labor Cost Savings and Relationship to Earnings Per Share



If AI generates the same productivity boom as the internet, labor becomes more productive and the benefits accrue to those that employ the innovation more so than to those who created and funded it.

In our view, further evidence points to a broader regime shift in which software is becoming increasingly abundant and inexpensive, driven in large part by advances in artificial intelligence, while the scarce inputs required to power AI systems, and to meet related national security objectives, are likely to become progressively more valuable.

A similar conclusion seems to have been reached by one of the world’s largest asset managers. A March 23, 2026, Bloomberg article noted that BlackRock is perceived to be undertaking only its third “hard” strategic pivot in 50 years, marked by a structural reallocation toward real assets and a reduction in exposure to long-duration U.S. government bonds, according to Felix Prehn, former investment banker and co-founder of AceTrader.

We do not view this as a particularly nuanced framing from BlackRock. The demand dynamics for real assets today are more complex and potentially more durable than the cycle that began in the early 2000s, which was largely driven by a single dominant force- China’s industrialization. That period could best be characterized as a concentrated demand shock.

In contrast, the current environment reflects multiple overlapping demand drivers: accelerating electricity consumption from AI data centers, reshoring-related growth in industrial power demand, continued energy expansion in emerging markets, and elevated defense and national security spending. These forces are converging simultaneously against a supply base that has been constrained by more than a decade of underinvestment and deliberate capacity rationalization.

The energy transition paradox amplifies this. The irony is that aggressive ESG pressure didn't reduce hydrocarbon demand. It just reduced supply investment while demand stayed consistent. And the materials needed for the energy transition itself, which include copper, lithium, uranium, and rare earths require enormous mining investment. Copper, for instance, has *at least* a 10–15-year lag from discovery to production. The world is simultaneously underinvested in both legacy energy *and* transition energy infrastructure.

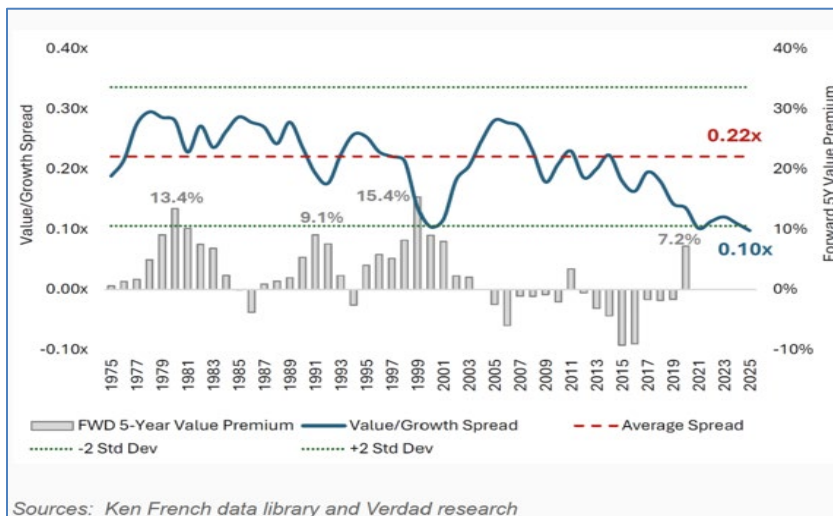
It may help to see the backdrop of how this change may occur visually. **Chart 13** shows a clear cyclical pattern of tech, telecom, and healthcare performance relative to that of financials, energy and materials since 1995. In our view, and consistent with some very painful lessons we have learned from prior cycles, aligning with emerging secular trends is generally a far more effective approach than positioning against them.

Chart 13: Secular Trends Seem Clear Over Time



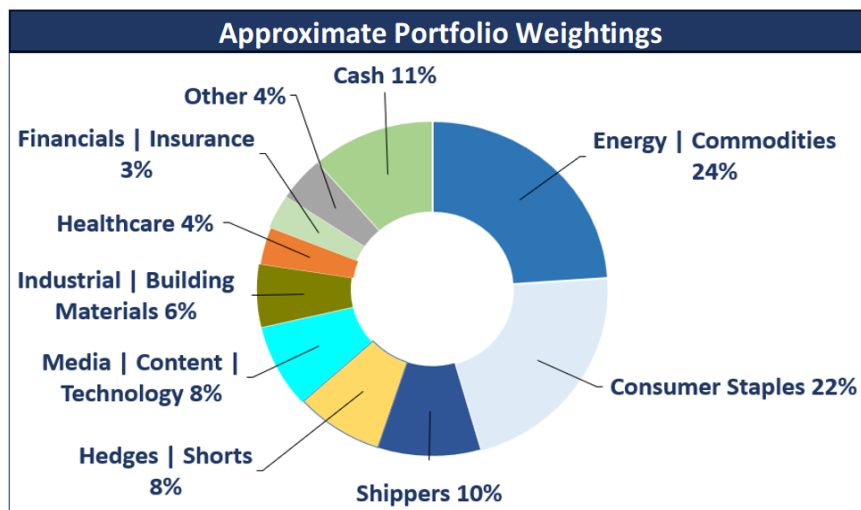
Chart 14 illustrates how inexpensive value stocks currently appear relative to growth stocks on a price-to-book basis. Over much of the past cycle, price-to-book has appeared to lose relevance as a valuation metric. However, in a market environment increasingly favoring capital-intensive, asset-backed businesses over asset-light technology models, it may be regaining importance. If that shift persists, the near-historically low relative valuation of value versus growth suggests the potential for a multi-year period of value leadership.

Chart 14: US Valuation Spread and Forward 5-Year Value Premium (1975-2025)



Notice how Value trades at premium valuations to Growth during periods of prolonged inflation – 1970's, 2000-2007.

Portfolio Overview



The inception of our core strategy dates to January 1, 2008, and has been implemented through the Masonry Partners Fund since its launch in March 2019. Across that entire period, we have adhered to an opportunistic, value-oriented investment philosophy, and that approach remains unchanged today. Valuation discipline and a margin of safety continue to be central to our process.

The Fund reflects a deliberately diversified portfolio built around a confluence of idiosyncratic value opportunities and selective exposure to macro themes that inform our fundamental valuation frameworks. We deliberately resist the temptation to make a single concentrated bet on any one economic outcome.

That said, we recognize that we devote significant attention to commodities and real assets in our communications. While we continue to see compelling opportunities to generate substantial value in this space due to pronounced dislocations between price and intrinsic value, we have deliberately kept our exposure constrained in accordance with long-standing risk management principles that have governed our portfolio since inception.

The prolonged focus on technology stocks and AI appears to have left many investors disinterested in, and maybe even less adept at identifying, attractive risk/reward opportunities beyond that segment. We welcome this shift, as we believe one of our core strengths is the ability to apply disciplined valuation frameworks across a broad set of companies and industries.

The current environment bears similarities to periods we have seen before, including the lead-up to and aftermath of the dot-com bubble. It also echoes other notable opportunity sets, such as the spring of 2009 following the financial crisis and the fall of 2020 prior to the vaccine announcement. Today, we may again be at a similar inflection moment of what could ultimately be recognized in hindsight as an AI-driven infrastructure bubble.

Select Portfolio Details

Our core holdings remain unchanged in Anheuser-Busch InBev (ticker: BUD) , Coca-Cola Femsa (ticker: KOF), and the Philip Morris (ticker: PM) / Altria (ticker: MO) pair, and reflect a central tenet of our investment approach: the market has a persistent tendency to price cyclical earnings weakness as though it were permanent structural impairment, creating entry points in dominant franchises that rarely become available at reasonable prices.

We acquired these positions below 15x normalized earnings. BUD remains the world's largest brewer by volume with an unmatched global distribution infrastructure, yet its shares had been discounted by the market due to a combination of post-pandemic volume normalization in key emerging markets, currency headwinds in Latin America and Africa, and the perception the company was powerless to overcome a downturn in alcohol consumption in the U.S. The company has taken steps to address this through increased non-alcohol and ready-to-drink offerings and a continued move to premiumization. We are also of the view that the reduced consumption of Gen Z is being misinterpreted as a secular trend rather than cyclical. We have written about this dynamic in previous letters.

KOF, the largest Coca-Cola franchise bottler in the world by volume, offers similar characteristics. The company has a perpetual license to distribute the world's most recognized beverage brand across Mexico and Latin America and is priced as though volume softness is a permanent feature rather than a cyclical one. One of the most underappreciated aspects of our KOF investment thesis is that a weakening dollar is a meaningful tailwind and may, arguably, be the single biggest near-term earnings driver for the stock. When the U.S. Dollar (USD) weakens, their operating costs decline as a meaningful percentage of their costs are in USDs. A sustained period of dollar weakness would also boost reported USD earnings. Both result in a material and direct earnings tailwind which should result in the multiple re-rating higher over time.

The PM / MO combination gives earnings growth engines through Philip Morris's accelerating IQOS smoke-free platform, which is driving genuine volume growth in a sector the market has written off as in terminal decline, and Altria's growing exposure to next-generation non-combustible products. Taken together, these core positions provide the portfolio with a ballast of predictable free cash flow and some insulation from what we view as an overvalued U.S. equity market where valuation multiples leave little-to-no margin of safety in our view.

The Fund's offshore drilling and oilfield services holdings delivered exceptional performance during the first quarter, with Tidewater Inc. emerging as the standout contributing 2.1% to the Fund's performance. The convergence of our long-standing fundamental thesis which was centered on supply-constrained vessel markets, aging global OSV fleets, and a multi-year deepwater spending recovery, combined with the geopolitical disruption of the Iran conflict created precisely the kind of environment where disciplined, bottom-up research is rewarded and maybe even disproportionately so. We had underwritten TDW based on a normalized day-rate environment and a tightening supply-demand balance that we believed the market was systematically underpricing. What unfolded in Q1 was newfound appreciation for TDW's position in the market

and perhaps an acceleration of our original thesis. Critically, these developments may not be merely pulling forward the value we had already identified but rather expanding it.

A similar dynamic characterized the Fund's shipping positions, where International Seaways ranked among the top contributors for the quarter with a 0.8% contribution to the quarterly return. Our original investment thesis in INSW was grounded in a straightforward but frequently misunderstood proposition, that the tanker market was operating with far less spare capacity than consensus assumed, the orderbook was historically thin, and the fleet was aging in a regulatory environment that would accelerate retirements rather than extend vessel lives. The Iran disruption added a dimension via a shock to the availability of sanctioned tonnage and a restructuring of trade routes that materially increases ton-mile demand, the single most important driver of tanker earnings. Longer voyages to replace disrupted supply chains are, arithmetically, a demand multiplier for the asset class. These are the setups our investment process is designed to find. Undervalued businesses with durable competitive advantages and underappreciated earnings power, where the fundamental case is strong enough to stand alone. Fundamental company analysis combined with our understanding of the macro-overlay gives us the conviction to see the valuation recognition process through. On occasion, for reasons that no one reasonably predict, this can transform a good investment into a potentially exceptional one.

James River Group (ticker: JRVR) represents a compelling turnaround story in one of the most structurally attractive corners of the insurance market. The Excess and Specialty (E&S) market has compounded written premium at 18% annually since 2020, reaching over \$100 billion in 2025, and JRVR sits at the epicenter of this growth as one of the most concentrated pure-play E&S insurers among publicly traded companies as close to 85% of its direct written premium comes from E&S. After a painful period of reserve development on pre-2023 accident years, management has executed a significant portfolio repositioning: the E&S combined ratio improved from 115% in 2024 to 89.4% in 2025. Tangible common equity per share grew over 30% in 2025 alone, yet the stock still trades at a meaningful discount to tangible book. We believe this disconnect becomes harder to justify as the clean accident years season and legacy reserve protection the principal overhang that has weighed on the multiple. In our view, the earnings power of the repositioned book is only beginning to be recognized.

Greenlight Re (ticker: GLRE) offers a different but equally interesting variant on the same theme; that of a reinsurer trading at a discount to book despite having just delivered record underwriting income. The company posted a 94.6% combined ratio and \$74.8 million in net income for 2025 and has now delivered underwriting profits in three of the last four quarters following a difficult Q4 2024 and Q1 2025. We also have supreme confidence in DME Advisors, the entity responsible for managing GLRE's investable assets, through the investment vehicle known as Solasglas. The net equity exposure of the portfolio was approximately 29% as of February 2026, which we believe reflects David Einhorn's well-articulated caution on U.S. equity valuations. The Innovations segment provides an embedded option on the data center and specialty insurtech build-out that we believe is receiving no valuation credit at current prices.

What makes the paired ownership of JRVR and GLRE particularly interesting is that they are complementary rather than redundant exposures. JRVR is the primary market, writing the excess casualty and general liability layers that sit in data center insurance towers and SME (Small and Medium Enterprise) specialty programs; GLRE is the reinsurance capital behind books like JRVR's. Importantly, neither carries the private credit risk that has become a concern among insurers that have meaningfully increased allocations to private credit within their investment portfolios. Both trade at single-digit P/E multiples and below tangible book value at a point in their respective cycles where normalized earnings power is materially higher than trailing results would suggest. The setup in both names reflects a rare combination of below-book valuation and improving fundamentals.

We established a position in Chord Energy (ticker: CHRD) in the 1st quarter. CHRD is the dominant independent E&P operator in the Williston Basin with over 1.3 million acres, yet the market seems to continue to price it as though basin concentration was a structural liability rather than the competitive advantage we believe it is. The stock trades at 5.8x EV/EBITDA, with low leverage at 0.79x net debt to EBITDA, and over ten years of low-breakeven drilling inventory anchored by a proprietary 4-mile extended lateral program that smaller, fragmented competitors cannot geographically replicate. The discount is not fundamental but rather it is optical in our view. Management has demonstrated exceptional capital discipline, returning \$6.7 billion to shareholders since 2021, which exceeded the company's market capitalization at year-end 2025. The balance sheet is a fortress with limited maturities until 2030, zero revolver drawings, and over \$2.5 billion of total liquidity, providing both cycle survivability and financial flexibility to opportunistically accelerate buybacks at prices management has explicitly characterized as attractive.

The current geopolitical environment, layered on top of the structural thesis, could sharpen the risk-reward asymmetry. In a scenario where oil trades over \$100 per barrel for an extended period, reflecting Hormuz disruption premiums, we estimate 2026 free cash flow could approach \$1.8–2.0 billion on an unhedged basis, which in our view would accelerate per-share value creation through buybacks and compress the valuation discount more quickly than our base case contemplates. Even if oil normalizes, we believe the thesis remains intact: company guidance indicates that at \$64 per barrel, CHRD expects to generate approximately \$700 million of adjusted free cash flow. This is the configuration our value discipline is designed to identify. We seek high-quality businesses with durable competitive advantages, priced at a discount driven by non-fundamental factors, with identifiable catalysts and balance sheets that we believe provide downside protection through the cycle.

The \$5.8 billion transaction announced in February 2026 combining Transocean (ticker: RIG) with our holding of Valaris (ticker: VAL), represents a consequential structural event in the offshore drilling industry. It effectively transforms what was a fragmented and often undisciplined market into something approaching a rational oligopoly. The transaction creates a dominant force in the most critical segment of the market, 7th and 8th generation drillships. Transocean's CFO reinforced the demand side of the equation at a February conference in Oslo, flagging near-100% utilization of warm-stacked non-cold-environment rigs by second half 2027 and a coming "proliferation of

activity" in deepwater globally. The setup into 2027-2028 is compelling when considering the majority of remaining uncontracted capacity will be locked in at new dayrates.

The real earnings leverage lies in what RIG does with its historical operating playbook now that it has a materially larger fleet and delevered capital structure. RIG has historically prioritized dayrate over utilization, declining marginal contracts and stacking rigs rather than chasing share. With a larger high-specification fleet post-close, that capital discipline applies to a bigger asset base and a stronger balance sheet, which we believe should translate to meaningful operating leverage as the cycle tightens. Current dayrates are running in the low-to-mid \$400,000s on average, rates that were largely set before the supply implications of the combination were reflected in market pricing. From here, the path to \$600k+ dayrates may require modest additional demand tightening against a supply base where industry analysts generally view newbuild economics as requiring approximately \$1 million per day to justify new orders.

For VAL holders, the combination delivers both immediate re-rating from the transaction premium and longer-dated participation in a supply-constrained cycle through a combined entity with greater scale, fleet quality, and financial flexibility.

We continue to actively trim our exposure to EchoStar (ticker: SATS). The stock increased from the mid-teens in the summer of 2025 to a closing price of over \$113 at quarter-end. At our average cost between \$22-\$23 per share we have realized a substantial gain and SATS now trades much closer to our estimate of intrinsic value. We view the remaining upside value in SATS as largely dependent on the upcoming IPO of SpaceX and have much less confidence in the range of outcomes tied to this development.

From Mark's Desk

Stock market pundits love their monikers. The late 2010s saw the emergence of the FAANG stocks (Facebook, Apple, Amazon, Netflix and Google), followed by the Mag 7 (Apple, Alphabet, Amazon, Meta, Microsoft, NVIDIA and Tesla). These terms described, appropriately, the concentrated market leadership cohort of their times. So, it caught our attention when Goldman Sachs coined a new term, HALO (Heavy Assets, Low Obsolescence), to describe what they viewed as emerging market leadership in the face of disruptions to software companies from AI and asset-light business models.

The pattern is worth taking seriously. Each time Wall Street has coalesced around a new shorthand to describe a leadership cohort, it has marked not just a descriptive observation but a durable shift in capital allocation where institutional money follows the narrative, passive flows amplify it, and the self-reinforcing cycle of momentum and multiple expansion takes hold. The FAANG and Mag 7 labels did not merely describe leadership; they helped create it by channeling incremental investment dollars toward a concentrated group of names.

The individual positions, industry analysis and macro-overlay highlighted in this quarter’s letter did not emerge in a vacuum. The HALO framework that Goldman Sachs recently codified is, in many respects, a description of what we have been building toward at the stock level since the summer of 2020, and it is worth pausing to consider what that convergence may signal about where we are in the cycle.

If HALO represents a genuine inflection in how the market rewards physical assets, pricing power, and obsolescence resistance, precisely the characteristics of many of our holdings, then we may be in the early innings of a leadership rotation that is still largely unrecognized by investors. We hold this view with appropriate humility; moniker-driven rotations are inherently speculative, and the Mag 7 trade still commands enormous institutional inertia. But the convergence of AI-driven disruption to software margins, the tariff-driven renaissance of domestic physical infrastructure, and now an explicit Goldman endorsement of the HALO framework suggests the conditions for sustained leadership change are more present today than at any point in the past decade. The Fund, built on the framework of value investing principles, and with a meaningful allocation to investments with hard assets trading at discounts to replacement cost, is well-positioned for a HALO world.

Firm Update

We are very pleased with our new auditors, Keiter, particularly related to the issuance of the K-1s as they were released meaningfully earlier than in recent years. Decisions to make changes of this nature are never easy, however, the lower Fund tax preparation and audit costs and a higher level of service reinforce our conviction that we made the right choice.

The Masonry Partners Fund now has 22 Limited Partners (including Masonry employees) with \$14mn in assets. The categories of Managed and Advisory Only assets at the end of Q1 2026 follow:

Total Managed and Advisory Only Assets	
<i>(As of 3/31/2026)</i>	
Managed Assets	
Masonry Partners Fund	\$ 13,982,505
MACS: Separately Managed Accounts ¹	\$ 54,956,967
Separate Accounts	\$ 19,619,642
Managed Assets Total	\$ 88,559,114
Advisory Only Assets	
MACS: Sub Advisory Accounts ¹	\$ 5,244,971
Investment Consulting	\$ 44,074,412
Advisory Only Assets Total	\$ 49,319,383
Total Managed and Advisory Only Assets	\$ 137,878,497

¹MACS = Masonry All Cap Select Strategy

Please feel free to contact us with any comments or questions.

Best Regards,

Masonry Capital Management, LLC

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PERFORMANCE DEPICTED HEREIN IS AUDITED ANNUALLY. PARTIAL YEAR PERFORMANCE IS UNAUDITED. PERFORMANCE SHOWN IS ALSO NET OF ALL FEES AND EXPENSES AND REFLECTS THE REINVESTMENT OF DIVIDENDS AND OTHER EARNINGS. THE FEE STRUCTURE APPLIED TO THE PERFORMANCE WAS THAT OF A TYPICAL INVESTOR: PERFORMANCE SHOWN IS FOR NEW ISSUE-ELIGIBLE INVESTORS PAYING THE STANDARD FEES (AS APPLICABLE), AS DISCLOSED IN THE PERTINENT OFFERING DOCUMENTS. YTD PERFORMANCE ASSUMES AN INVESTMENT HAS BEEN HELD SINCE JANUARY 1, OF THE RELEVANT YEAR. BECAUSE SOME INVESTORS MAY HAVE DIFFERENT FEE ARRANGEMENTS AND DEPENDING UPON THE TIMING OF A SPECIFIC INVESTMENT, NET PERFORMANCE FOR AN INDIVIDUAL INVESTOR MAY VARY FROM THE NET PERFORMANCE STATED HEREIN. ACTUAL RETURNS WILL VARY AMONG INVESTORS IN ACCORDANCE WITH THE TERMS OF THE PERTINENT OFFERING DOCUMENT. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE AND MAY BE QUITE VOLATILE. IN ADDITION TO EXPOSURE TO ADVERSE MARKET CONDITIONS, INVESTMENTS MAY ALSO BE EXPOSED TO CHANGES IN

REGULATIONS, CHANGE IN PROVIDERS OF CAPITAL AND OTHER SERVICE PROVIDERS. INVESTORS RISK THE LOSS OF THEIR ENTIRE INVESTMENT.

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THE S&P 500 IS AN UNMANAGED CAPITALIZATION-WEIGHTED INDEX OF 500 STOCKS, DESIGNED TO MEASURE PERFORMANCE OF THE BROAD DOMESTIC ECONOMY THROUGH CHANGES IN THE AGGREGATE MARKET VALUE OF 500 STOCKS REPRESENTING ALL MAJOR INDUSTRIES. THE INDEX TRACKS THE CAPITAL GAINS OF THE STOCKS OVER TIME, ASSUMING THAT ANY CASH DISTRIBUTIONS, SUCH AS DIVIDENDS, ARE REINVESTED BACK INTO THE INDEX. THE S&P 500 MAY BE MORE DIVERSIFIED THAN THE FUND AND MAY NOT REPRESENT AN APPROPRIATE BENCHMARK. HOLDINGS MAY VARY SIGNIFICANTLY FROM THE SECURITIES THAT COMPRISE THE S&P 500. PAST PERFORMANCE OF THE INDEX SHOULD NOT BE CONSTRUED AS AN INDICATOR OF FUTURE PERFORMANCE OF THE FUND OR YOUR ACCOUNT.

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THE MSCI EMERGING MARKETS INDEX CAPTURES LARGE AND MIDCAP REPRESENTATION ACROSS 21 EMERGING MARKETS COUNTRIES. WITH 824 CONSTITUENTS, THE INDEX COVERS APPROXIMATELY 85% OF THE FREE FLOAT-ADJUSTED MARKET CAPITALIZATION IN EACH COUNTRY.

THE DOW JONES – UBS COMMODITY INDEX IS DESIGNED TO BE A HIGHLY LIQUID AND DIVERSIFIED BENCHMARK FOR COMMODITIES AS AN ASSET CLASS. THE INDEX IS COMPOSED OF FUTURES CONTRACTS ON 19 PHYSICAL COMMODITIES. NO RELATED GROUP OF COMMODITIES (E.G., ENERGY, PRECIOUS METALS, LIVESTOCK, AND GRAINS) MAY CONSTITUTE MORE THAN 33% OF THE INDEX AS OF THE ANNUAL RE-WEIGHTINGS OF THE COMPONENTS. NO SINGLE COMMODITY MAY CONSTITUTE LESS THAN 2% OF THE INDEX.

THE MSCI EAFE INDEX (EUROPE, AUSTRALASIA, FAR EAST) IS A FREE FLOAT-ADJUSTED MARKET CAPITALIZATION INDEX THAT IS DESIGNED TO MEASURE THE EQUITY MARKET PERFORMANCE OF DEVELOPED MARKETS, EXCLUDING THE U.S. AND CANADA. AS OF JUNE 2007 THE MSCI EAFE INDEX CONSISTED OF 21 DEVELOPED-MARKET COUNTRY INDICES.

CRUDE OIL IS THE WORLD'S MOST ACTIVELY TRADED COMMODITY, AND THE NYMEX DIVISION LIGHT, SWEET CRUDE OIL FUTURES CONTRACT IS THE WORLD'S MOST LIQUID FORUM FOR CRUDE OIL TRADING, AS WELL AS THE WORLD'S LARGEST-VOLUME FUTURES CONTRACT TRADING ON A PHYSICAL COMMODITY.

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