



July 2026

	Merion Road Small Cap Fund	IWM (Russell 2000)	Barclay Hedge Fund Index		MRCM Long Only Large Cap	SPY (S&P 500)
Annualized Since Inception	17.2%	11.4%	7.0%	Annualized Since Inception	13.1%	14.4%
Q2 2026	16.6%	21.4%	7.0%	Q2 2026	3.9%	15.1%
2026 YTD	20.1%	22.6%	6.7%	2026 YTD	(0.2%)	10.1%
2025	9.2%	12.7%	12.4%	2025	9.6%	17.7%
2024	17.4%	11.4%	9.4%	2024	32.4%	24.9%
2023	11.5%	16.4%	9.3%	2023	38.7%	25.7%
2022	(16.9%)	(20.4%)	(8.5%)	2022	(34.9%)	(18.2%)
2021	42.5%	14.5%	10.0%	2021	20.4%	28.7%
2020	29.5%	20.0%	11.0%	2020	54.3%	18.3%
2019	17.9%	25.4%	10.6%	2019	25.2%	31.2%
2018	15.7%	(11.1%)	(5.2%)	2018	(6.0%)	(4.6%)
2017	35.7%	14.6%	10.3%	Dec 18 - Dec 31	0.1%	(0.5%)
2016 (Jul-Dec)	1.3%	18.7%	5.4%			

Note: All returns are net of management and performance fees. Past performance is not indicative of future results.
Returns for the Merion Road Small Cap Fund for the period prior to fund launch (01/13/22) reflect a basket of SMAs.

The Long Only portfolio returned +3.9% during the quarter bringing our YTD performance to basically flat. I recognize that we have trailed recent returns of the S&P, though I believe it would be foolish to adjust portfolio positioning based on whatever sector is in vogue – namely AI infrastructure. We continue to own many “boring” industrial companies that have dominant market positions, strong organic and inorganic growth opportunities, and trade at attractive free cash flow multiples.

At quarter-end Honeywell completed the separation of its aerospace division. Trading in Honeywell Aerospace (“HONA”) has been lackluster as sell-side analysts have put out uninspiring initiation reports primarily noting the company’s lower growth trajectory in comparison to its peer set. I believe this, along with conservative guidance issued by management, set’s a low bar for the company over the next several years. This conservative guidance is understandable as the team would have little incentive (financially or reputationally) to issue something that they cannot beat. Meanwhile the stock has settled in at a valuation multiple below its peer-set and attractive on an absolute basis. I have been adding this month.

The Long Short portfolio had a strong quarter and was up +16.6% resulting in us being up over 20% for the year. Results were broad-based and included notable gains from several long-term holdings like Bel Fuse, Butler National, and Monarch Cement. Frequency Electronics, which I bought in Q1 and discussed in my last letter, also performed well after the company announced that its year-end backlog exceeded \$100mm and put out stronger than expected 3-year guidance. Our largest detractors were a speculative long position that I have since exited and ETF hedges.

Earlier this month I released a joint open letter to the Board of Directors of United Bancorporation of Alabama (“UBAB”). In it, I outline several areas of concern that I have discussed ad nauseum with management, notably capital allocation and expense growth. The letter has since been picked up by

several news outlets including S&P Global and American Banker. A link to our press release is provided below.

https://www.prnewswire.com/news-releases/merion-road-capital-management-and-blue-hill-advisors-urge-united-bancorporation-of-alabama-to-return-excess-capital-improve-profitability-and-strengthen-corporate-governance-302818936.html?tc=eml_cleartime

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron Sallen", with a long horizontal flourish extending to the right.

Aaron Sallen

General Disclaimer

This material does not constitute an offer or the solicitation of an offer to purchase an interest in Merion Road Small Cap Fund, LP (the “**Fund**”), which such offer will only be made via a confidential private placement memorandum (the “**Memorandum**”). An investment in the Fund is speculative and is subject to a risk of loss, including a risk of loss of principal. There is no secondary market for interests in the Fund and none is expected to develop. No assurance can be given that the Fund will achieve its objective or that an investor will receive a return of all or part of its investment. All statements herein are qualified in their entirety by reference to the Memorandum, and to the extent that this document contradicts the Memorandum, the Memorandum shall govern in all respects.

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The performance data discussed herein do not represent the performance of the Fund, but rather, represent the unaudited performance of a basket of separately managed accounts managed by the Investment Manager pursuant to the same strategy expected to be implemented for the Fund. Results generated in the Fund once outside capital is admitted could be materially different than those results shown. The results shown reflect the deduction of: (i) an annual asset management fee of 1.5%, charged quarterly; (ii) a performance allocation of 15%, taken annually, subject to a “high water mark;” and (iii) transaction fees and other expenses actually incurred. The management fee and performance allocation were applied retroactively and do not reflect actual fees charged. None of the results shown reflect the deduction of certain organizational and operating expenses common to investment funds, which would serve to decrease profits or otherwise increase losses. Results were achieved using the investment strategies described in the Memorandum.

Results are compared to the performance of the Russell 2000 Index, the Russell Micro-cap Index, and the Barclay HF Index (collectively, the “**Comparative Indexes**”) for informational purposes only. The Fund’s investment program does not mirror any of the Comparative Indexes and the volatility of the Fund’s investment program may be materially different from the volatility of the Comparative Indexes. The securities included in the Comparative Indexes are not necessarily included in the Fund’s investment program and criteria for inclusion in the Comparative Indexes are different than criteria for investment by the Fund. The performance of the Comparative Indexes reflects the reinvestment of dividends, as appropriate.

This material contains certain forward-looking statements and projections regarding market trends, investment strategy, and the future asset allocation of the Fund, including indicative guidelines regarding position limits, exposures, position sizing, diversification, and other indications regarding the Fund’s strategy. These projections and guidelines are included for illustrative purposes only, are inherently predictive, speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The guidelines included herein do not reflect strict rules or limitations on the Fund’s investment program and the Fund may deviate from the guidelines described herein. There are a number of factors that could cause actual events and developments to differ materially from those expressed or implied by these forward-looking statements, projections, and guidelines, and no assurances can be given that the forward-looking statements in this document will be realized or followed, as described. These forward-looking statements will not necessarily be updated in the future.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.