Tapasya

JULY 4, 2026

TAPASYA INVESTMENT FUND I

BI-ANNUAL PARTNER LETTER 2026

INTRODUCTION

As we reach the midpoint of our fourth year, I want to begin by thanking you for your continued partnership and trust. Our journey together relies on a shared understanding that true outperformance requires patience and a steadfast commitment to identifying high-quality businesses.

The first half of 2026 has presented a complex market environment. We are witnessing a massive, ongoing shift in the technology sector, driven by the intense infrastructure build-out required to support artificial intelligence. While the broader market indices, particularly the S&P 500, have pushed higher, this rally has been relatively concentrated.

As a fund, we have experienced underperformance relative to our benchmark year-to-date. As always, short-term fluctuations are an expected part of our concentrated, long-term approach. Applying an engineering mindset to fundamental analysis means looking past the immediate noise and focusing on the underlying unit economics and long-term cash flows of the businesses we own.

Regarding portfolio activity, we had a fair amount of action this year, which include a significant position in Amazon making it the 2nd largest position in our portfolio, and selling Lululemon, Universal Music Group and Fannie Mae.

PERFORMANCE

Tapasya Investment Fund I (TIFI) results since inception

Date/Timeframe	Fund Returns (Gross)	LP Returns (Net)	S&P 500 (with Dividends)
2022 (Since Aug 17th)	-6.8%	-6.8%	-11.0%
2023	44.7%	35.8%	26.3%
2024	23.9%	17.9%	25.0%
2025	**30.9%**	**23.5%**	**17.9%**
2026 (through June)	**-10.2%**	**-10.2%**	**10.1%**
Since Inception	**100.3%**	**65.6%**	**84.8%**

Source: IBKR for Gross and NAV Consulting (Fund Administrator) for LP Returns
CAGR - Compounded Annual Growth Rate

MONTHLY RESULTS - NET OF FEES IN '%'

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2026	0.73	-9.06	-8.67	14.08	-1.29	-4.67							**-10.2**
2025	5.59	1.14	-3.93	0.81	5.63	2.26	0.86	4.34	5.66	-0.29	0.26	-0.55	**23.50**
2024	-0.14	4.39	3.17	-1.44	2.04	0.41	-0.18	3.73	6.16	-0.36	1.35	-2.33	**17.93**
2023	15.23	-5.29	6.60	-1.48	1.06	6.29	8.47	-2.46	-4.82	-5.00	9.71	5.11	**35.82**
2022								-1.76	-9.25	-4.31	15.49	-5.39	**-6.79**

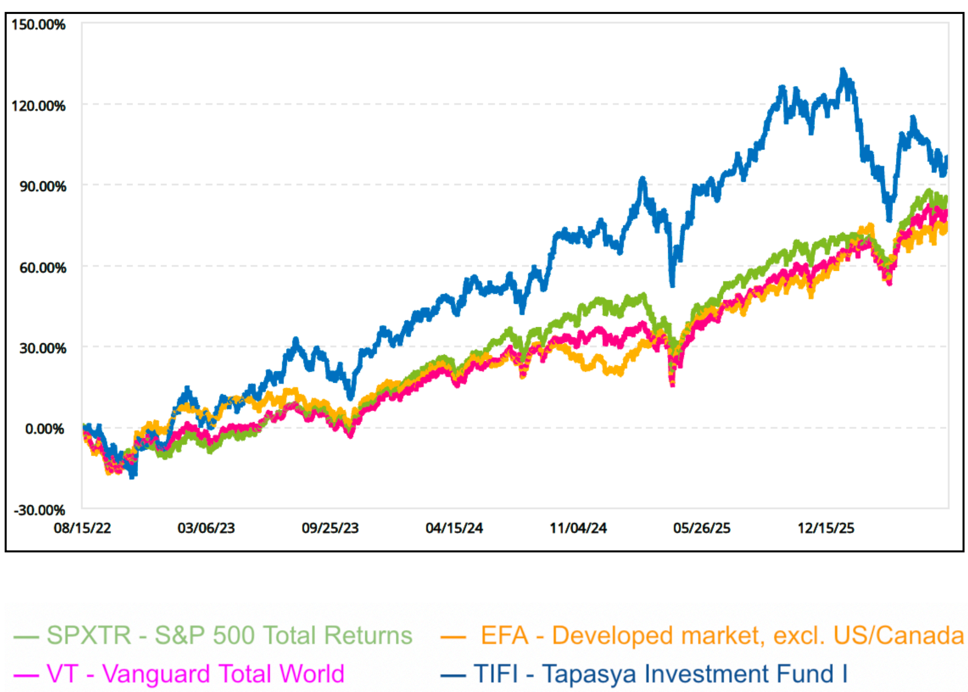
COUNTRY & ALLOCATION

Our portfolio remains globally diversified, with our heaviest concentrations in the United States and the Netherlands.

From a sector perspective, we are heavily weighted toward Technology (approx. 34%), Consumer Cyclicals (approx. 25%), and Telecommunications (approx. 20%) and Financials (approx. 9%)

Country	%
United States	73.1
Netherlands	15.2
China	5.2
Israel	4.2
Eurozone	2.3
Total	100

Gross Returns as of Jul 3rd' 2026



H1 2026 IN REVIEW

Navigating the AI Infrastructure Landscape

Much of the market's current momentum is tied to the semiconductor industry and the hardware stack required for large language models. We have spent considerable time analyzing the performance and margins of this sector, particularly the evolving dynamic between TPUs and GPUs. While we recognize the transformative nature of these technologies, we remain disciplined in our valuation methodologies.

The market is conflating between Value and Volume. Though, I would say that volume of AI growth seems clear, where the ultimate value will reside over the long-term is anyones guess. Whether it would be chip design, or LLM's, Cloud or Application layer or the picks and shovels. A coherent bear or bull case could you put across any one of these.

We avoid chasing momentum and instead focus on companies where the long-term unit economics justify the current price.

Income Generation and Risk Management

To navigate the current market volatility and generate additional income on our core holdings, we have actively utilized options strategies. By executing covered calls and cash-secured puts, we are systematically managing risk and enhancing the yield on our portfolio. This approach allows us to remain fully invested in our highest-conviction ideas while incrementally improving our capital efficiency.

Amazon Position

As detailed in my February '26 letter, "Amazon - Its the Time to Buy," we have established a significant position in Amazon, making it the second-largest holding in our portfolio. This decision was primarily driven by the strong tailwinds in the AWS business, which saw growth rates climb to 28% YoY in Q2'26. This segment remains highly profitable.

Additionally, we view Amazon as the only meaningful competitor to Starlink with a specific focus on serving the enterprise market. Their Advertising business also continues its robust expansion, reaching a $70B annual run rate.

In the Retail sector, the US business is growing with improving operating margins, while international retail shows even higher growth rates and a path toward better profitability. We successfully utilized recent market downturns and volatility to build this position.

Selling Lululemon, Universal Music Group and Fannie Mae

We sold out of Lululemon (LULU) and Fannie Mae (FNMA).

The reason for selling out of **Lululemon** was primarily the continued pressure on its US business, merchandise mistakes - though I think those are addressable but more importantly founder pressure who is also a big shareholder. This distracts the management from executing towards growing their business. We exited this position at an average price of $179.80.

Lulu has since corrected further, and at the time of writing this letter ~$118. I think this is a great business going for cheap and at some point would revisit my decision.

Universal Music Group is a market leader in the music industry. The management has struggled in delivering shareholder value. This is a strong business and recession resistant. The only reason to sell this is the managements inability to take actions such as a US listing etc. to deliver shareholder value.

Fannie Mae was a trade, which we held for little over a year. Our average buy price was about $1.30 and we multiples of that (over 6x). There is still some significant upside to this business, depending on what the government decides to do with it given that it is a Government Sponsored Enterprise (GSE).

PORTFOLIO

Top & Bottom Performers

Our top contributors to our performance were Alphabet, Prosus, and Carvana. On the other hand, our bottom performers were Lululemon, Chipotle, and Builder FirstSource.

Company	Symbol	Contribution
Interactive Brokers	IBKR	2.8
Alphabet	GOOG	2.5
Amazon	AMZN	0.9

Bottom Performers and their Contribution

Company	Symbol	Contribution
Prosus	PRX.AS	-4.2
Alibaba	BABA	-2.7
Adyen	ADYEN.AS	-2.1
Carvana	CVNA	-1.1
Adobe	ADBE	-1.0

A few lines across each of the companies we hold as part of out portfolio in order of their sizing

Alphabet (GOOG): Our largest holding and top contributor this year. The market's initial panic over AI disrupting its core search monopoly has proven premature, while its Cloud and Waymo segments continue to demonstrate exceptional underlying economics and growth.

Amazon (AMZN): A strong contributor in the first half of the year. The company's relentless focus on operational efficiency is yielding significant margin expansion in retail, while AWS remains a foundational pillar of the global AI infrastructure build-out.

Interactive Brokers (IBKR): Added during the market volatility of last year, IBKR has quickly become a top performer. We continue to benefit from their highly scalable, low-cost platform and an automated, engineering-driven approach to the brokerage industry.

Adyen (ADYEN): While near-term price action has been underwhelming, Adyen remains a top-tier European payment infrastructure company. We are focused on their long-term ability to capture enterprise volume globally rather than quarter-to-quarter market sentiment.

Uber (UBER): Uber continues to execute effectively on our original 2022 investment thesis. The network effects have fully taken hold, driving profitable growth and demonstrating a durable competitive advantage in global mobility and delivery. I believe it will be a winner in the autonomous vehicle era.

Prosus (PRX): A core long-term holding that has been a drag on recent performance. The thesis, however, remains fully intact: the entire company currently trades at a discount to the value of its underlying stake in Tencent, providing a substantial margin of safety alongside its other unlisted assets.

Berkshire Hathaway (BRK.B): A foundational, defensive pillar of the portfolio. It provides stability, exceptional capital allocation, and a fortress balance sheet that thrives during periods of broader economic uncertainty.

Carvana (CVNA): Carvana continues to defy skeptics by consistently surpassing execution expectations. Their unit economics are improving drastically, and they are successfully taking market share in a highly fragmented industry.

Alibaba (BABA): Our primary exposure to the Chinese market. Despite the persistent geopolitical noise and macroeconomic headwinds in the region, the business generates massive free cash flow and trades at a remarkably depressed valuation.

Chipotle Mexican Grill (CMG): Despite occasional market anxiety over margin pressures or temporary same-store sales blips, CMG boasts superior unit economics, a pristine balance sheet, and a clear, multi-year runway for new store expansion.

Global-E Online (GLBE): A relatively recent addition to the portfolio. They are carving out a highly specialized, sticky niche in cross-border e-commerce infrastructure, removing massive friction for global merchants.

Builders FirstSource (BLDR): The housing sector continues to battle the affordability crisis driven by high interest rates, impacting BLDR's short-term stock performance. However, management's aggressive share repurchases and exceptional return on invested capital (>20%) keep us firmly convicted in the long-term thesis once the macro environment normalizes.

Adobe (ADBE): We initiated this position recently, capitalizing on an over-correction driven by fears that generative AI would destroy its moat. We believe Adobe will ultimately integrate AI successfully into its dominant creative suite, making its tools more entrenched, not less. We have also actively utilized cash-secured puts on this position to generate additional yield while we build our stake.

Astera Labs (ALAB): A pure-play investment in the physical bottlenecks of AI infrastructure. As hardware stacks scale, data transfer speeds between GPUs and CPUs create severe connectivity drag. Astera's specialized signal integrity chips act as critical "picks and shovels," making their technology indispensable to the backend fabric of modern data centers regardless of which LLM or chip architecture ultimately wins.

As we conclude this letter, we continue to operate in one of the most complex macroeconomic conditions in recent history. While inflations levels remain above central bank targets, I expect them to moderate post Iran war. The prolonged tightening cycle has caused shifting expectations around rate cuts, which has created a complicated environment for markets.

PARTNER COMMUNICATION

Our operational infrastructure remains strong. We continue our valuable partnerships with NAV Consulting for fund administration and Akram & Associates for audit and tax services.

On a broader note, earlier this year, we officially launched Tapasya Ventures to focus on early-stage opportunities. This is partnership with Doug Moore If you have any questions or would like to discuss with me please reach out.

Thank you for entrusting me with your investments. I value your support and welcome any questions.

Yours sincerely,

Pratik Kodial