



Ace River Capital – Investor Update (Mid-Year 2026)

Dear Investors,

For the first six months of 2026, Ace River Capital Partners, L.P. (the “Fund”) returned **+6.25%**. Over the same period, the S&P 500 returned **+9.55%** and the Russell 2000 returned **+22.57%**. Benchmark comparisons provide useful context. While I expect the Fund to outperform over the course of my investing career, I do not manage the portfolio to outperform over any particular quarter or year. My objective remains to compound capital over long periods by owning a small number of exceptional businesses purchased at meaningful discounts to intrinsic value.

Period	Ace River Capital	S&P 500	Russell 2000
2023	-28.61%	+24.00%	+15.90%
2024	-14.53%	+20.00%	+11.50%
2025	-21.95%	+18.00%	+12.80%
H1 2026	+6.25%	+9.55%	+22.57%
Cumulative*	-49.40%	+92.35%	+78.67%

**Cumulative returns are geometrically compounded from the annual results reported in Ace River Capital’s investor letters through June 30, 2026. Benchmark figures are presented on the same basis used in the respective letters; H1 2026 reflects the S&P 500 price return and Russell 2000 benchmark return.*

During the first half of the year, the Fund became even more concentrated following the complete sale of MarineMax. Today the portfolio consists primarily of Vox Royalty and RCI Hospitality. I believe both companies continue to trade materially below intrinsic value, and concentration is the natural result of conviction rather than a target in itself.

Strategy

Ace River Capital maintains a **highly concentrated portfolio** of small- and micro-cap businesses with durable economics, tangible assets, and long runways for reinvestment. I focus on companies where competitive advantages are structural rather than ephemeral, and where capital can be redeployed at attractive rates over long periods of time.

The portfolio intentionally avoids software, finance, and insurance businesses. Instead, it emphasizes **asset-backed businesses** with scarcity value, including:

- special-purpose licensed real estate (RCI Hospitality),
- and royalty interests in mineral deposits (Vox Royalty).



This approach requires patience, deep research, and the willingness to tolerate volatility. I typically hold **fewer than five positions**, follow them closely, and only add when the risk-reward profile is clearly asymmetric. There will be extended periods of inactivity, limited trading, and occasional sharp drawdowns. This is a feature of the strategy, not a flaw.

Portfolio Update

Vox Royalty Corp. (VOXR):

Since initiating a position in Vox Royalty in Q4 2023, it has grown into the Fund's largest holding and my largest investment. Vox's royalty model provides diversified exposure to high-quality mining assets without assuming the operating or capital requirements of mine ownership.

Management has continued to expand the royalty portfolio while maintaining a conservative balance sheet. I believe the opportunity to repurchase shares at current prices offers an attractive avenue for per-share value creation, further enhancing long-term compounding.

My conviction has increased materially during the year. I continue to believe the shares trade at a substantial discount to intrinsic value and view Vox as one of the most attractive long-term compounders in the public markets.

RCI Hospitality Holdings (RICK):

The investment thesis for RCI Hospitality has strengthened. The market remains focused on the New York litigation overhang while overlooking the company's normalized free cash flow generation, valuable owned real estate, and long record of disciplined capital allocation.

I believe the current valuation materially understates intrinsic value even under conservative assumptions. Continued share repurchases and intelligent capital allocation should enhance long-term per-share value, while eventual resolution of the New York matter has the potential to remove a meaningful overhang.

My conviction has increased during the period, and RCI remains one of the Fund's largest investments.

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I exited the MarineMax position during the period. While I continue to respect management and believe the company owns attractive marina and waterfront assets, I concluded that capital could earn higher long-term returns in Vox Royalty and RCI Hospitality. The sale was driven by opportunity cost and increasing conviction in those investments rather than a deterioration in MarineMax's underlying business.

Looking Ahead

I remain focused on owning businesses that trade at meaningful discounts to intrinsic value rather than attempting to forecast macroeconomic or market movements.

As long as the gap between price and value remains attractive, I expect to stay patient, concentrated, and disciplined in allocating capital.

Fund Positions – In Order of Portfolio Weight

VOXR, RICK

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Thank you for reading.

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