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Legacy Ridge Capital Partners Equity Fund I, LP

2026 Mid-Year Letter

To June 30th 2026:	LRCP Equity Fund I Gross	LRCP Equity Fund I Net	S&P 500	Russell 2000	MSCI World
Trailing 6-month Total Return:	20.2%	15.7%	10.0%	22.6%	9.9%
Trailing 1.5-yr Total Return:	29.9%	23.8%	29.7%	38.3%	33.6%
Trailing 2.5-yr Total Return:	97.9%	73.7%	62.1%	54.3%	62.5%
Trailing 3.5-yr Total Return:	170.2%	123.2%	104.6%	80.3%	101.1%
Trailing 4.5-yr Total Return:	203.9%	145.9%	67.5%	43.4%	65.5%
Trailing 5.5-yr Total Return:	331.0%	225.7%	115.6%	64.6%	102.6%
Trailing 6.5-yr Total Return:	376.6%	255.0%	155.3%	97.5%	136.0%
Trailing 7.5-yr Total Return:	388.6%	263.9%	235.7%	147.8%	202.4%
Trailing 8.5-yr Total Return:	370.0%	250.0%	220.9%	117.6%	181.5%

The figures above are on a cumulative basis and are unaudited. Future results will also be presented on a cumulative basis in this section. Annual results will be illustrated below for those who wish to measure us based on 12-month cycles. However, we view the cumulative results as most meaningful since we are trying to build wealth far into the future and the annual results are only important in as much as they contribute to a 3, 5, 10, and 20-year track record.

Annual/Interim Results:	LRCP Equity Fund I Gross	LRCP Equity Fund I Net	S&P 500 Energy	AMZ	XAL
1H26:	20.2%	15.7%	20.4%	18.2%	17.8%
2025:	8.0%	7.0%	7.9%	9.8%	4.8%
2024:	52.4%	40.3%	5.7%	24.4%	-1.0%
2023:	36.5%	28.4%	-.6%	26.6%	28.2%
2022:	12.5%	10.3%	64.2%	30.5%	-35.0%
2021:	41.8%	32.4%	53.3%	39.9%	-1.7%
2020:	10.6%	9.0%	-33.7%	-28.8%	-24.2%
2019:	2.5%	2.5%	11.8%	6.5%	21.3%
2018:	-3.8%	-3.8%	-18.1%	-12.4%	-22.4%

To reiterate, our goal is to have good absolute returns first and foremost, which should lead to good relative returns versus the broader markets. However, I also think it's important to highlight the performance of the primary sectors in which we feel we have an advantage and in which we invest. There is no reason to present this other than for transparency reasons. Owning a highly concentrated portfolio will prevent our results from looking like anything we compare them to in most years, but knowing the performance of energy broadly, midstream energy specifically, and North American airlines will add some context for those partners who wish to do some higher-level analysis. Please see the accompanying disclaimer & footnotes at the end of the letter for a broader description of each of these indices.

RESULTS FOR 1H2026

The partnership returned 15.7% net of performance fees in the first half of 2026. Being the owner of only a handful of businesses that are cyclical and much less owned or followed by the cognoscenti of Wall Street or Reddit, we expect abnormal volatility, yet volatility was shockingly subdued the past 6-months. The negative correlation between our largest allocations of capital helped—energy, airlines, and cash. However, so far, the year can best be described by two distinct narratives and how they relate to our portfolio.

The narrative over the first 2-months of the year, and the one leading to our best relative performance year-to-date, revolved around the threat of Artificial Intelligence (AI) to certain business models, and that narrative eviscerated the stock price of anything AI might render redundant. The spectrum spanned companies involved in accounting, insurance, advertising, online travel, banking, and of course most things SAAS related. All were under assault as the durability of any model that could easily be replicated by AI was in question. Suddenly, hard assets were popular, and we own hard assets. It takes a real imagination to envision how Anthropic might create a substitute for carrying a traveler 940 miles from Cincinnati to St. Pete, negatively impacting an airline like Allegiant. Or, how OpenAI could possibly separate the natural gas stream into its various molecules through processing and fractionation, then transport those hydrocarbons from the Midland Basin to the Gulf Coast where they'd be loaded on a ship and exported to Asia, negatively impacting an infrastructure company like Enterprise Products.

However outlandish these potential outcomes might seem, we think about them a lot—how does AI kill our businesses? Beyond people staying home and living in the virtual world instead of the real world, and beyond AI somehow driving such high levels of global energy efficiency that energy demand declines into perpetuity (which is the opposite of what AI is doing so far), our conclusion is that for the next several years at least, our portfolio is not threatened by it. Up until the end of February, it seemed as if this might be the year our stocks got more credit, and therefore higher multiples, on account of their lack of substitutes and the high replacement cost of their heavy asset bases…

Then the other narrative unfolded over the past 4-months and counting, the Iran War.

If Shakespeare's Macbeth were an investor today, he might look at the price of crude oil on February 27th, compare it to the price in mid-July, and then pat himself on the back and re-affirm his statement that *"Life's but a walking shadow, a poor player, that struts and frets his hour upon the stage, and then is heard no more. It is a tale told by an idiot, full of sound and fury, signifying nothing."* He'd certainly feel validated after the war shut in 15-20% of global oil supply, drained inventories by close to a billion barrels, increased insurance costs for vessels traversing the Persian Gulf to unconscionable levels, and put over 20% of global oil supply in the crosshairs of a re-empowered regime that is hostile to US interests in the region. From a macro perspective Macbeth might be right: nothing to see here. All of us Energy "experts" were kind of wrong—for now at least.

The most draconian scenario imaginable for global energy markets played out and the world strained to some degree yet survived. Brent oil prices peaked at $126, not the $200+ popularly forecasted. Tank bottoms weren't hit (but may be perilously close), and the global economy, let alone stock markets, seemed to hum right along. Depending on the day, we're within earshot of oil prices seen before the war:

$72 the day before it started, ~$80 as I write. We're back to being oversupplied in the short-term despite continuing hostilities in the strait and despite the daily back and forth over who controls what, who can enforce transit fees, etc. etc. To us the market's indifferent reaction defies logic.

However, from a micro economic perspective, which is what we focus on infinitely more than the macro, we think there is something to be seen here. The *sound and fury* signified something, and for the vast majority of our portfolio, we think it's positive medium to long-term.

US Airlines

The less obvious beneficiary to this quagmire is the US Airline Industry. Margins are already slim to non-existent for most airlines and jet fuel usually comprises ~30% of their operating costs, so when the price of fuel doubles the problem for owners is obvious. To see the silver lining you have to look beyond the last quarter, perhaps beyond the next quarter, and potentially beyond this entire year. But if an investor can muster the courage to take longer than a 1-year view on the airline industry, they might see that the higher fuel prices we saw in 2Q, and the excessive volatility we'll probably continue to experience for the foreseeable future, has been and will continue to be good for the supply/demand backdrop, and therefore pricing.

The most tangible development for airline capacity, which has already resulted in a healthier industry, is the liquidation of Spirit Airlines. Equally meaningful is what their liquidation implies about the Ultra-Low-Cost-Carrier (ULCC) business model and its future impact on the structure of the industry. Spirit's demise was a long time coming and the recent spike in oil prices probably saved prospective speculators a lot of money. From 2010 to Spirit's first bankruptcy in 2024, management increased the number of aircraft in their fleet by 500%+, despite the fact that yields (unit pricing) **decreased** (15.9%) and CASM, ex-fuel (unit costs) **increased** 39%. To better illustrate, in 2010 Spirit generated $112 in revenue per passenger flight segment and had operating costs per segment of $102; a respectable operating margin for an airline. But, by 2024, they only generated $111 in revenue per passenger flight segment yet paid $136 in operating costs. Spirit was losing $25 per passenger even before factoring in financing costs—they were a disruptive and irrational actor!

Two key changes led to the business model unraveling over time. First was the introduction of an unbundled fare by Delta in 2012, followed by American and United in early 2017. The ability to market a stripped-down product allowed the major airlines to better segment their cabins and potentially capture traffic that was previously spilled to the likes of a Spirit or Frontier, who only sold stripped-down products. Suddenly Delta, United and American had their own version of a Kirkland brand. And just like Costco's Kirkland, a major airline's product was some percentage better than any ULCC's competing product due to schedules, loyalty programs, lounges, ancillary products, etc.

The second change that negatively impacted the ULCC model was the dissolution of what Jason Trennert from Strategas Research Partners eloquently described as an "*Everyone Gets a Trophy*" cost of capital. Excessively low interest rates, low wage rates, and an abundance of airplanes and their requisite parts allowed ULCC management teams to grow as fast possible and just hope for the best. But those tailwinds slowly came to an end throughout the 2010's, then abruptly in 2022 when capital itself became quite a bit dearer.

Spirit tried to hang on with two Chapter 11 bankruptcies less than a year apart, a management change, a couple merger attempts, and lastly a government bailout. But unit economics don't lie and theirs just weren't penciling out. Higher jet fuel prices were simply the nail in the coffin since they magnified the depths of the potential risks any white knight might assume.

Fuel's role as the great enforcer of capacity discipline was on display once again. My first day as an equity analyst was July 2, 2008, when oil closed at a then record of $143.57, and Goldman Sachs was forecasting prices up to $200 within a year. This was the first oil super cycle that showed modern day airline management teams how quickly volatile fuel prices could put them out of business. Since then, we've witnessed the following mergers: Delta-Northwest, United-Continental, Southwest-AirTran, American-US Air, Alaska-Hawaiian, and Allegiant-Sun Country. With the liquidation of Spirit that's seven fewer publicly traded airlines and seven fewer potentially irrational actors.

Oil prices certainly can't take credit for all the rationalization the industry has gone through the past 18-years, but it's looming threat to sustained profitability also can't be overstated. The excess volatility adds a lot of incremental risk to capital allocation decisions and naturally constrains capital when compared to more stable and predictable environments, and we're quite far from having stable or predictable energy markets.

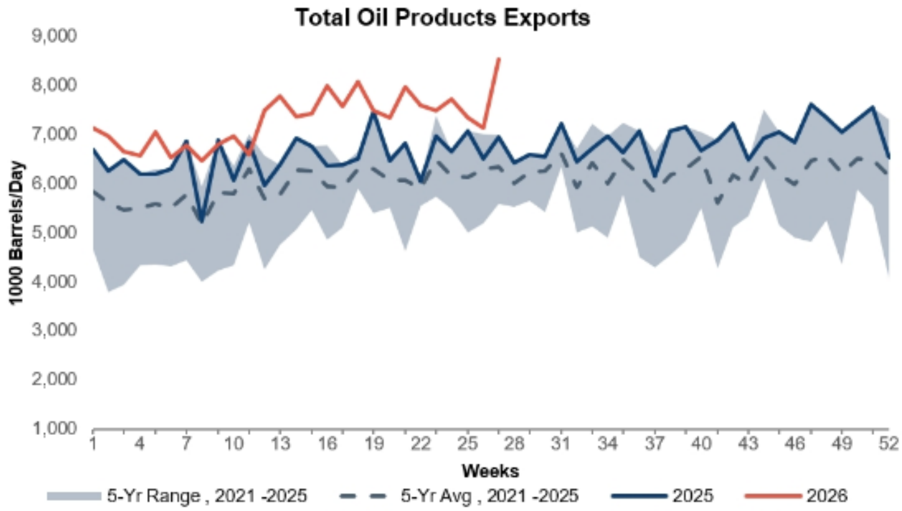
US Energy

The more obvious beneficiaries to energy instability are the partnership's positions in US Energy companies—pipelines, royalty businesses, and oil & gas production.

In 1940, Franklin Roosevelt described the United States as an "*arsenal of democracy*" since we supplied the majority of the raw materials our allies needed to fight in World War II. Today, as the largest producer of oil and natural gas in the world by a wide margin, and with 7 of the other top 10 global producers either in their own separate war (Russia) or directly impacted by this most recent Middle East conflict (Saudi Arabia, Iraq, Iran, UAE, Kuwait, Qatar), the reliability of US energy production makes it critical to the rest of the world, just as it did back then.

As shown below, US exports of hydrocarbon products are at a record. This isn't just oil, but also includes propane, natural gas, ethane, butane, naptha, propylene, ethylene, diesel, jet fuel, and gasoline. If it comes out of the ground or is a byproduct of what comes out of the ground, we export it.

Exhibit 1 - Total US Oil Products Exports



Source: Bloomberg, EIA, Jefferies

While it's no surprise US companies quickly ramped up exports to try and fill as much of the hole as possible that was left by the closure of the Strait of Hormuz, we think this dynamic will continue for the foreseeable future. For energy importing countries, energy security and the reliability of energy supplies are synonymous and if one were trying to secure LNG cargoes under a multi-year contract, how much more valuable is a US cargo now over a Qatari cargo compared to 6-months ago? Frankly, we don't know exactly, and it seems unquantifiable at this juncture, but logic suggests that at the same price and with similar terms, the US cargo should win the bid every time.

Natural gas producer EQT tried to put a finer point on the numbers as they relate to the global LNG market specifically. They estimate the market has gone from a 0.5 Bcf/d deficit before the conflict started to a 3.5 Bcf/d deficit (as of the end of April) for 2026. But more importantly has gone from a 1.5+/- Bcf/d **surplus** in 2027 and 2028, to now a slight **deficit**. With QatarEnergy continuously pausing production restart at their Ras Laffan complex—the biggest LNG export plant in the world—and with a 20% reduction in output and a multi-year timeline to bring it back online, force majeure is getting extended for some supply beyond August. It's hard to imagine this deficit doesn't widen.

And it isn't only LNG feeling the effects of this tailwind. Examples include, Energy Transfer (ET – not owned) announcing a 240mbpd increase in ethane export capacity at their Nederland export terminal supported by long-term commitments that extend into the 2040s, and Plains All American Pipeline (PAA – owned) raising their capex guidance by 21% for this year, signaling likely higher Permian production growth versus prior estimates. The call on US hydrocarbons has become abundantly clear and a multi-year investment cycle is necessary to support it.

Therefore, we're incrementally more excited about owning US energy assets than we were at the start of the year, but don't ask us to put a precise number on our level of excitement. We just know the businesses we own are seemingly more valuable to the world and thus even more valuable to us. Just remember, we like to think of ourselves as “hand grenade” investors, not “horseshoe” investors (we’re not trying to be closest to the pin, just within the blast radius). We’re there with US energy.

Portfolio Changes

We sold Summit Midstream (SMC) in the first half of the year and reallocated the capital to an existing energy position. SMC was a massive investing mistake I made all the way back in 2017 and adopted into the partnership at its founding in 2018. We begrudgingly held out hope for radical change up until early 2026. While the position became meaningfully smaller as assets grew and its value plummeted, the negative impact to performance in the early years still gives me nightmares since it single handedly cost me (it was only my money the first 2-years thankfully) ~10% of my capital and flipped the partnership’s first year performance from a positive to a negative return. The combination of me reaching for yield, not focusing enough on declining oil/gas production in a couple basins where they operated, and creeping leverage metrics, all led to a downward spiral in cash flow that was hard to escape. To be fair, change did occur throughout the years, most notably under current CEO Heath Deneke, who we still think saved the company and some of our investment. But a more aggressive and direct strategy to create shareholder value never materialized and now we feel like there are better opportunities elsewhere.

Additionally, we owned both Sun Country Airlines (SNCY) and Allegiant Travel (ALGT), which consummated a merger in the second quarter. ALGT was the purchasing entity, and a majority of the purchase price was in ALGT shares. While we’ll greatly miss having Sun Country CEO Jude Bricker run one of the businesses we own, we like the idea of both companies coming together and think Allegiant’s management team will do a good job integrating both, so we rolled over all of our shares into the merged company.

Therefore, we’re down to owning a mere 8 companies in the portfolio, a couple of tiny hedges (less than 1% of aum), and still a very meaningful cash position that’s only decreased as a percentage of AUM because the rest of the portfolio has increased. We’re patiently waiting for things to get really fun at some point!

Enjoy what remains of summer and please reach out with any questions.

Sincerely,

Kristopher P. Kelley
7-20-2026

Disclaimer & Footnotes

This letter is for informational purposes only and does not reflect all of the positions bought, sold, or held by Legacy Ridge Capital Partners Equity Fund I, LP. Any performance data is historical in nature and is not an indication of future results. All investments involve risk, including the loss of principal. Legacy Ridge Capital Management LLC disclaims any duty to provide updates to the information contained within this letter.

This letter may include forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause actual results and performance to be materially different from any future results and/or performance expressed or implied by such forward looking statements.

Performance for 2018 is provided by Richey May & Associates, our auditor, and was provided via a Performance Review for a separate account that was transferred into the Fund and constituted 100% of the assets of the Fund as of November 1, 2018. Results are net of fund expenses. All performance related figures for the Partnership are unaudited.

Indices are provided as market indicators only. It should not be assumed that any investment vehicles managed by Legacy Ridge Capital Management will, or intend to, match provided indices in holdings, volatility or style. Index returns supplied are believed to be accurate and reliable.

The S&P 500 is a market capitalization weighted index that measures the performance of the 500 largest US based companies. The Russell 2000 Index is a market capitalization weighted index that measures the performance of the smallest 2000 stocks in the Russell 3000 Index and is a common benchmark for smaller companies. The MSCI World Index is a market capitalization weighted index that is designed to be a broad measure of equity-market performance throughout the world. It is comprised of stocks from 23 developed countries and 24 emerging markets.

The AMZ is an index provided by VettaFi and measures the return of 19 Master Limited Partnerships on a total return basis. The S&P 500 Energy sub-index comprises those companies included in the S&P 500 that are classified as members of the GICS energy sector. There are currently 25 constituents in the S&P 500 Energy sub-index. The XAL is the NYSE Arca Airline Index. There are currently 16 constituents in the XAL, with most domiciled in the US.

This letter does not constitute an offer or solicitation to buy an interest in Legacy Ridge Capital Partners Equity Fund I, LP. Such an offer may only be made pursuant to the delivery of an approved confidential private offering memorandum to an investor. This reporting does not include certain information that should be considered relevant to an investment in Legacy Ridge Capital Managements investment vehicles, including, but not limited to significant risk factors and complex tax considerations. For more information please refer to the appropriate Memorandum and read it carefully before you invest.