Dear Partner,

BCM Partners Fund, LP first quarter and inception-to-date results through March 31, 2026 are summarized in the tables below:

Results Under Current Management (October 2021 - Present)

	BCM Partners (gross)	BCM Partners (net)[1]	S&P 500[2]
First Quarter 2026	-26.27%	-26.58%	-4.33%
Full Year 2026	-26.27%	-26.58%	-4.33%
Oct. 1, 2021 to Date - CAGR	97.64%	68.75%	62.34%
Oct. 1, 2021 to Date - Cumulative	16.88%	12.58%	11.59%

Results Since Fund Inception (February 2008)

	BCM Partners (gross)	BCM Partners (net)[1]	S&P 500[2]
Inception to Date - CAGR	1,018.03%	536.26%	578.29%
Inception to Date - Cumulative	14.25%	10.75%	11.14%

The fund declined 26.58% in the first quarter, compared with a 4.33% decline for the S&P 500. Similar to last year, the portfolio began the year on a soft note, though has experienced a solid rebound so far in the second quarter. As discussed in the fourth quarter letter, this performance was driven primarily by AppLovin (APP), which declined approximately 40% in the first three months and remains our largest position by a wide margin. Its weight in the portfolio has grown over time largely as a result of the company's operating success and reflects my willingness to allow exceptional businesses to compound. This discipline remains a central tenet of the fund's philosophy.

My outlook for APP's business is unchanged from prior views, and I view the current price as deeply undervalued. While our position is fully allocated, we continue to benefit from the company's ongoing share repurchases, which I believe are particularly accretive at current prices. At today's valuation, investors are paying roughly 23x my estimate of this year's free cash flow—approximately a market multiple—for a business I expect to grow roughly 50% this year, while generating a free cash flow margin around 75%.

1 Performance results net of fees include the deduction of the highest management fee of 1.50% and the highest performance fee of 20% over a cumulative hard hurdle of 6%. Net performance does not include the deduction of fund expenses such as administration fees, audit fees, tax fees, and other expenses paid for by the Fund as per the Fund LPA agreement. Actual performance may vary for individual investors.

2 Performance results for the S&P 500 Total Return Index are calculated by BCM using data from S&P Capital IQ. Please see the disclosure at the end of this letter for additional information.

Importantly, as discussed in prior letters, APP remains in the early stages of its growth trajectory, supporting a multi-year runway for continued expansion. I believe the strength and durability of the company's moat remains underappreciated. In my experience, execution is the most effective teacher, and I expect this gap between perception and reality to narrow as results continue to compound.

The portfolio is intentionally concentrated in a small number of businesses I know well, where I believe the probability of long-term value creation is high relative to the risks assumed. Within this framework, it is essential to give rare outlier companies the time and space to compound in our favor. Periods of volatility are an inevitable feature of this approach, but I believe it remains one of the most effective ways to compound capital over the long term.

General Market Thoughts

Like last year, markets once again grew anxious over macro and geopolitical developments in the first quarter, this time stemming from events in Iran. The resulting dramatic increase in oil prices cast additional uncertainty on the direction of interest rates in the US, as well as, an additional "tax" on the consumer in the form of higher energy costs. Despite this dynamic, the US economy appears quite healthy, inflation remains tame and corporate earnings appear set for another year of strong growth. In light of this, the impacts so far from the Iran conflict appear a modest headwind to an otherwise robust environment.

AI and its attendant implications remain the dominant themes in markets. The required infrastructure investments are providing significant growth tailwinds for the economy as ever-greater economic resources are employed. Four companies alone (AMZN, GOOG, META, MSFT) have guided to over $600 billion in capital expenditures this year, mostly related to AI. Of course, many others are similarly spending considerable sums. The impact of this can be seen in GDP and earnings growth expectations.

The prevailing market consensus appears to be that this spending will generate appropriate returns on capital, reinforcing expectations for a prolonged investment cycle. This narrative assumes the real-world impact of AI will continue to diffuse through the economy quickly, which is likely necessary in order to justify the sums spent. I see nothing illogical about this assumption on its surface. The pace of revenue growth at companies like Anthropic and OpenAI, among other factors, provides clear evidence of utility and diffusion.

However, a review of past technology cycles does provide grounds to at least question aspects of this narrative. I'm a believer that AI will go down as the most consequential technology revolution in history. I'm less certain on the pace and, particularly, its diffusion into the real-world, but the direction of progress is beyond dispute.

The larger uncertainty is whether this cycle proves to be a historical rarity—one that lacks the typical boom-and-bust dynamics of prior technology waves. So far, all signs point to continued unabated growth in AI and related spending. An indicator of the general optimism can be seen in

the ease with which companies like OpenAI and Anthropic continue to raise funds at ever higher valuations, despite expectations for negative cash flows for years to come.

Investor psychology can shift quickly, however, and the heavy commitments these companies face, combined with substantial liquidity needs, represent a real risk. It was only around a year ago many viewed GOOG's business as vulnerable until progress with Gemini changed that narrative. Similarly, the capabilities Anthropic has shown with its recent models has taken some of the gleam away from OpenAI. Of course, open-weight model DeepSeek came seemingly out of nowhere a year ago, causing angst across the whole AI ecosystem. I suspect there will be more surprises and narrative shifts ahead. Whether some of these companies are structured, or priced, for these surprises I'm not sure anyone knows, but right now the market's verdict is clear.

New Position

A new position was added to the portfolio in the quarter - hard-surface flooring retailer Floor & Decor (FND). The investment was funded by selling half our position in MasTec (MTZ). First, let me explain the rationale for the MTZ sale.

As I've detailed in prior letters, MTZ benefits from numerous secular tailwinds that will likely continue for many years. The company is positioned as one of the few companies that has the scale, reliability and track record to offer infrastructure construction services for complex, critical projects across electric transmission, communications, renewable energy, and natural gas pipelines. It has executed exceptionally and finds itself ideally positioned to benefit from this current mega infrastructure cycle now occurring.

I continue to view CEO Jose Mas an outstanding executive and capital allocator. However, the stock is up quite significantly in the last year, including so far this year alone. As a result, the valuation has risen markedly as prospects for long-term growth have continued to solidify. I believe MTZ can grow EPS for several years at greater than 20% annually on the back of increasingly visible customer spend. It's a great business with a great future and I don't consider the stock overvalued. However, in my estimation, FND represents a similarly high-quality business with a long runway for growth, but at a more attractive valuation.

Now on to FND. I have followed the company for many years and this familiarity with the business over time provided the confidence to act opportunistically when the valuation became compelling. I believe it represents a rare combination of structural advantage, disciplined execution, and long runway for growth – a combination that can offer outsized long-term opportunity when purchased at an attractive price. Historically, FND has traded at a valuation I found too elevated. However, more recently the valuation became much more attractive, largely because of uncharacteristically subdued performance due to the housing downturn that has been in effect since 2022.

Floor & Decor is not simply a retailer; it is a category killer built on a warehouse-format model that delivers materially better selection, in-stock availability, and price transparency than fragmented local competitors and big-box home improvement chains. By operating warehouses averaging ~75,000 square feet, FND is uniquely able to offer these capabilities. In comparison, big box

retailers like Home Depot and Lowe's allocate a far lower 3,000 – 5,000 square feet of space to hard surface flooring. This greater scale of hard-surface flooring drives purchasing advantages, inventory turns, and professional contractor loyalty that reinforce one another over time.

What makes the moat durable is this tightly integrated operating model at a scale that is difficult to replicate. The company's direct sourcing relationships, deep SKU breadth, and contractor-centric merchandising at job-ready quantities creates a structural advantage in a business where reliability and availability matter more than marginal price differences. As density builds, stores become local distribution hubs serving repeat pro customers (professional contractors), which stabilizes demand and improves margins through the cycle. This combination of scale economics, operational discipline, and repeat pro traffic has historically allowed the business to grow through multiple housing environments while continuing to take share from a long tail of independent flooring retailers.

I believe the current moment offers an attractive entry point for long-term investors precisely because near-term macro uncertainty has obscured the company's structural growth trajectory and inherent earnings power. Housing turnover and remodeling activity are cyclical and the company, along with the rest of the industry, has navigated a substantial multi-year slow-down. This subdued housing turnover and remodel activity is due to affordability issues resulting from sustained elevated home prices combined with mortgage rates more than double the levels of four years ago. As importantly, many homeowners locked in 30-year mortgages at far lower rates than today, making people reluctant to give up their mortgage.

However, activity appears to now be at least bouncing along the bottom. This can be seen in both existing home sales data, as well as, FND's own same-store sales trends, which have stabilized after several years of negative trends. No one can predict with precision when the housing cycle will return to sustained growth, but it does appear we're headed in that direction. The golden hand-cuff mortgage lock-in effect is diminishing over time, as life exigencies (marriage, divorce, job changes, etc.) offset the natural disinclination to move. Illustrating this, in 1Q'22 ~65% of mortgages had a rate below 4%. Today, that number has dropped to ~52%[3]. As this natural process continues, housing activity should slowly improve. Of course, if mortgage rates decline from here, this would provide even further support.

Normalized earnings power is obscured today not only due to the prolonged housing downturn, but, as importantly, because the company has continued to make organic investments into the business and grow store count through the downturn. While many smaller local and independent competitors have struggled for survival, FND has continued to invest for the future. As a result, its competitive position is likely stronger today than ever before, though we don't yet see this reflected in financial results.

In a normal environment, it takes around three years for a new store to reach maturity. However, in a recessionary environment as we've seen in recent years, this maturity curve stretches. The company has stated that ~50% of its stores today are less than five years old. New stores show much faster same-store sales growth as they move along the maturity curve, but this effect has been

[3] Realtor.com

muted in recent years. As the environment eventually normalizes, FND should get a pronounced double benefit of improving same-store sales trends in mature stores, as well as, an acceleration in the natural maturation of recently added stores that have lagged their normal comp progression.

We were able to buy our shares in the low $50s, which represents a multiple of ~25x expected 2026 EPS. That may not look hugely inexpensive on the surface, but what I consider more important is the price to normalized earnings (i.e., outside a housing recession). On that basis, I view our purchase price as closer to a mid-teens multiple, which should prove quite attractive considering the company's future prospects.

As stated, current earnings are well below potential and what I would view as normalized earnings power. Margins today are materially compressed as a result of several years of negative comps in a business where ~55% of store costs are fixed. Correspondingly, they should see ~35% contribution margin on recovered comp sales, which means operating margins should bounce back significantly from today's ~6% as comp sales recover.

As I see it, even in a scenario where housing merely inches off the bottom, FND should be able to deliver over 10% EPS growth. This provides a foundation to justify a ~25x multiple alone. However, I'm optimistic that conditions will improve enough in coming years to enable them to exhibit material margin expansion back to more historically normal levels. In such a scenario, FND could earn as much as $4 per share or more in coming years. Upon this normalized earnings level, I expect the company can sustainably grow its top line ~15% and EPS in the high teens. I view the current valuation as excessively discounting core earnings power and growth potential for a high-caliber business.

Management has demonstrated an impressive combination of disciplined opportunism during this downturn, which I believe has sown the seeds for an even stronger future. Importantly, the company has continued to allocate capital prudently through the cycle while preserving the ability to invest for long-term growth, as evidenced by its net-debt free balance sheet. For investors willing to look beyond short-term housing noise, I believe FND is a business with durable competitive advantages, a long runway for growth, and the potential to compound earnings and free cash flow at attractive rates for many years

Closing Thoughts

I remain highly optimistic for the future value creation potential of the fund in coming years. Our portfolio remains intentionally concentrated in a small number of businesses I know well, where I believe a high probability of long-term value creation potential exists. The central philosophy of the fund is that exceptional businesses with durable moats and long-term runways for growth represent the best way to compound wealth over time. I believe each of the names in our portfolio possess the ability to achieve this for us and I continue to look for additions to the roster, as with FND.

As always, I remain focused on allocating capital thoughtfully, protecting investor capital, and compounding value over time. I am grateful for your continued trust and partnership, and I welcome any questions or discussion.

Best,
Eric

All performance data for BCM Partners Fund, LP starts as of February 14, 2008 and has been calculated assuming an investment in the Fund on February 14, 2008 with no additions or withdrawals through the most recent date shown above and includes the reinvestment of dividends and other earnings. Past performance is not necessarily indicative of future results. Net performance for BCM Partners Fund LP is net of both the highest management fee and performance fee and does not include

Fund expenses. The management fee is allocated across each month on a pro rata basis, and the performance fee is accrued monthly. Performance results reflect audited returns for the Fund from inception beginning in February 2008 and ending December 31, 2024. Performance results for 2025 reflect estimated and unaudited returns for the Fund. Attribution is gross of fees and includes dividends, unrealized, and realized gains and this information is supplemental information only and compliments the Annual Disclosure Presentation which is available upon request. Exposures are also supplemental information, and notional exposures are calculated using a delta value of 1 Indexes assume the reinvestment of dividends however; benchmarks do not reflect the deduction fees. Therefore the benchmark performance quoted would have been less if fees were deducted. One may not invest directly into an Index. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

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BCM Partners Fund, LP (originally named BCM, LP then BCM Weston LP) was formed in February of 2008 and was initially managed by Eric P. Billings, Scott P. Billings and Tom P. Billings from its inception to January of 2009. Investment results of BCM Partners Fund LP have been provided for the period from February of 2008 through December 31, 2008. Before January of 2009, Eric F. Billings was not involved in the management of BCM Partners Fund, LP. Accordingly, the results of BCM Partners Fund, LP presented do not reflect any involvement by, and are not attributable to, Eric F. Billings. Effective as of January of 2009, Eric F. Billings joined the management of BCM Partners Fund , LP. From January 2009 until October 1, 2021, all investment decisions required a unanimous vote among the four managing partners. As of October 1, 2021, Tom P. Billings and Scott P. Billings are no longer principals or employees of BCM. As of October 1, 2021, Eric P Billings is the sole portfolio manager with sole authority over all investment decisions. Accordingly, the results of BCM Partners Fund LP reflect the involvement of only Eric P. Billings after September 30th, 2021.