Dear Partner,

BCM Partners Fund, LP third quarter and inception-to-date results through September 30, 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]
Third Quarter 2026	-35.90%	-36.18%	2.30%
Full Year 2026	-38.69%	-39.42%	12.75%
Oct. 1, 2021 to Date - CAGR	10.45%	6.85%	13.86%
Oct. 1, 2021 to Date - Cumulative	64.36%	39.24%	91.32%

Results Since Fund Inception (February 2008)

	BCM Partners (gross)	BCM Partners (net)[1]	S&P 500[2]
Inception to Date - CAGR	12.72%	9.31%	11.81%
Inception to Date - Cumulative	829.77%	425.00%	699.39%

The fund declined 36.18% net of fees in the third quarter, compared with a 2.30% return for the S&P 500. I alluded to the potential for elevated volatility in the second quarter letter, but the magnitude of the decline was certainly more than I expected. I'm fully cognizant that these moments may be frustrating; however, I don't view current prices as indicative of the actual value of what we own. In my view we own a collection of exceptional businesses that are poised to grow in value for years to come and currently trade at significant discounts from their intrinsic value. The fund has been through these periods before, and I remain highly confident it will rebound in due course. The early part of November has shown positive signs, though I don't want to extrapolate too much from a couple of weeks.

In a concentrated portfolio, it's inevitable to be out of step with broader indexes at times, both positively and negatively. The fund has always embraced volatility as an unavoidable byproduct of our long-term, concentrated investment approach. For long-term capital, the rate of return over time matters considerably more than the volatility along the way. This is a tradeoff I've always been happy to make. Importantly, short-term stock price movements are often uncorrelated with actual changes in underlying business value, which I believe applies to our portfolio today.

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.

With the year-to-date gains posted by most indexes, one might assume it has been a quiescent year in markets. Under the surface, however, many companies have suffered material drawdowns and heightened volatility. According to one analysis, 37.9% of S&P 500 stocks were at least 20% below their highs as of September 30th[3]. Many stocks with the slightest of blips or headwinds have been severely punished this year, and we certainly experienced some of this in recent months. At least as far as our portfolio goes, I view much of these reactions as extremely short-term oriented and detached from long-term fundamentals.

AppLovin

Though the stock is down so far this year, the business is performing exceptionally well, and the stock currently trades at what I consider a significant discount to intrinsic value. Ultimately, the stock price will take care of itself as long as the business keeps performing, and I'm very optimistic that it will.

The company's third quarter results, reported in early November, reinforce this view. Revenue grew 55% year over year, and its adjusted EBITDA margin came in at 84%. As far as I'm aware, this level of margin performance at this scale and rate of growth puts the company in a category of one. It also meaningfully increased its share repurchase activity, using its $1.4 billion of quarterly free cash flow to repurchase or withhold 4.1 million shares at an average price of $341. CFO Matt Stumpf explained on the call that the company stepped up its buybacks because management saw a significant gap between the share price and intrinsic value. APP is a notoriously frugal and efficient company, and that discipline extends to how it puts capital to work in its own stock. This is a management team that understands how to grow shareholder value over time.

APP's recommendation system, Axon, is the company's foundational technology. The company has been upgrading Axon with a new architecture that can support larger, more effective models. Even a partial rollout during the quarter helped reaccelerate the core gaming business to nearly 50% year-over-year growth. Management indicated that the new models are particularly effective where data is sparse, which should also help new e-commerce advertisers scale faster. These early gains, with the rollout still underway, give me added confidence in the growth outlook for the coming quarters.

On the call, CEO Adam Foroughi reiterated his belief that the business can compound at roughly 30% annually over the long term and said the company intends to grow faster whenever it can. There aren't many companies of this scale that can confidently project this kind of growth over the long term. At today's price, I believe the market is materially undervaluing the business and underestimating its ability to consistently execute.

Analyzing a company involves tangible and quantifiable factors, as well as intangible and unquantifiable ones. Intangibles are tricky because, while you may know they exist, you can't really isolate them or put them in a model. There's a famous quote related to this, often attributed to Einstein but likely coined by sociologist William Bruce Cameron (according to Google): "Not

[3] Exent, "How Many S&P 500 Stocks Are in a Bear Market?," updated November 6, 2026. https://www.exent.ai/resources/how-many-sp-500-stocks-are-in-a-bear-market

everything that can be counted counts, and not everything that counts can be counted." The idea applies to almost everything, in business and elsewhere.

A sports example would be the value of Michael Jordan's leadership in driving the Bulls' success. His stats are obvious, but clearly those stats don't encapsulate the entirety of the value he brought to that team. His leadership and insatiable drive to win clearly had a large impact as well. Nobody can tell you how many wins the intangible of his leadership was worth, but I imagine most people would say it was significant. I would make a similar point with Elon Musk. In starting SpaceX with no formal aerospace experience, people thought he was insane to try to compete with industrial giants like Boeing and Lockheed. In my view, a significant part of the subsequent success of SpaceX is due to intangible factors Musk brought to the company through the brute force of his intelligence, personality and determination. Again, very hard to measure, but undoubtedly very real.

There are certain unique cultural dynamics embedded in APP that are similarly hard to quantify, but also very real. It all starts with Foroughi, who bootstrapped the company from the start, competing with the likes of Facebook and Google, and built it into the dominant ad network within the vast gaming ecosystem. He is one of those unique people who understand what is required to win and can drive a team around him to ruthlessly pursue that vision. The company's organizational structure is flat with limited hierarchy. Meetings, bureaucratic procedure and burdensome chains of command are shunned. They hire exceptionally talented "doers", empower them, and expect them to produce at a high level.

Talent density and empowerment combined with limited organizational creep result in a company that moves extremely fast. In today's world, speed is enormously important. Adaptation, agility, innovation, experimentation, A/B testing, iteration and course correcting are all positively correlated with how fast an organization can move. Mark Zuckerburg popularized the phrase "move fast and break things" in Meta's early days to emphasize the importance of speed. However, I would characterize APP's culture as one that moves fast but doesn't break things. Building an organizational acumen to move extremely fast while also delivering exceptional quality is difficult. Many people can't handle the ruthless standards it demands, so finding the right people is hard and takes time. These are not easy things to replicate.

Most research you will find on APP pays little attention to these intangible cultural dynamics, because they're hard to quantify. As a result, they are often ignored, even though these are sometimes the variables that make corporate champions, just like they do NBA champions. I believe Foroughi has built a very uncommon performance culture at APP that allows it to do things that others simply can't. And even if they eventually do, they'll likely be quarters or years behind. At today's prices, the market certainly isn't embedding any premium for these unique attributes, which I view as an oversight.

It's interesting to look at historical sell-side earnings expectations to see how much they've had to be revised higher in recent years. The mean sell-side estimate for 2027 earnings per share today is $20.77 (my own estimate for next year is closer to $22.50). If I look back to this time in 2024, the mean sell-side estimate for 2027 earnings was only around $10. A year ago, the mean estimate for 2027 was about $19.50. The street has consistently underestimated this company, often materially. I personally believe this pattern will continue and that the company will grow faster and for longer than some expect.

Despite the drawdown in the stock this year, sell-side earnings estimates for 2027 have actually increased over the year. The stock price decline has, therefore, been driven by multiple compression, not a negative change in earnings trajectory. For long-term owners, aside from any frustration due to the temporary price change, this is arguably advantageous. The APP business model has minimal internal capital requirements, so all its free cash flow is available to repurchase stock without any impact on its ability to grow at the high rates it targets. At lower prices, each dollar of buybacks retires more shares. This should have the effect of further accelerating growth in earnings per share and, over the longer term, the per share value of the business will be commensurately higher. These aren't figures that can be predicted with precision, but if management's growth expectations are even somewhat accurate, today's valuation of around 18x my 2027 earnings estimate should prove exceptionally attractive in my view.

Other Investments

I've been happy with the underlying business performance of the rest of our investments this year. There are always small ups and downs from quarter to quarter that can be nitpicked, but the general trend for each has been very strong and consistent with my expectations. There have been several macro factors affecting certain businesses this year. The conflict with Iran has driven significant increases in oil prices, putting additional pressure on consumers and business costs while renewing concerns about inflation. Interest rates rose quickly during the quarter, with long-term Treasury yields reaching levels last seen nearly two decades ago. Higher borrowing costs have further restrained housing and other interest-sensitive activity while pressuring equity valuations. I view these as temporary headwinds, though their duration remains uncertain. As these conditions ease, I believe a number of our holdings are positioned to benefit.

As an example, Allegiant (ALGT) has performed remarkably well operationally this year despite the dramatic increase in fuel costs, its largest expense. The company's business performance reflects the unique attributes I've described in previous letters. It's a different kind of airline. While the company is having a good year overall, the results would be far better if fuel prices hadn't spiked. Should there eventually be a calming of the situation in Iran and related impacts on oil, this should have a material positive impact on earnings.

Additionally, our recently added position in Floor & Decor (FND) was made possible in part by the conditions that have pressured housing activity. I believe the company will continue to make steady, though bumpy, progress even in a sluggish environment. However, I also believe it is a coiled spring if housing activity eventually picks up. I believe a recovery is inevitable, though the timing is uncertain.

Credit Acceptance (CACC) is also performing well, though inflationary pressures and higher fuel costs continue to be a headwind for its core subprime customer. I believe the company is very close to being behind this headwind, regardless of the current macro environment. Further, as described in past letters, the company has spent the last couple of years investing aggressively to modernize its technology and overall platform. This has been an additional headwind, as these costs were incurred before any benefit to revenue materialized. This is finally changing. In its recently reported third quarter, the company grew unit volume by almost 38%. I don't believe they can sustain growth that high over time, but I do believe this is indicative of finally seeing payoff from years of investment, and that a higher rate of growth than in recent years is sustainable. While this will require

more capital invested in the balance sheet as opposed to stock repurchases, this is a very good thing considering the attractive returns on equity these investments should generate.

Our remaining investments don't have the same sensitivity to oil or interest rates and are, therefore, situated somewhat differently. However, they continue to perform well, each with its own idiosyncrasies as described in past letters. I continue to feel great about them.

Portfolio Activity

Given the prior discussion regarding APP, my conviction in the long-term for the company should be clear. I have previously described the business as a "one-decision" stock and a "holy grail" company. I still believe this to be the case. I did, however, make the decision to reduce its weighting in our portfolio to approximately 35%. Letting exceptional businesses compound is a central tenet of the fund, and it's the reason the position grew as large as it did. These decisions are also a function of what other opportunities exist. In today's environment where many stocks have been sold off sharply, I do see more opportunities of late.

One particular opportunity arose recently with MTZ, and I used some of the freed-up capital from APP to add significantly to our MTZ position, which I'll discuss below. At roughly 35%, APP remains our largest holding by a wide margin and a very large position by any standard. I fully expect it to remain a core holding for many years and to continue creating significant value for the fund.

Concerns about the pace and sustainability of the AI buildout and related US infrastructure investment have recently weighed on MasTec (MTZ). As discussed previously, the scale of these commitments warrants scrutiny, and the investment cycle is unlikely to unfold in a straight line. However, MTZ serves a broad range of critical infrastructure needs across power, energy, civil, communications and pipelines. I continue to believe these needs provide a substantial runway for growth beyond fluctuations in sentiment around AI spending. I also believe the AI buildout will continue, even if the pace is tempered.

We are in an arms race of sorts with China, and the US can't afford to fall behind. In my view, AI is likely to be a net-positive for the world, though greater scrutiny of the impact the buildout is having on communities is warranted. Either way, however, AI is coming, and we certainly don't want it to be "made in China". MTZ is positioned with key capabilities to deliver much of the infrastructure the country will need in coming decades and, therefore, has plentiful growth opportunities ahead.

When I reduced the position in the first quarter to fund our new investment in FND, the stock had risen meaningfully. Since that time, the stock has declined meaningfully to a level I now view as quite attractive. I've known and followed both the company and CEO Jose Mas for a long time. The company and the stock have done very well under Jose's leadership since 2007, but there have been many times when the stock experienced excessive drawdowns for various reasons. These moments have time and again proven to be excellent times to invest. Jose is the kind of guy you don't want to bet against. Given the significant organic growth opportunities ahead for the company and the recent downward revision to its valuation, I view this as another one of these moments, and brought the position back to roughly 10% of the portfolio.

I also sold Verve Group, our smallest holding at about 3% of the portfolio. The stock still looks very cheap, which is why I gave the company time to improve its execution. After several uneven

quarters, I had less confidence in management's ability to deliver consistent results and, in turn, less confidence in the earnings I was using to value the business. At that point, the low valuation was no longer enough reason to keep owning it.

As a result of these changes, the fund now holds approximately 8% in cash. I'm studying several opportunities that have emerged during the recent volatility and expect to put that cash to work in the coming months.

Closing Thoughts

The fund has had a tough few months, and I appreciate the patience that a period like this asks of our partners. The fund's central philosophy is unchanged: a concentrated portfolio of exceptional businesses with durable competitive advantages and long runways for growth, owned at attractive prices. I believe this remains one of the best ways to compound capital over time. When I look out several years, I believe the businesses we own can earn substantially more than they do today. At the prices at which we own them, I believe there is considerable room for that earnings growth to translate into attractive returns. I remain highly optimistic about the fund's prospects from here. Thank you for your continued trust and partnership. As always, I'm happy to answer any questions and hope you'll reach out if there's anything you'd like to discuss.

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

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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.