
AVENTINE CAPITAL PARTNERS

April 13, 2026

RE: Letter to Limited Partners, Q1 2026

Dear Partners,

The fund returned -10.7% (net of all fees and expenses) for the first quarter of 2026.¹

	Net Performance			
	2026		Since Inception*	
	Q1	YTD	Total	Annualized
Aventine Capital Partners LP	-10.7%	-10.7%	9.2%	5.0%
MSCI ACWI ex-USA ²	-0.7%	-0.7%	31.1%	16.0%
S&P 500 ³	-4.3%	-4.3%	26.7%	13.8%

**June 2024*

Portfolio Composition				
<u>Top 5</u>	<u>Top 10</u>	<u>Long</u>	<u>Short</u>	<u>Net</u>
44.2%	72.9%	87.0%	0.0%	87.0%

Geographic Exposures			
<u>North America</u>	<u>Europe</u>	<u>APAC</u>	<u>Emerging</u>
8.2%	73.4%	0.0%	5.4%

Housekeeping notes

I'm going to shorten these letters. My goal here is to communicate relevant information about our portfolio and investment approach as efficiently as possible. To address this, I've moved the top five positions summary to a one-page appendix and will prioritize brevity going forward. Please reach out any time to discuss our holdings in detail. This is your portfolio and I operate with full transparency on what we own and why we own it. I also enjoy interacting with you all.

On that note, I've moved into a new office in Los Angeles (see footer). Do visit if you're in town.

K-1 statements were distributed in February. As expected, despite the fund's +30.2% gain in 2025 we generated a net realized loss for tax purposes. You can apply this loss against realized gains elsewhere in your taxable income. We won't be able to do this every year, but I'm happy to have done so last year.

Finally, Aventine now has a website: www.aventinecap.com. All official communication will continue to come from the fund's administrator, but the website includes a repository of past letters. Feel free to share it with accredited investors whom you think might be interested in our strategy.

Now, on to the (shorter) letter.

Price moves more than value

Prices fluctuate more than values - so therein lies opportunity - Joel Greenblatt

Our performance was poor this quarter and our annualized returns since inception are now just 5.0%—well below what I expect to generate over a full cycle.

I make no excuses for the performance. The short timeline (22 months) has a distorting effect on annualized results: we were -6% in a partial 2024, +30% in 2025, and are -11% in the first three months of 2026 (now partially recovered following a strong start to April). The impact of monthly volatility on our annualized returns will diminish over time.

Drawdowns are uncomfortable and I don't take them lightly. In this case, however, I believe the recent declines have been driven primarily by external factors that do not impair intrinsic values. Specifically, the sharp rise in energy prices and the resulting selloff in European equities following the onset of the Iran war on February 28th. Europe is a net energy importer and is particularly exposed to the Strait of Hormuz.

My assessment is that the underlying earnings power of our businesses remains intact, while the prices at which we can own them have declined. As a result, I'm more optimistic about our prospective returns today than at any point since launching.

Consider this: During 1Q26 the weighted average EV/EBITDA multiple of our portfolio declined by 16%, while consensus 2026 EBITDA estimates fell by just 1.1%.⁴ Over 90% of the valuation move was driven by multiple compression rather than changes in underlying fundamentals.

I shared a memo with you on March 22nd in which I summarized this dynamic and discussed two examples of companies I was excitedly purchasing: IMCD and Mohawk Industries. Both have since appreciated, most notably IMCD which is +31% from the prices we paid just three weeks ago.

This raises an obvious question: did IMCD's intrinsic value actually move +/- 30% over that period?

I don't believe it did. Over time, share prices track intrinsic value, but over shorter periods they can diverge materially. Look no further than the index itself: since 1980, the S&P 500 has experienced an average intra-year drawdown of -14.2% yet has finished the year positive 76% of the time.⁵ At the individual company level, the swings can be even larger.

The distinction between price and value is the foundation of everything we do. Periods like the present, where that gap widens, are when the opportunity set is most attractive. With that in mind, it is worth briefly revisiting this simple but often overlooked concept.

Intrinsic value

Intrinsic value is the price a rational, fully informed buyer would pay to own a business outright. It cuts through the distorting effects of accounting standards and current market dynamics to focus on a company's

ability to generate future cash flows, the quality and consistency of those cash flows, the value of its asset base, and the scope of its reinvestment opportunities.

Intrinsic value is not a precise number. It is a range that necessarily involves estimates and judgment and often requires the willingness to disagree with current consensus by looking beyond short-term results.

It is also not the share price. Over time, price and value converge, but in the short term they can diverge materially, as readily evidenced by the broader market swings referenced above. The same business can trade at 8x earnings one year and 15x the next, with little change in the underlying economics.

The multiple moved; the business did not.

Intrinsic value rarely (but occasionally) moves quickly, particularly for the sorts of established, cash-generative businesses I tend to focus on. Price moves far more than value, and that gap is where we invest.

If my estimate of intrinsic value is directionally correct, returns come from two sources: the reversion of price to value, and the compounding of the business itself.

We don't need the gap to close quickly. In many cases, a slower recognition of value is preferable—allowing me time to build conviction and, ideally, management to take advantage of undervalued equity through accretive share repurchases.

I believe this dynamic is durable and especially pronounced in the current environment.

Why is this repeatable?

Markets are often described as efficient and increasingly quantitatively driven. Both are true, but *efficiency is not the same as accuracy*. Price is set by the marginal transaction, not by an informed view of value.

This matters because marginal buyers and sellers are increasingly indifferent to intrinsic value. Today, that last transaction is often driven by flows and market signals rather than fundamental analysis. Index funds transact in response to inflows and outflows, which in a market-cap weighted fund often means buying more of what has performed best most recently. Systematic strategies adjust exposure based on momentum, volatility, and other price-derived signals. Active managers are evaluated over short periods and face career risk when diverging from the benchmarks they are judged against.

These are, in my view, structural features of modern markets that have become more pronounced as markets have become more “efficient.”

My edge is not informational or computational. It is temperamental and analytical—the willingness to act when price diverges from value, and to hold positions through periods of discomfort.

Because this edge is behavioral, it is difficult to arbitrage away.

A current example – IMCD

When oil prices spike, investors sell chemical stocks. This is rational for producers dependent on petrochemical feedstock. It is less so for distributors.

IMCD is a specialty chemicals distributor. It does not produce chemicals and has negligible direct exposure to energy costs. It earns a margin on the spread between buy and sell prices and plays a critical role in connecting chemical producers and customers across fragmented markets.

In March, as oil prices rose sharply, IMCD sold off alongside the broader chemicals sector. Markets often extrapolate short-term shocks as if they are permanent, capitalizing temporary conditions into long-term valuations. In this case, the distinction between producers and distributors was ignored, and the entire category de-rated on fears of margin compression and demand destruction.

IMCD has an impressive record of revenue growth and stable earnings power through various economic cycles, including the Ukraine-Russia energy shock of 2022. In recent years, growth has slowed and margins have compressed slightly, but for reasons that I consider cyclical rather than structural.

IMCD: Earnings vs. Valuation (2023–2026E)

	2023	2026E	Change
Revenue (€mn)	€ 4,470	€ 5,000	12%
EBITDA (€mn)	€ 548	€ 548	0%
Share Price*	€ 146.35	€ 68.96	(53)%
Enterprise Value*	€ 9,641	€ 5,479	(43)%
Forward EV/EBITDA*	17.6x	10.0x	(43)%

**as of March 20th for each year (the date of our last purchase); LSEG consensus estimates for 2026*

EBITDA is expected to be flat over 2023-2026, yet the enterprise value declined by 43% and the share price declined by 53% as the multiples investors were willing to pay for these earnings compressed sharply.

The key question is simple: did the intrinsic value of the business fall by half?

I don't think so. I've admired IMCD for years, impressed by the business model and quality of leadership but unwilling to pay what I considered to be too high a valuation for the equity.

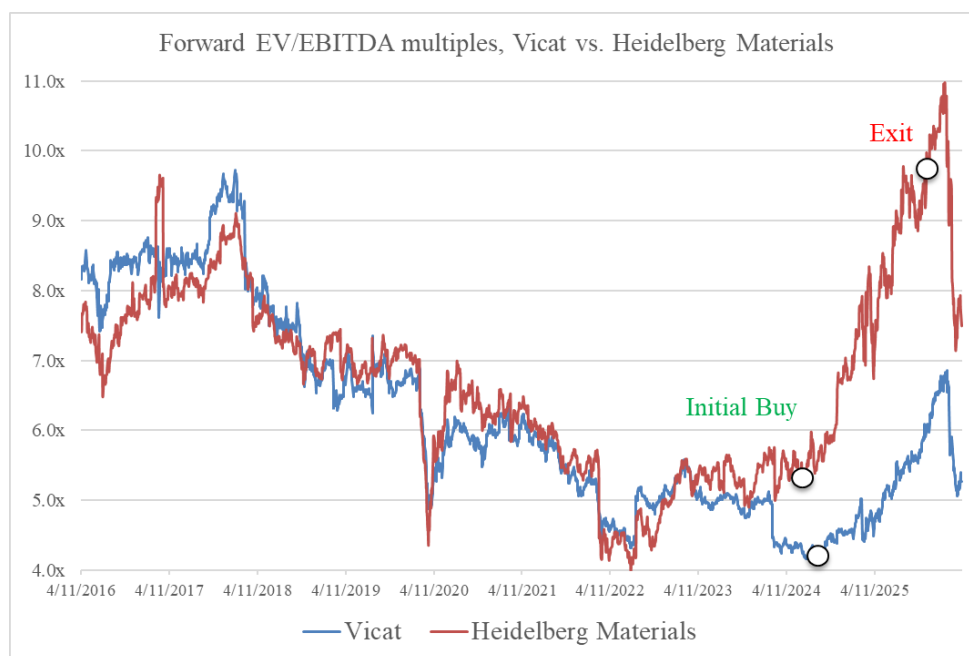
When the share price declined last year I made IMCD a small position, and then last month I made it a top 5 position. We last purchased shares on March 20th and the price is +31% since then.

The speed of IMCD's share price recovery underscores my point that the intrinsic value didn't change, sentiment did.

Price moved. Value didn't.

A second example – Vicat and Heidelberg Materials

A similar pattern can be observed across our investments in Vicat and Heidelberg Materials, the latter of which we exited last year. These businesses operate in the same industry and share broadly similar underlying economics, yet their valuations have diverged materially, driven less by changes in intrinsic value and more by shifts in sentiment and geographic positioning.



Source: LSEG

The chart above shows valuation multiples (EV/EBITDA), not share prices, and is a great example of the disconnect that can occur between price and value. Vicat's multiple has increased only modestly since our initial purchase, from 4.3x to 5.3x EV/EBITDA, yet the share price has more than doubled, reflecting underlying earnings growth and debt reduction in addition to the change in valuation.

Our capital has followed valuation, not price. We initiated positions in both companies when their earnings multiples compressed to levels that I believed understated intrinsic value. We subsequently exited Heidelberg as its valuation recovered to levels that reflected fair value, generating a 109% gross IRR over an 18-month holding period.

Vicat remains in the portfolio. I've actively trimmed the position as its valuation has increased but continue to believe the current multiple fails to reflect the underlying earnings power of the business. This is especially true after the March 2026 de-rating following the Iran war, which saw European-listed energy-intensive businesses de-rate sharply.

The pattern is consistent: price moves more than value. My job is to recognize when that gap becomes wide enough to act—and to act decisively when it does.

In Closing

A copy of the partnership's audited financials, along with your individual Schedule K-1 tax form, was distributed in late February.

The partnership's management fee for 2026 is 1.0%, up from 0.5% in 2025. The fee is capped at 1.0% and supports the infrastructure required to manage the partnership, including compliance and research. As assets scale, the effective fee burden declines over time, and for Founders' Class capital it declines to 0% as assets grow outside of the Founders' Class.

Thank you for your confidence and support. As one of the largest investors in the fund, my experience is the same as yours. I am excited about the valuation prospects of the companies that we own and was encouraged to see several new and existing partners add capital in April.

I appreciate introductions to investors you believe would be a good fit. Referrals from existing partners are the best as I try to attract people aligned with our strategy.

Please don't hesitate to reach out with any questions or ideas.

Sincerely,



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¹ All performance figures represent unaudited net performance estimates for partners that made initial contributions at the inception date in the Founders' Series of partnership interests. Individual partner returns may vary depending on the timing and series of their investment. The partnership is audited on an annual basis.

² The MSCI ACWI ex USA index captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the US. It is a total return index inclusive of net dividends received.

³ The S&P 500 includes 500 leading companies in the U.S. and covers approximately 80% of the available market capitalization. It is a total return index inclusive of gross dividends received.

⁴ Based on constant 12/31/25 portfolio weightings (excluding cash) and LSEG consensus estimates.

⁵ J.P. Morgan "Guide to the Markets," March 31, 2026

Appendix A

The following top five holdings accounted for 44% of the portfolio (alphabetical):

Auction Technology Group (ATG) is a UK-listed operator of online marketplaces that facilitate auctions of secondary goods across industrial, art & antiques, and consumer categories. We owned ATG previously and re-established the position in early 2026. The business benefits from a capital-light model, strong network effects, and high incremental margins as transaction volumes scale across its platforms. Recent performance has been impacted by softer end-market demand and integration challenges following prior acquisitions. There is a clear path to earnings recovery through cost discipline, improved execution, and a normalization of auction volumes. Shares currently trade for <10x forward earnings.

DSM-Firmenich (DSFIR) is a Swiss/Dutch global leader in nutrition, health and beauty ingredients, formed through the 2023 merger of DSM and Firmenich. The company operates a portfolio of businesses spanning flavors & fragrances, dietary supplements, and specialty ingredients, many of which benefit from attractive structural growth and high barriers to entry. DSFIR has leading market positions, strong cash generation, and a 36% family owner overseeing capital allocation with a long-term orientation. Following the merger, execution has been uneven, with integration complexity, portfolio reshaping, and cyclical headwinds weighing on near-term performance. As a result, the shares currently trade at 10x EV/EBITDA.

IMCD is a Dutch-listed global distributor of specialty chemicals, operating a capital-light model that connects producers and customers across a highly fragmented industry. The company earns a margin on the spread between buy and sell prices and has demonstrated consistent growth through a combination of organic initiatives and disciplined acquisitions. The shares have derated sharply as the market is overly focused on short-term cyclical pressures and underappreciating the durability of IMCD's earnings and its long runway for consolidation. The business remains highly cash generative with attractive returns on invested capital. IMCD currently trades at 12x EV/EBITDA, well below its historical average.

TT Electronics is a UK-listed global designer and manufacturer of electronic components serving Original Equipment Manufacturers across a wide range of end markets. Over 70% of its sales are low-volume, high-spec components and over 50% serve highly regulated industries including healthcare, aerospace and defense. TT utilizes a federated operating model that has led to inefficient operations and below-peer margins. The company is executing an aggressive restructuring program designed to cut costs and streamline operations. In recent quarters it has received at least five acquisition offers from four bidders, the highest of which was an all-cash offer of 150p/share that the board endorsed but the largest shareholder rejected. Shares trade for <7x my estimate of mid-term earnings and a double digit FCF yield.

Vicat is a French-listed materials business operating vertically integrated cement, aggregates and ready-mix concrete plants across twelve markets globally. France is 31% of sales and the US is ~19%. It is controlled by a multigenerational founding family who are active in management and own 63% of the equity. Vicat is cash generative, with minimal financial debt and well-maintained assets. As with peers, Vicat has suffered from a severe undervaluation of its North American operations, which represent ~24% of group EBITDA but if valued in line with US peers is worth 40% of Vicat's enterprise value, leaving the rest of the business trading around 4x current EV/EBITDA.

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