



The table below shows our estimated performance for June 2026.

Performance Estimate	Recurve Capital Partners LP - Gross	Recurve Capital Partners LP - Net*	S&P 500	Nasdaq
June 2026	-4.3%	-4.4%	-1.1%	-2.8%
Year-to-date	-14.4%	-14.9%	9.6%	12.8%
Trailing 24 Months	28.9%	17.9%	37.3%	47.8%

* Net Performance based on Class A fee structure for new investments as of January 1st

Monthly Commentary

Recurve is underperforming the market meaningfully in 2026. In June, we had a balance of winners and losers across the portfolio, but our performance was primarily driven by another negative month for Carvana (-10% in June, the rest of the portfolio was positive). There are plenty of thematic topics that could be discussed, but I want to use Carvana as a live, practical example of how I expect Recurve to generate returns over a long-term horizon. This discussion will focus on Carvana, but the same mentality applies to the broader portfolio.

Carvana is -22% YTD through June 30th and has driven about 80% of our negative performance YTD. An otherwise slightly negative performance YTD looks quite a bit worse because our most important position is underperforming the indices by over 3,000 bps in 1H 2026.

Backdrop

We expect returns over our multi-year investment horizon to be produced by growth in owner earnings per share over that period, multiplied by the change in valuation multiples over that period of time. We target companies that can grow owner earnings per share above 15% per year (often more) over a 5-year period. On a weighted-average basis, we hope to target above 20% IRRs, although this metric can fluctuate from time to time depending on gyrations in performance.

For Carvana, we generated significant positive returns when cash flow flipped from materially negative (2021, 2022) to materially positive (2023, 2024, 2025). Today in 2026, owner earnings are continuing to grow substantially. The chart below shows consensus 2026 (blue) and 2027 (red) EBITDA estimates for Carvana, which is a decent proxy for owner earnings for this exercise. We can see expectations for 2026 rising from \$600M in early 2023 to roughly \$3B today. Because it was a highly levered situation at that time, the stock rose from <\$2 in early 2023 to now ~\$65, a ~33x return on a 5x increase in expectations.



Looking forward, we expect EBITDA (as a proxy for owner earnings) to roughly 3x in the next 3 years. All else equal, we would expect the stock to roughly 3x as well if the multiple were to remain constant. Currently, the stock trades at 24.5x 2026 EBITDA and 18.6x consensus 2027 EBITDA. It is cheaper than those multiples on our above-consensus estimates and becomes even cheaper over time. These valuations are not expensive in relation to Carvana’s +40% retail unit growth today and our view of how sustainable high growth rates are over the medium- and long-term.

The multiple 3 years from now will depend on what the growth outlook is from that point forward, but I feel comfortable that we won’t suffer from material multiple compression. We don’t need the multiple to rise to make our returns. When most companies experience a deceleration from 40% to 25% we would expect the multiple to compress, but in this case we do not expect much from current levels given the recent underperformance – especially as more investors come to appreciate the earnings power and stability of the business. 25% growth with a long remaining runway is still incredibly strong and by then Carvana should be recognized as the juggernaut in the industry, similar to Amazon in e-commerce today. The multiple should remain healthy as it shifts from having major growth premium today to having a mix of growth and quality premiums in the future.

Now, let’s shift the discussion to the dynamics behind stock price movements in the modern era.

Performance Dynamics

It is overly simplistic to claim that companies growing earnings 3x will deliver 200% returns. That is not good enough because some or most of that growth is already priced in. They must surprise and delight the fundamental and quantitative traders in the market seeking “catalysts” – these are the actors that set the market price every day. As much as I wish it were true, it is not firms like Recurve that set the price. Long-term holders soak up supply to reduce available

float and thereby render shares slightly scarcer which is supportive of higher prices, but Carvana has plenty of liquidity and I don't believe long-term holders have enough sway to impact price unless they decide to buy more.

Instead, most stocks move based on changes in short-term views which creates deltas in supply and demand, particularly since most of the short-term capital cycling through the market is highly levered and therefore intolerant of volatility.

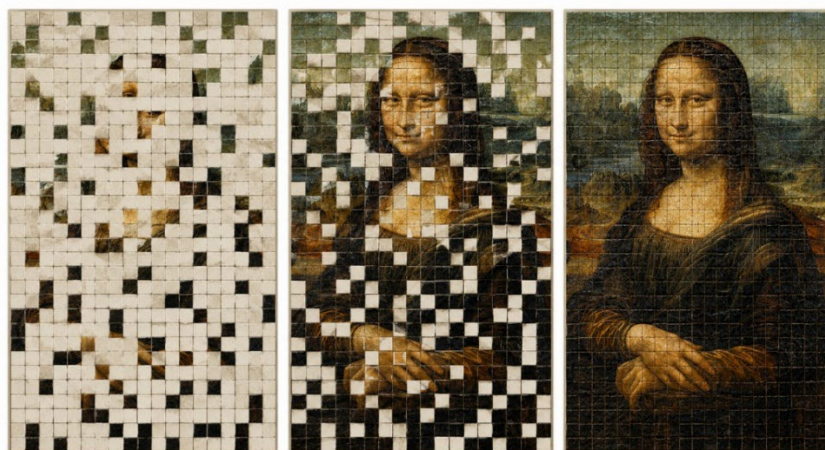
Historically, these shorter-term views were expressed through bets on quarterly earnings reports, consolidating much of a stock's volatility around those events unless there were other mid-quarter updates (conferences, pre-announcements, etc.). In the current era of the markets, quarterly results are decently telegraphed via alternative data and massive libraries of expert network transcripts, giving investors a much more detailed mosaic than ever before.

The mosaic renderings below highlight the evolution of fundamental research over my career. Let's assume the Mona Lisa is a quarterly earnings report.

The mosaic on the left shows the era before plentiful alternative data and expert transcript libraries. We had to conduct primary research on our companies internally. We could detect bits and pieces, but we couldn't be "sure" of much.

The mosaic in the middle is where we are now. By combining all available data sets, we get a solid picture of a quarter's earnings reports. We are "sure" on some metrics, but unsure on others. For instance, sometimes we are "sure" on unit volume (Carvana), but we lack clarity on margins.

The mosaic on the right is the full picture of quarterly earnings, when press releases come out and the 10-Qs and 10-Ks are filed.



Source: ChatGPT

As the middle mosaic fills in across a quarter, stocks react in real-time, which is to be expected. The more information we have, the more we can assess current performance vs. expected performance. As the facts update, so should the stock.

Sometimes this myopic focus on filling in the quarterly mosaic is distracting to the long-term return potential for an investment, which creates nice opportunities for longer-term investors.

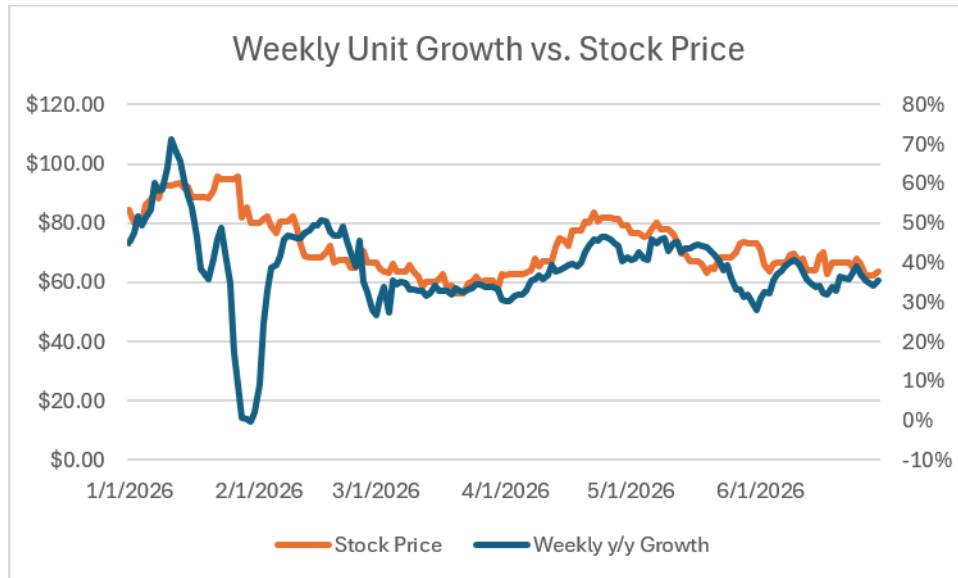
For Recurve to generate returns in our strategy, we have to accurately capture the “Mona Lisa” mosaic of 5-year earnings power, such that the market sees clearly what we predict given the limited tile fill-in so far.

In other words, we re-orient our time frame for the mosaics above. While most investors are trying to fill in each quarter’s picture, for us each quarter may fill in a few tiles of the bigger, longer-term picture – but one quarter does not accurately paint the whole picture.

Let’s revisit the Carvana example to move from abstract to practical. Carvana likely will sell more than 800k units in 2026 and based on alternative data, it will sell ~200k units in Q2. At year-end 2024, consensus estimates called for 623k units in 2026. At year-end 2025, consensus was at 745k units. Today, consensus is at 797k units. This is what we want to see – estimates going higher. Rising estimates helped generate significant performance for Carvana in 2025.

Even in 2026, estimates have been revised up across the year. And yet, the stock is down about -22% YTD. How does this happen? With weekly data available for Carvana, the answer is pretty simple: recent volatility in weekly metrics—despite remaining solid for our long-term thesis—has caused the market to raise its discount rate on Carvana (i.e. reduce multiples).

For us to generate the returns I expect out of Carvana, we need the company to grow faster-than-expected for at least several more years. Across the first half of 2026, Carvana has maintained about a 40% y/y growth rate, but the pace of growth has varied from 50%+ to flat (due to winter storms in Jan/Feb). The week-to-week variance of growth has caused meaningful volatility. The chart below shows how closely linked these metrics are and how sensitive the stock is to alternative data of unit sales.



Source: Bloomberg, Recurve Capital Estimates

Let's remember why we own Carvana. We think the company can sustain ~40% growth for several more years before it slows down. That's the big, meaningful mosaic that must be filled over many quarters and years – not over a few weeks.

Consensus estimates call for 34% growth in 2026, 25% growth in 2027, and 18% in 2028. Our bet is that those longer-term numbers will rise – not that Carvana will post 41% instead of 39% in Q2. The revenue, EBITDA and FCF outperformance becomes extremely meaningful as Carvana compounds several years of higher growth rates.

Recent Unit Volatility

I don't want to completely dismiss 1H unit volatility as a non-issue, but let's put it in proper context.

Carvana experienced reconditioning issues across a handful of sites in 2H 2025 which caused a gross profit miss in Q4 results. These issues were caused by Carvana's site expansion which caused a redistribution of key local talent, combined with the company not yet deploying systems to properly monitor site-by-site variance during that process.

The issues in 2H 2025 pushed the company to assess the drivers of underperformance and to implement new internal systems that are monitored closely from centralized dashboards. Previously, the company had relied heavily on local site managers to run a solid operation. Now, the company is centralizing and automating significant components of those processes. With those systems now in the process of being deployed across the network of reconditioning centers, different sites are at different levels of efficiency.

If a given site is earlier in the deployment process (thereby producing lower-margin units), Carvana is not eager to ramp up volume yet. They keep volumes relatively lower at those sites

until the expected improvements are observed – and then they will push more volume to it. This is what a rational owner would do – delay ramping up when they are only a few weeks away from more profitable units being produced.

If another site has the full suite of new internal systems and the staff is fully trained on it, they will push that site to keep ramping.

Carvana’s dozens of reconditioning sites are at various stages of deployment, each with its unique cadence of slowing down and speeding up around the migration to new processes and systems. This is not just pushing software updates – it requires training and onboarding for the many thousands of workers across the network. A “bad weekly comp” in alternative data can be generated from a handful of key sites slowing down for a few weeks while new systems are deployed, but that is nothing to be concerned about.

In summary, weekly sales and productivity volatility during a period of process improvements that we know are underway should not be surprising. I am encouraged that Carvana’s inventory appears to have reaccelerated from the end of Q1 to the end of Q2, resulting in y/y inventory growth of ~40% (vs. Q1 2026 inventory growth of ~25%), while retail sales grew a touch under 40% y/y based on our data sources. This reacceleration of inventory growth suggests the majority of Carvana’s reconditioning centers have improved enough for Carvana to return to production growth mode in aggregate, with most of that growth showing up in the last half of the quarter.

We read the production reacceleration itself as the encouraging signal: Carvana held volume back at various sites until they were efficient and profitable enough to scale. Their willingness to ramp tells us those sites have cleared that bar. Units produced in the second half of Q2 (when the ramp occurred) will be sold predominantly in Q3, so the gross profit benefit should be observable in the coming quarters.

We do not expect perfection from Carvana or any of our companies, but we expect over time they will be able to course-correct as necessary to generate a favorable path to the long-term view we have. Carvana has proven its ability to do this (particularly in the 2023/2024 turnaround) and has earned credibility on this front. The company is always upgrading its systems and processes, as we should expect it to. That doesn’t mean it won’t have a bad quarter here or there along this long-term journey – especially when it is scaling such an operationally intensive, vertically-integrated business while growing ~40%.

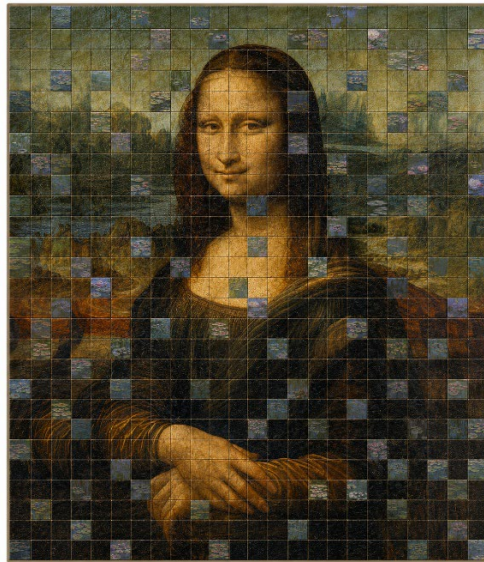
Conclusion

I did not expect Carvana to be down -22% YTD while estimates rose across the year, but the volatility in weekly data caused the multiple to compress – a reminder that simply growing the numbers doesn’t translate one-for-one into equity appreciation in the short term.

The liquid markets are incredibly dynamic as capital tries to fill in mosaic tiles on different time frames – seconds, minutes, days, weeks, quarters, years, decades. We choose to play a multi-

year game, whereby short-term data points blend into small tiles, which further blend into larger groups of tiles to fill in the 5-year view.

We will get some tiles wrong along the way, but as long as we capture the big picture accurately, we should generate strong returns for investors.



85% Mona Lisa/15% Water Lilies – ChatGPT

Errant tiles along the way may cause volatility, but they should not distract us from our longer-term view unless we are clearly wrong about the long-term picture, in which case we will exit immediately.

Portfolio Update

We made some small rebalancing changes, including trimming ELF after a solid month to buy a little more DoorDash and Shopify. Our portfolio at month end is shown below.

Company	Position on 06/30/2026
Carvana	47.1%
Royal Caribbean Group	9.8%
Paymentus	7.6%
RH	6.5%
Brunello Cucinelli	5.8%
Cogent Communications	5.2%
Doordash	4.7%
Amazon	4.4%
e.l.f. Beauty	3.9%
Guidewire	3.0%
Shopify	1.5%

Please reach out if you would like to schedule some time to talk live.



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