CROSSROADS CAPITAL LLC

During the second quarter of 2026, Crossroads Capital Investment Partners, LP (the "Fund") appreciated by **11.5% net** of all fees and expenses. On a five-year annualized basis, the partnership has returned **8.7% net.** Since inception, the partnership has compounded at a rate of **17.9% net**.

As of June-end 2026, the Fund's total non-delta adjusted gross and net exposure stood at **115.0% and 86.9%.** Additional information on both the current portfolio and our historical gross and net returns is available at www.crossroadscap.io.

Returns vs. Relevant Indices[1]

	YTD	3-Year (Annualized)	5-Year (Annualized)	Since Inception (Annualized)	Since Inception (Cumulative)	Net Relative Outperformance (Annualized)
Crossroads (Net)	**16.2**	**21.7**	**8.7**	**17.9**	**427.4**	**n/a**
Russell 2000 Value (IWN)	22.9	18.4	8.0	10.6	175.3	**7.4**
MSCI World Small Cap (ZPRS.DE)	18.0	15.3	8.1	10.1	164.4	**7.8**
S&P 500 Total Return (^SP500TR)	10.2	20.6	13.4	15.4	323.2	**2.5**

Q2 2026 Market Commentary Update

In Q1, we described a market in suspended animation, caught between fear of a 90% oil shock and the learned reflex not to sell it. We warned that when the suspension resolved, the direction might not be pleasant. Well, it resolved (for a while), and the direction *was* very pleasant. The S&P 500 rose 14.9% in the second quarter, its best quarter since the post-COVID rebound in 2020 and the best second quarter of any midterm year on record. We didn't claim any ability to call the direction back then. But it's worth noticing what drove the rally, which was not for anything to go right *per se*, but for enough of the fog to lift.

The symmetry with Q1 is almost too neat. In the first quarter, Brent surged more than 90% while a chokepoint for 20% of global oil supply physically closed. In the second, Brent gave essentially all of it back, falling 38%, its worst quarter since the pandemic, from an April peak close to $120 to under $73 by June-end. The path was anything but a straight line: a two-week ceasefire brokered on April 8 (by Pakistan, of all mediators), a string of extensions and violations through May, and finally a Memorandum of Understanding signed June 18 that pried the Strait of Hormuz partially open, with tanker traffic back to about a third of normal by quarter-end. Along the way, the UAE used the chaos as cover to exit OPEC after 59 years, effective May 1, the most significant departure in the cartel's history and more evidence that the institutions organizing the oil market are eroding faster than its supply.

As for last quarter's jokes, our accuracy is starting to scare us. We wrote that once Iran was in the rearview, we'd probably be moving on to Cuba. On March 27, at a summit in Miami, the President told the audience, "Cuba's next, by the way, but pretend I didn't say that." To be clear, we were kidding. We're less sure he is. And Greenland, which we also joked about last quarter, dutifully resurfaced at July's NATO summit. Some storylines just refuse to retire. (And as we write this in August, it appears we aren't over Iran either.)

For most of Q2, the dynamic we described largely played out. In 2025, the market sold the tariff shock and got punished for it. In 2026, it held its nerve through an actual shooting war and got paid for it, handsomely, and within

[1] Past performance is no guarantee of future results. Unless stated otherwise, returns shown are calculated net of management and performance fees and net of all years mandate fund expenses. All returns reflect reinvestment of dividends. Present year returns are unaudited and subject to change. Please see important disclosures at the end of this letter.

weeks. Every episode rewires the collective decision architecture, and the lesson being carved a little deeper each cycle is that shocks resolve upward for those who wait. That lesson has now been right twice in a row. Whether that's a fundamental truth or just a streak is unfortunately not the type of question complex adaptive systems, i.e. the market, can really answer.

A word, too, on the quarter's other hot topic, because it wasn't all geopolitics: the AI buildout accelerated again. Semiconductors put in an extraordinarily powerful first half with index earnings growth up nearly 25%, and memory prices inflated fast enough to show up in consumer electronics, a detail that visits our portfolio in the pages below. We note all this while being honest about what a quarterly letter is for. The news changes almost daily, and any attempt to report it here would be stale before you read it. We aren't reporters, and the news moves so quickly. Our aim instead is to translate the quarter's news into concepts with some shelf life—thoughts worth keeping after the headlines have moved on. In that spirit, here's the piece of the quarter we'd bottle and keep.

While we seem to have another go-around with Iran, there's something durable to take away from recent hyper short-term gyrations in the markets: Markets price risk continuously, but they resolve it discontinuously. All through Q1, the market charged a running toll for uncertainty, in compressed multiples within an up-and-down tape. When the uncertainty lifted, the refund didn't arrive on the same schedule on which the toll was collected. Instead, it came back almost all at once. Nearly the entire first half's return showed up in roughly ten weeks off the March lows, and it went to whoever had simply waited. **None of this is a 2026 phenomenon. It's the oldest asymmetry in the business, and it's why waiting for clarity can be the most expensive trade there is: Clarity and the rally are the same event**. It also happens to be the physics of our portfolio. The repricings we underwrite at the single-stock level—an index inclusion the market hasn't modeled, a satellite reaching orbit, backlog converting to revenue—don't accrue smoothly. They arrive on the catalyst, which is idiosyncratic, but as we've observed over the years, sometimes half our book will have their catalysts hit in the same month. Q2 was the whole market demonstrating at index scale what we try to harvest one company at a time. We've said before that the gap between being right and being rewarded is where most investors lose their nerve. Q2 was a reminder that the gap doesn't always close gradually; it, often snaps shut.

In keeping with our slight bit of humor, this quarter there was a real regime change and it wasn't in some far off place, but right at home: Jerome Powell's term ended May 15, and Kevin Warsh was sworn in on May 22 after one of the most contested confirmations in the Fed's history. His first meeting in June held rates at 3.50–3.75%, which everyone expected. But there were a few things that nobody quite expected: The post-meeting statement shrank to roughly 130 words. Forward guidance was abolished outright. And the new Chair, by all appearances, declined to submit a dot (a projection of future interest rates) of his own, while the committee's median dot moved up and half the submitted projections now pencil in hikes before year-end. So the President finally got a chairman of his own choosing, and the first projection of the new era pointed north. We suspect this is not what was ordered. Our interest, though, is in the plumbing more than the politics. For two decades, markets have outsourced a meaningful share of price discovery to Fed communication. Forward guidance was, in effect, a subsidy paid to everyone who preferred not to think, and that subsidy is being withdrawn. Less narration means more dispersion around every data print and catalyst, and dispersion is the raw material of active management. We welcome the change, and we'd remind partners that this is exactly how framework mispricings, a core element of our investment style, are born, as a generation of investors trained to read markets through the Fed's narration is now holding a template that no longer fits.

Meanwhile, the market broadening we've been tracking for three letters went from gathering momentum to setting records as the Russell 2000 posted its best first half since 1991, up roughly 22%, with nearly all of it earned in the last thirteen weeks. Equal-weight, small-cap, microcap, and value benchmarks all made new all-time highs by quarter-end, while the Magnificent 7 sat up low single digits on the year against roughly 10% for the index. One asterisk belongs on that record, though: For much of the half, the Russell 2000's single largest constituent was Bloom Energy, an $80 billion fuel cell company wearing a small cap costume, up more than 1,000% over the past 12 months or so. It was carrying nearly 2% of the index before Russell finally promoted it out at the June reconstitution—an exit worth 18%

in a single session, as the small-cap funds sold before the large-cap funds bought. The breadth is real, but some of the headline number was one very large tourist. We have two separate standalone pieces on Bloom on our website. Underneath, the earnings are cooperating, with the blended Q2 growth for the S&P 500 tracking near 25% and with the fastest revenue growth since 2022. By the fourth quarter, the other 493 companies are projected to outperform the Magnificent 7 outright. We could hardly draw a more constructive backdrop for our strategy of focusing on smaller, underfollowed businesses trading at deep discounts to their medium-term earnings power.

With all that said, this much adaptation carries its own risks. A market that has now been paid twice for keeping its composure will eventually start to confuse composure with strategy, and we can already see signs of the "over-learning" that we flagged last quarter. By HSBC's count, the unprofitable companies in the Russell 2000 are up more than 150% since mid-2025, better than four times the gain of the profitable ones. To us, that looks less like a rotation and more like gamblers in a casino finding a new table. And as we write in early August, the President has declared the Iran MOU "over" after attacks on tankers, strikes have resumed, and crude is climbing on the very risk it spent June shrugging off. So the market's composure is going to be tested again, and probably soon. We won't pretend to know how that will go. But we don't need to, because nothing in our portfolio depends on our guessing right. Our north star hasn't moved. We own businesses with identifiable value-unlocking transformations and hard catalysts, in positions sized so we can hold them through whatever fog rolls in. This strategy necessitates earned conviction in our names, combined with prudent sizing and portfolio construction that's defensive against catastrophe, but still poised to reap the rewards that patience can provide.

Q2 2026 Performance Attribution Update

In a quarter in which the S&P 500 rose nearly 15% and the average stock finally joined the party, the portfolio benefited from positions we had built and defended through far less pleasant tape.

Our largest contributor was Nebius (NBIS), at 55% of our net gains.[2] In Q1, we confessed we had sized it too slowly; in Q2, that point became moot. Our thesis has traveled from "below liquidation value" to "emerging AI hyperscaler" in less than two years. We have managed the position accordingly, but our view of the endgame hasn't changed.

VersaBank (VBNK) contributed 23% to our net gains, as it gains more deserved attention from investors. FTAI Aviation contributed 5%, with the name being treated as Strait of Hormuz "trading sardine", all of which will eventually give way to the fundamentals.

On the other side of the ledger, Nintendo (NTDOY) was our largest detractor at 53% of our losses. The fastest-selling console in the company's history beat its second quarter expectations, with operating profit up 150%. In fact, outside of the transitory tariff and memory headwinds, the company implicitly raised their FY 2027 guidance 30%, and the combination of increasing attached users via the best-in-class Switch 2, and the monetization of their evergreen digital library, is bearing fruit. And yet, amidst macro concerns, the market marked our largest holding to two-year lows for the quarter, although it seems to be making amends for this transgression. Anyway, as we said in our previous letter, one quarter doesn't prove anything. (Sometimes we wish it did; but this time we're glad it doesn't.)

Quarterly Investment Activity Update

If Q1 was a quarter for sitting still, Q2 was a quarter for working. Prices moved a great deal more than facts did, and nearly everything we did amounted to leaning into that gap: trimming what the market chased, adding to what it abandoned, and collecting option premiums in between. We typically look at option premiums on core positions as

[2] Contribution as a percentage of total net gains/losses.

the prevailing price of buying and selling insurance, as opposed to trading a stock outright, and there were plenty of high-priced premiums to take advantage of.

On AST SpaceMobile, we wrote calls against the position early in the quarter (following Blue Origin's failure to launch BB7) and closed them at a profit. We then sold puts in May with strikes at which we were happy to be put more stock. When the SpaceX IPO gave everyone a reason to sell every space company that wasn't SpaceX, we took the other side, rebuying in late June at roughly the prices at which we'd sold.

On Nebius, we trimmed some of our position and wrote calls against a meaningful portion of it in June with IVs (implied volatilities) that were hard to say no to, and with strikes at which we'd be genuinely pleased to sell.

In Nintendo, our largest holding, we added a little throughout the quarter as the memory cost guidance cut and price hike sent the stock to two-year lows. We also initiated a position in Take-Two Interactive Software in June (in the week *Grand Theft Auto VI* pre-orders opened), made up of the common stock plus December calls. Consider it adjacent to our core Nintendo work.

We also continued steady adds to FTAI and VersaBank during the quarter's weak patches.

Since we're now in early August after prioritizing our writing on Bloom and an upcoming Nintendo piece, here's a quick word on July: The MSCI USA Momentum Index, which rose ~33% in the three months through June, spent the first month of the new quarter handing back a good piece of that gain: Semiconductors experienced a 27% drawdown, and the S&P went sideways while factor rotations churned underneath it. Though semis have since rallied off that low, they are still marked ~17% below their end-of-June highs.

We used the washout to close half of the Nebius calls we sold in June, repurchasing them well below where we wrote them, which is our covered-call program doing precisely what it exists to do. We won't pretend the rest of the book is immune. Several of our companies now screen as momentum names, not because we bought a trend, but because genuine earnings momentum eventually shows up as price momentum, and factor models can't tell the difference.

The funds that bought our names without asking why they were going up are now reflexively selling them. That's a flows problem, not a fundamentals problem, and flows problems have short half-lives. This is duration mispricing in its purest form, as we wrote in our "Mispricings" piece: sellers whose horizon is measured in days and weeks setting prices for businesses whose value accrues over years. The volatility from quarter to quarter (and even from month to month, as July took a good portion of our mid-year returns and now August seems to be giving them back) is a reminder that capital flows often beget artificial price action unrelated to underlying fundamentals. The unwind of the AI trade in July and the general sell-off should push managers to ask whether they truly know what they own, or if they've simply been pressured into momentum trades.

We expect fundamentals to do what they always do: pull price back to a closer correlation with earnings—and on their schedule, not the market's. As we write now in August, the risk/reward across several of our names is as attractive as anything we've seen since the April lows.

Notable Position Updates

Nintendo (NTDOY)

Over the last three months, the debate on Nintendo has continued. We'll address it in a special long-form piece in the upcoming weeks. (We've been teasing this update for 2 quarters now, and if you know us, that delay is because it isn't a one-pager. You'll soon have plenty to read on the company.) Either way, memory pricing is still a live debate, with tariffs impacts and the "no first-half system sellers" takes off the table. Ultimately, we believe the market is discarding Nintendo wholesale amid trend-following taken to its extreme; quant funds and pod shops appear to be trading the name as an inverse-memory trade.

AST SpaceMobile (ASTS)

Q2 picked up exactly where Q1 left off. As we've stated before, the transition we laid out last quarter—from R&D-stage startup to operational scaleup—went from "underway" to "unmistakable" over the last three months. It charged us a toll along the way, however: The BB7 satellite launched on April 19 but was then lost when Blue Origin's New Glenn rocket failed during deployment. The failure was cleanly attributable to Blue Origin, not to AST; it amounted to a ~$125 million write-off (partially covered by launch insurance, and claims have been filed). AST's response on the May call was the right one, citing its 33 satellites (now 42, as of this writing) in advanced stages of production. So, yes, BB7 was a loss, but it's moving on to the next launch.

First-quarter results in May landed with modest revenue from gateways and government milestones, guidance reaffirmed, and. roughly $3.5B of cash. More important, the FCC granted commercial authorization for SpaceMobile service in the United States, covering a network of up to 248 satellites. So the regulatory question for the home market is now answered. Block 1 satellites also set a 98.9 Mbps peak-speed record to unmodified smartphones, with Block 2 expected to nearly double it.

Pro forma liquidity stands near $3.7B as of June 30, 2026, which is more than enough to fund the constellation buildout and get AST to commercial service without going back to the capital markets. However, the company cited the July convert was a raise to "go on offense," so we're excited to see what materializes as they now go from strength to strength.

The manufacturing story is where the scaleup shows in hard numbers. AST exited 2025 producing six satellites' worth of Micron phased arrays per month. It expects to hold a six-per-month full-stack testing, assembly, and integration cadence through the first half of 2026. Q2 ended with BlueBirds 11 through 33 in advanced stages of production and assembly, with Micron's equivalent to 40 satellites targeted for completion by mid-year (Update: complete), enough for AST to reach BlueBird 46. Its global manufacturing footprint now exceeds 500,000 square feet, with construction of a future 400,000 square foot Midland site recently announced. That's quite a scaleup.

Most importantly, CEO Abel Avellan confirmed on the call that single-satellite launches ended with BB7; future missions will stack satellites in groups of three, four, six, or eight. On June 17, BlueBirds 8, 9, and 10 went up together on a single Falcon 9 in the first multi-satellite BlueBird launch. The operational constellation now stands at twelve BlueBirds, and the structural question we flagged last quarter—whether the lighter Block 2 composite bus could hold up in a stacked configuration—has now been answered. Launch math has officially shifted from additive to multiplicative, and the company is targeting roughly 45 satellites in orbit in early 2027, using SpaceX and other providers. Blue Origin's untimely blow-up appears recoverable by year-end or soon after, with a return to launch by early 2027.

AST's recent convertible raise may have been untimely from a near-term share price perspective. But with manufacturing stepping up so quickly, we believe it was prudent for the company to ensure it could fund more launches, possible investments in spectrum, and a Japanese government-funded JV.

Everything else continued to progress: On the commercial side, Orange, Telefónica, CK Hutchison, Taiwan Mobile, and Sunrise were added or advanced, with Telus and Axian Telecom joining during the quarter. The partner base is now over 60 MNOs covering over 3 billion subscribers, and ground integration is underway in seventeen countries representing a combined 2.9 billion people. Management also laid out the spectrum stack in more detail than we'd seen previously: approximately 1,150 MHz of tunable low- and mid-band MNO spectrum globally, 45 MHz of MSS lower mid-band in North America, and 60 MHz of licensed S-band priority rights outside North America. Avellan also telegraphed a mid-band constellation beginning to launch by the end of 2026, which is not in the model and would meaningfully expand the TAM beyond the core D2D story. On the government side, AST layered a $30M prime contract from the Space Development Agency for HALO Europa Track 2 on top of the SHIELD IDIQ award from January, another direct-to-device national security workstream bolted onto the Golden Dome trajectory. Government revenue doesn't require a full constellation of satellites, and scales linearly with satellite count. Moreover, for the highest-value direct-to-device contracts, we believe AST remains the only bidder on Earth with demonstrated capability. In other words, "competitive procurement" for the contracts that matter is just a formality.

Finally, AT&T, T-Mobile and Verizon have agreed in principle to pool spectrum into a direct-to-device joint venture with economics that we think run directly through AST. That leaves SpaceX (which was refused wholesale access by all three of them) to build a vertically-integrated carrier of its own.

Net-net, AST is now manufacturing at scale and has managed the near-term issues associated with Blue Origin's setback. The shares spent late June and July being marked down with everything space-adjacent that wasn't SpaceX, and then again with everything carrying a momentum label. But none of that affected a single satellite, contract, or megahertz of bandwidth listed above. As we wrote in our AST thesis we sent to LP's, *Connecting Dots*, the treasure won't remain hidden forever, and another layer of wrapping is removed with each new government contract, satellite launch, or commercial partnership.

Nebius Group (NBIS)

Eighteen months ago, Nebius was a Russian-adjacent carve-out of Yandex, the Russian Google, with no anchor customer, a cash burn, and an open question as to whether capital markets would touch it. You had to squint at it in order to see a viable business that was arguably trading below liquidation value. On August 12th, the company reported a second quarter with $582.3 million in revenue and a 50% adjusted EBITDA margin in its core AI cloud business. Today Nebius is an AI infrastructure platform with roughly $46B of committed contract value from Microsoft and Meta, priority Nvidia silicon secured through Nvidia's own $2B equity stake, and a target of almost 5 GW of contracted power by year-end(with over 75% of it owned rather than leased). Moreover, it has a funding structure in which roughly 50-60% of capex is covered by customer prepayments; the balance was raised this spring as $4B of oversubscribed convertibles with coupons of 1.25% and 2.625%. Sub-1.3% paper to 2031 is the bond market's answer to any question regarding Nebius' long-term prospects—and a question we couldn't have fully answered a year ago at any price.

The Meta relationship remains the keystone: $27B over five years, split between $12B of dedicated capacity on one of the first large-scale Vera Rubin deployments (starting early 2027) and $15B on which Meta backstops Nebius's uncommitted third-party capacity as it comes online. That second piece turns Meta into a floor buyer for capacity that Nebius was going to build anyway, and collapses demand risk on the entire program.

First-quarter results, reported in May, printed $399M of revenue, up 684% year-over-year and 75% sequentially. The AI cloud business was up 841%, and adjusted EBITDA was positive at a 45% segment margin. Management raised its 2026 capex guidance from $16–20B to $20–25B and was explicit about why: pre-committed customer demand for 2027, not cost inflation, with more capacity coming online in the first half of 2027 than in all of 2026. The power footprint kept pace, as a second owned U.S. site in Pennsylvania, with up to 1.2 GW, joined the 1.2 GW campus in Independence, Missouri that's energizing early next year. And three software tuck-ins (Tavily, Eigen AI, Clarifai) should push the platform up the stack toward inference and agentic workloads. The company also signed a ten-year, $2.6B fuel-cell power partnership with Bloom Energy (whose supply chain we've studied rather closely—as those who read our work are well aware—and it's worth remembering that we're highly skeptical of Bloom's long-term prospects of procuring the scandium needed to hit their GW targets, not their ability to deliver on already contracted commitments). And in June the Nasdaq 100 committee did what index committees eventually do to businesses executing at this tempo, adding Nebius effective June 22. The shares made a record high into the inclusion and have since round-tripped a portion of it in July's momentum unwind (a subject we covered above). But all that share price movement had precisely zero impact on the positive developments we mentioned above.

Second quarter results built on the first quarter's momentum. Core deals averaged above $20 million per megawatt, with four landmark contracts (averaging over $1 billion each) clearing at $20 million to $25 million per megawatt. Short-duration contracts are now being negotiated at a significant premium, with pricing reaching $40 million to $50 million per megawatt. By reaffirming guidance set at $12 million into a market clearing above $20 million, management has established a floor rather than a forecast.

Structurally, Nebius is positioned to collect rent on the ASIC build-out without taking silicon risk. Specialized vendors like SambaNova are moving toward heterogeneous, disaggregated inference, which involves the use of GPUs for compute-heavy prefill and SambaNova's SN50 RDUs for memory-bound decode. In order to function, this architecture requires the bare-metal GPU capacity that Nebius sells.

On July 15, with the stock in the middle of that drawdown, Nebius announced an asset-light extension of the model in which partners finance, own, and operate the data centers while Nebius supplies the systems architecture, supply-chain access, and software stack and sells the resulting capacity through its own global sales organization. That's a high-margin revenue stream, in the company's words, with minimal incremental capital requirements. The pattern that built the last twelve months—secure the sites, lock the silicon, sign the contracts, layer on financing to pull the platform forward—now has a second gear that barely touches the balance sheet. Nebius's lead on the field continues to widen, and we're pleased to carry it as a scaled position.

FTAI Aviation (FTAI)

FTAI entered the book eighteen months ago as a special situation, as a short seller campaign had marked the stock into the low $80s. However, it has since graduated to "emerging compounder." Today. FTAI is the leading independent MRO franchise for the CFM56, the most widely-flown engine on earth. It runs a vertically-integrated platform that manufactures "green time" (remaining usable life) by tearing down older engines and rebuilding them with proprietary PMA parts and used serviceable material into modules that swap in days rather than months. In a supply-constrained aftermarket, that speed can be the difference between an airline flying or remaining idle. FTAI captures the demand for that speed with high-margin Aerospace Products revenue layered on top of leasing, with the whole model migrating towards capital-light through its Strategic Capital vehicles.

The first quarter, reported in late April, showed the 2026 guidance of $1.625B in segment EBITDA was table stakes: Adjusted EBITDA came in at $325.6M and Aerospace Products revenue more than doubled with segment EBITDA up 70%. And 270 CFM56 modules were refurbished, up 96% year-over-year. The second quarter, reported late July, saw the Aviation Leasing segment guidance cut from $575M to $475M as part of the company's shift toward a more asset-light business model. With the Aerospace Products segment holding firm, the 2026 bridge now points to roughly $1.525B, with a new 2027 target of $2.3B introduced. The dividend was raised for a third consecutive quarter, and the multi-year materials agreement signed with CFM International means FTAI is now formally partnered with the very OEM it takes aftermarket share from. That's about as clear a signal as you can get that the company's economics don't threaten the incumbent enough to provoke a response.

The capital-light transition is reaching its first payoff, as SCI I effectively deployed with 276 aircraft closed or under LOI against the $6B target. Management expects it to shift from investment to harvest at the end of Q2, the point at which the fee-driven half of the model starts producing rather than consuming, with fundraising for SCI II launched and an anchor commitment already secured.

Meanwhile, FTAI Power moved from announcement to execution, and, in late July, to backlog. The Mod-1, a CFM56 converted to burn natural gas and deliver 25MW of dispatchable power, exists because "time-to-power" is the key constraint for data centers facing multi-year turbine backlogs, and a jet engine that already exists beats a perfect machine that arrives in 2029 or 2030. During the quarter FTAI added a packaging joint venture with Jereh Group called J&F Power Systems. This JV cuts the company's working capital load without changing the unit economics, and prototype testing is running ahead of schedule. Then, on July 22, J&F signed a five-year master supply agreement with a leading international cloud service provider, and, under it, an initial purchase order valued at $1.465 billion for Mod-1 mobile generator sets to be delivered in batches through November 2027. FTAI expects that single order to absorb a substantial number of its targeted 2027 Mod-1 deliveries. Payments are milestone-based: an advance at signing, followed by progress payments through manufacturing, testing, and commissioning, with any downward performance adjustment capped at 10%. That provides notable asymmetry to FTAI for a first-of-its-kind product. The "commercial discussions centering on long-term service agreements" we described last quarter have a number attached to them now, and this is a floor, not the ceiling.

The core business is executing at scale, the OEM threat looks contained, guidance is rising, and the optionality stack keeps widening as FTAI Power secured its first contract with more to come.

Conclusion

Q1 tested whether our work holds up when the environment gets uncomfortable. But Q2 tested something equally important: whether our discipline holds up when everything works. Quarters like this one flatter our every decision. But in fact, we were paid for positions built and defended long before the fog lifted, not for anything clever we did in April, May, or June. We're under no illusion that one good quarter proves our process any more than one hard quarter disproves it.

The suspension we described last quarter resolved pleasantly; the next one may not. Our job is unchanged either way: We own businesses where the outcome depends on company-specific execution and hard catalysts, not on guessing which way the next headline breaks. And we size them so we're still holding when being right turns into being rewarded. As always, we are grateful for your trust and partnership, and we look forward to updating you as the year progresses.

Best regards,

Ryan O'Connor

To learn more about Crossroads and our investment process and philosophy, or to access our proprietary research and thought pieces going forward, please sign up at www.crossroadscap.io/contact-us and someone from our team will reach out to you. We continue to selectively look to partner with likeminded investors focused on achieving exceptional long-term performance and look forward to connecting.

CROSSROADS CAPITAL LLC

Disclaimers

+ No guarantee of investment performance

Past performance of the financial instruments mentioned in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. Any projections, market outlooks or estimates in this presentation are forward looking statements and are based upon certain assumptions. Other events that were not taken into account may occur and may significantly affect their returns or performance. Any projections, outlooks, or assumptions should not be construed to be indicative of the actual events that will occur. Future returns are not guaranteed. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from that financial instrument. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

+ No guarantee of accuracy

While the information prepared in this document is believed to be accurate, Crossroads Capital, LLC (the "Investment Manager") makes no representation or warranty as to the completeness, accuracy or timeliness of such information. The Fund and the Investment Manager expressly disclaim all liability for errors or omissions in, or the misuse or misinterpretation of, any information contained herein.

+ No obligation to update or act on information

The Investment Manager has no obligation to update any information contained herein, and may make investment decisions that are inconsistent with the views expressed herein. Any holdings of securities discussed herein are under periodic review and are subject to change at any time, without notice.

+ Not a recommendation to buy or sell any security

This report does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors, and investors must make their own investment decisions based upon their specific objectives and financial situation utilizing their own financial advisors as they deem necessary. Investors should consider this report as only a single factor in making an investment decision. All information provided is for informational purposes only and should not be deemed as investment or other professional advice or a recommendation to purchase or sell any specific security.

+ Not an offer to invest in our Fund

This report, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy limited partnership interests of Crossroads Capital Investment Partners, LP (the "Fund") which may only be made at the time a qualified offeree receives a confidential private offering memorandum ("CPOM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM, the CPOM shall control. The interests shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution.

+ Other disclaimers

contact@crossroadscap.io
+1 (816) 610-2437

Crossroads Capital, LLC
5440 West 110th Street, Suite #300
Overland Park, KS 66211, United States