July 31, 2026

Dear Partner,

Below are updated results for the Hirschmann Partnership (the “Fund”).[1] In H1 2026, Class A and Class B returned 7.6% and 9.2%, respectively, versus 10.2% for the S&P 500. Despite its ultra-bearish strategy, the Fund has outperformed U.S. and global equities since inception.

	Class A Net Return	Class B Net Return	S&P 500 Index	MSCI World Index	Gold Miner Index	Junior Gold Miner Index	Gold (US$)
Q4 2014	-2.2%	-2.2%	4.9%	0.6%	-13.3%	-28.0%	-0.9%
2015	27.0%	24.8%	1.4%	-0.9%	-24.8%	-19.2%	-11.9%
2016	47.1%	44.7%	12.0%	7.5%	54.3%	75.1%	9.1%
2017	-12.6%	-12.6%	21.8%	22.4%	12.2%	6.2%	11.9%
2018	-23.0%	-23.0%	-4.4%	-8.7%	-8.5%	-11.3%	-1.1%
2019	63.3%	63.3%	31.5%	27.7%	40.4%	42.2%	18.2%
2020	52.1%	64.4%	18.4%	15.9%	23.7%	30.9%	24.8%
2021	-23.7%	-23.7%	28.7%	21.8%	-9.4%	-21.0%	-4.5%
2022	-53.0%	-53.0%	-18.1%	-18.1%	-8.6%	-14.3%	0.4%
2023	42.6%	42.6%	26.3%	23.8%	10.6%	8.6%	13.7%
2024	61.8%	61.8%	25.0%	18.7%	10.6%	15.7%	28.0%
2025	174.2%	187.3%	18.8%	21.1%	158.3%	176.5%	63.5%
H1 2026	7.6%	9.2%	10.2%	9.7%	-11.2%	-14.1%	-6.7%
Cumulative	**645.7%**	**728.6%**	**370.6%**	**244.8%**	**317.0%**	**261.4%**	**231.0%**
Annualized	**18.6%**	**19.7%**	**14.1%**	**11.1%**	**12.9%**	**11.6%**	**10.7%**

Past performance does not guarantee future results. Net Returns reflect the deduction of operating expenses and performance allocations. Please see the "Important Disclosures" in this document for critical information regarding benchmark comparisons and risk factors. Data as of June 30, 2026.

I next highlight why a severe global downturn and U.S. sovereign debt crisis seem likely, provide an update on the Fund’s gold mining equities (GMEs), and explain why I expect them to perform well in such a crisis.

Long-term Treasury yields are beginning to reflect concern about the U.S. fiscal outlook. The 30-year TIPS yield recently breached 3%, near its highest level since the early 2000s except for a blip at the start of the Global Financial Crisis.[2] A recent Federal Reserve analysis attributed the rise in long-term Treasury rates to concern about future inflation and deficits.[3]

The U.S. housing and equity markets also remain vulnerable. Housing affordability remains near a record low,[4] while days on market and the share of home listings with price cuts are rising.[5] Meanwhile, U.S. equities remain near record valuations according to several metrics that have historically helped predict long-term returns.[6] A substantial decline in either market could trigger a recession. As discussed in my year-end 2023 letter, a typical recession would push U.S. government debt to approximately 150% of GDP. Sovereign defaults have been nearly universal at comparable debt levels. A U.S. default—whether through inflation, the more likely outcome, or through missed payments—should cause gold demand to surge.

China poses an additional risk to global growth. Its economy remains heavily dependent on unsustainable manufacturing and infrastructure investment. For example, 2025 Chinese lithium battery production capacity was more than twice global demand.[7] At the same time, the country added approximately 2.5 times as many urban-rail route-kilometers in 2025 as the rest of the world combined, despite large operating losses across the system.[8] Because China accounted for roughly 30% of global GDP growth in 2025,[9] a Chinese investment slowdown would weaken the world economy and raise the risk of a global recession—and, in turn, a U.S. sovereign debt crisis.

Portfolio Detail

The Fund's portfolio is summarized below:

Security	[redacted]	Portfolio Weight Jun-26	Portfolio Weight Dec-25	H1 '26 Return Contribution	Price / Intrinsic Value	Stage
GME S	[redacted]	31.5%	18.6%	15.4%	13%	Developer
GME F	[redacted]	14.5%	13.8%	1.8%	21%	Developer
GME S2	[redacted]	13.2%	8.3%	6.0%	30%	Developer
GME E2	[redacted]	6.6%	10.3%	-3.7%	16%	Developer
GME E	[redacted]	6.5%	8.3%	-1.8%	7%	Developer
GME U	[redacted]	5.2%	7.3%	-1.9%	32%	Developer
GME C3	[redacted]	5.0%	7.4%	-1.9%	23%	Producer
GME X2	[redacted]	4.9%	6.2%	-1.1%	32%	Developer
GME Z	[redacted]	4.2%	4.6%	-0.1%	23%	Developer
GME P	[redacted]	2.7%	2.0%	0.5%	13%	Developer
GME G2	[redacted]	2.6%	5.5%	-2.7%	25%	Developer
GME U2	[redacted]	1.7%	4.8%	-0.3%	To Be Sold	Developer
GME N	[redacted]	1.4%	2.4%	-0.8%	6%	Developer
GME D2	[redacted]	1.0%	1.3%	-0.2%	22%	Producer
Total GMEs		**101.0%**	**100.8%**	**9.2%**	**19%**	
Cash		-1.0%	-0.8%	0.0%	100%	N/A
Total		**100.0%**	**100.0%**	**9.2%**		

Prices are as of June 30. Returns reflect the deduction of operating expenses and exclude the performance allocation. GMEs are listed by descending portfolio weight. Intrinsic Value represents the General Partner's internal, proprietary estimate of a security's value based on projected future cash flows and other subjective assumptions. These estimates are forward-looking, inherently uncertain, subject to change, and are no guarantee of actual realized value or future performance.

Gold fell 6.7% in H1, while the Junior Gold Miner Index declined 14.1%. Nevertheless, the portfolio gained 9.2% before performance allocations, as favorable company-specific developments at S, S2, and F more than offset declines elsewhere.

GME S was the Fund's largest positive contributor after receiving its construction permit, ending a [redacted]-year permitting delay. In H2, S expects to release an updated feasibility study, a key step toward a construction decision.

GME S2 appreciated following an investment from a large gold producer and the release of a favorable feasibility study. GME F rose after receiving project authorization from local tribes and the federal government.

GME G2 declined after reporting mixed exploration results, while GME U declined after a six-month permit delay. My intrinsic value estimates did not change materially because G2's valuation does not depend on substantial exploration success, while U's delay had only a modest effect on the project's timing.

GME C3, E, and E2 declined broadly in line with the Junior Gold Miner Index and had no major company-specific developments, suggesting that their declines primarily reflected sector weakness.

Gold's Diversification Value

Gold's correlation with risky assets, including U.S. equities, has increased since mid-2025,[10] prompting some investors to question its diversification value. However, correlations can change abruptly with the macroeconomic environment. For example, U.S. equity and Treasury returns were generally negatively correlated from the late 1990s until mid-2021 but have been positively correlated since then.[11] Gold's recent correlation with equities therefore need not persist.

More importantly, diversification depends on performance in adverse scenarios, not recent correlation alone. Because gold has no default risk, a U.S. sovereign debt crisis that drives investors from Treasuries should substantially increase gold demand. I therefore expect gold to rise as risky assets fall. Although higher real interest rates would ordinarily be a headwind, demand for protection against an inflationary U.S. default should more than offset that effect.

Valuation also matters. Even a debt crisis might produce disappointing returns if gold allocations were already near peak levels. However, as discussed in my prior letter, allocations remain about half their 1980 peak. Moreover, the sovereign debt crisis I anticipate should be far more severe than the inflation crisis around 1980, partly because the U.S. government debt-to-GDP ratio is far higher today. Gold allocations—and, by extension, gold prices—therefore have considerable room to rise.

GMEs Crisis Performance

Gold mining equities declined sharply during the 2008 and early 2020 market selloffs and could again decline temporarily during a market crash. However, I expect them to perform very well in a type of crisis for which the Fund is positioned: one involving declining confidence in U.S. government debt.

A GME's intrinsic value depends mainly on its expected project cash flows and the return investors require to own them, although forced selling or illiquidity can temporarily push a GME's market price below that value. If investors move from Treasuries into gold, higher gold prices should substantially improve the economics of the GMEs' projects. Developers should benefit from higher expected cash flows and potentially lower construction costs, while producers should benefit from wider margins as gold prices rise and input costs fall or grow more slowly.

Improved economics should also cushion cost overruns and improve access to financing. Although fundraising would become more difficult across the economy, developers with strengthening project economics should be better positioned than most issuers.

The Fund's portfolio appears attractively valued even without an increase in the gold price. Holding gold prices constant, my models imply an IRR of approximately 42% based on the GMEs' aggregate projected free cash flows.[12] This is not a projected Fund return. Although those cash flows are less certain than Treasury payments, the wide gap between the model-implied IRR and Treasury yields leaves substantial room for adverse outcomes, even if Treasury yields rise.

The crisis I anticipate should differ from the deflationary liquidity shocks of 2008 and early 2020, when Treasuries remained a haven. If government debt itself becomes the source of concern, gold could become one of the few major liquid havens, increasing expected GME cash flows and reducing investors' required returns. Gold mining equities also performed well during the Great Depression, the Great Inflation, and the aftermath of the dot-com bubble, when gold mining economics improved as conventional financial assets struggled.

Alignment and Fund Updates

My interests remain closely aligned with yours: I am the Fund's largest investor, and the vast majority of my net worth is invested alongside the Fund's limited partners. Unlike a conventional hedge fund, the Fund charges no asset-based management fee, generally avoiding the tax drag that such a fee can create for individual investors.[13]

The Fund's trailing 12-month operating expense ratio, excluding the performance allocation, was approximately 0.08% as of June 30, compared with Vanguard's reported industry average of 0.44%, excluding Vanguard funds.[14] From 2019 through 2025, 93% of the Fund's realized capital gains were long-term, and only 7% were short-term.[15]

As of June 30, the Fund had 34 limited partners and approximately $62 million in assets under management. June 30 account statements will be uploaded to the administrator's portal shortly, and preliminary 2026 tax estimates are expected in October. The next letter is scheduled for mid-January.

In March, I discussed the Fund's investment thesis on the Metals and Miners podcast. I also publish occasional Fund-related commentary on Twitter and LinkedIn.

The Fund remains open to new investors. Please feel free to share the redacted version of this letter with anyone who may be a good fit.

The Fund's most important competitive advantage remains its patient partners, and I greatly appreciate your continued support. As always, please contact me with any questions or suggestions.

Kind regards,

Brian Hirschmann
Managing Partner

Endnotes

[1] Sources: NAV Consulting (Fund administrator); S&P Dow Jones Indices; MSCI; Financial Times; MarketVector; and the London Bullion Market Association. Fund returns are net of all fees and expenses. Fund and benchmark returns are stated in U.S. dollars. Equity-index returns include reinvested dividends. The S&P 500 Total Return Index is presented on a gross total return basis, without deductions for dividend withholding taxes. The MSCI World Net Total Return Index, NYSE Arca Gold Miners Index (NTR), and MVIS Global Junior Gold Miners Total Return Net Index are presented on a net total return basis, after the deduction of applicable dividend withholding taxes. Gold returns reflect changes in the LBMA Gold Price PM and do not include income.
[2] Source: Trading Economics, "United States 30 Year TIPS Yield," daily historical data from 1999 through 2026, accessed as of the date of this document.
[3] Source: Daniel Covitz and Eric Engstrom, "Why Have Far-Forward Nominal Treasury Rates Increased So Much in the Past Few Years? Old Risks Reemerge in an Era of Fed Credibility," *FEDS Notes*, Board of Governors of the Federal Reserve System, February 12, 2026. The authors attribute the rise in far-forward Treasury rates to heightened perceived risks of adverse supply shocks that could raise inflation and weaken economic activity, and to increased concern about future federal deficits and debt sustainability. They conclude that these risks increased far-forward real risk premiums.
[4] Source: Federal Reserve Bank of Atlanta, "Home Ownership Affordability Monitor," latest available data as of the date of this document.
[5] Source: Redfin Data Center, national median days on market and share of listings with price reductions, latest available data as of the date of this document.
[6] The metrics referenced have historically had relatively strong relationships with subsequent long-term equity returns. These include price to sales, price to replacement cost, price to gross value added, price to GDP, and price to cyclically adjusted earnings. See the Hussman Funds Knowledge Center for additional discussion of reliable valuation metrics.
[7] Sources: Rhodium Group, *Global Clean Investment Monitor: Electric Vehicles and Batteries*; International Energy Agency, *Global EV Outlook 2026*, "Electric Vehicle Batteries." Hirschmann Capital calculation.
[8] Sources: Yonah Freemark, "Transit Project Openings in 2026: A Global Review," *The Transport Politic*, January 20, 2026; China Association of Metros (CAMET), Urban Rail Transit: 2025 Annual Statistics and Analysis Report, *Association Information*, 2026 No. 3 (General No. 78), §4.3, published April 29, 2026. Freemark reports that Chinese cities opened approximately 930 route-kilometers of metro and light-rail lines in 2025, compared with approximately 370 route-kilometers in the rest of the world (930 ÷ 370 = 2.51). CAMET reported a national average operating revenue-to-cost ratio of 57.58% for the systems included in its analysis, meaning that operating revenue covered approximately 58% of operating costs.
[9] Source: International Monetary Fund, "2025 China Article IV Consultation Press Conference," December 10, 2025, stating that China contributed about 30% of global growth. Hirschmann Capital calculations using IMF *World Economic Outlook* data also produce estimates of approximately 30% on both PPP- and nominal-dollar-weighted bases.
[10] Hirschmann Capital calculations using monthly percentage changes based on month-end observations in U.S. dollars for the LBMA Gold Price PM and the S&P 500 Price Return Index. For this calculation, the price return index was used; the performance table uses the S&P 500 Total Return Index. From August 2025 through June 2026, the correlation was 0.21, compared with 0.01 from January 1973 through July 2025. The recent-period estimate is based on eleven monthly observations and therefore may be unstable.
[11] Sources: Marco Lombardi and Vladyslav Sushko, "The Correlation of Equity and Bond Returns," *BIS Quarterly Review*, December 2023, Graph A1; Tobias Adrian, Johannes Kramer, and Sheheryar Malik, "Stock-Bond Diversification Offers Less Protection from Market Selloffs," IMF, February 18, 2026. The BIS found that the correlation between S&P 500 and U.S. Treasury returns switched from negative to positive in mid-2021, following approximately two decades in which it was generally negative.
[12] The IRR is a model-implied enterprise-level return calculated by treating the portfolio companies' aggregate enterprise values as of the end of the most recent reporting period as the initial investment and the General Partner's estimates of their corresponding aggregate projected after-tax unlevered free cash

flows as subsequent cash flows. Each company's enterprise value and projected cash flows are scaled consistently to reflect the Fund's economic exposure. The models assume constant nominal gold prices and mining costs and incorporate estimated production, royalties, taxes, and capital expenditures. The assumed gold price is the closing gold price on the final day of the most recent reporting period. Foreign exchange rates are held at the assumptions used in the General Partner's models. The calculation is not a projection of the Fund's return and does not reflect Fund fees and expenses, trading costs, future financing or dilution, or changes in the portfolio companies' market valuations. Actual results may differ materially from these estimates.

[13] Under current U.S. federal tax law, investment management fees generally are not deductible as miscellaneous itemized deductions by individual investors. Tax treatment may vary by taxpayer and jurisdiction. Sources: Internal Revenue Code § 67(g), as amended by Pub. L. 119-21, § 70110; Internal Revenue Service, "Tax Cuts and Jobs Act—Individuals," Itemized Deductions.

[14] Source: Vanguard and Morningstar, Inc. As of December 31, 2025, the asset-weighted industry-average mutual fund and ETF expense ratio was 0.44%, excluding Vanguard funds and ETFs.

[15] Hirschmann Capital calculation based on the dollar amount of the Fund's realized capital gains from 2019 through 2025. The calculation excludes unrealized gains and losses and does not represent any investor's after-tax return.

Important Disclosures

The Hirschmann Partnership LP (the "Fund") commenced operations on October 1, 2014. The Fund's principal objective is to achieve positive long-term returns primarily through fundamental analysis of small- and micro-capitalization equities in U.S. and foreign markets. Hirschmann Capital LLC (the "General Partner") seeks to achieve this objective by identifying securities trading at substantial discounts to intrinsic value. While the Fund primarily invests in small- and micro-cap equities, it may also invest in other securities. An investment in the Fund should be considered long-term.

The information contained herein reflects the opinions, estimates, projections, and other views of the General Partner as of the date of publication and is subject to change without notice. Certain statements are forward-looking and are based on assumptions that may prove incorrect. Actual outcomes or results may differ materially from those expressed or anticipated, and there is no assurance that any opinion, estimate, projection, or expected outcome will be realized. The General Partner undertakes no obligation to update this document after its publication date.

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This document does not by itself constitute an offer to sell or a solicitation of an offer to purchase an interest in the Fund. Any offer or sale of Fund interests may be made only through the applicable Confidential Offering Memorandum and subscription documents and only to investors who satisfy all applicable eligibility requirements. Only accredited investors and qualified clients will be admitted as limited partners. Fund interests are offered in reliance on an exemption from registration under the Securities Act of 1933. A registration statement has not been filed with the SEC, and the SEC has not approved the Fund, its offering terms, or the accuracy or completeness of its offering materials.

An investment in the Fund is speculative and involves substantial risk, including the possible loss of all or a substantial portion of the investment. The Fund maintains a highly concentrated portfolio, and this lack of diversification may result in greater volatility and risk of loss than a more diversified portfolio. Small- and micro-capitalization securities, foreign securities, and mining equities may be particularly volatile or illiquid. Interests in the Fund are not listed on an exchange, are subject to significant restrictions on transfer and withdrawal, and may not be readily sold. The Fund is not suitable for all investors and should not be considered a complete investment program. The Confidential Offering Memorandum contains a more complete discussion of the Fund's risks.

The Fund and the General Partner may have economic interests in securities discussed herein and may purchase, sell, or otherwise transact in those securities without notice. Securities discussed may not represent the Fund's entire portfolio, may not remain in the portfolio when this document is received, and may subsequently be repurchased after being sold. No assurance is given that any security or investment discussed was or will be profitable.

Past performance is not indicative of future results, and no representation is made that any investor will achieve results similar to those shown. Fund-level performance results presented in the principal performance table are for the Hirschmann Partnership LP and are net of all applicable fees and expenses, including performance allocations, brokerage commissions, and other operating expenses. Net performance reflects the reinvestment of dividends, interest, and capital gains. Security-level returns and contribution figures in the portfolio table exclude the performance allocation, as stated beneath that table.

Performance data are through the dates listed below the performance data tables; current performance may be higher or lower, and reported performance may be revised following final reconciliation or audit.

The General Partner does not charge an asset-based management fee. For each Class A Limited Partner, the General Partner is allocated a performance allocation equal to 25% of the amount by which the increase in net asset value exceeds a 6% annualized hurdle rate. For each Class B Limited Partner, the General Partner is allocated a performance allocation equal to 33% of the amount by which the increase in net asset value exceeds the S&P 500 Total Return Index. Performance allocations are generally calculated and earned annually or upon a withdrawal from the Fund. Because investors may be subject to different fee arrangements and because performance depends on the timing of capital contributions and withdrawals, individual investor results may differ from those presented herein.

References to indices and other benchmarks are provided for informational purposes only and do not imply that the Fund will achieve similar returns, volatility, risk, or other characteristics. Indices are unmanaged, do not incur the Fund’s fees and expenses, and generally cannot be invested in directly. The Fund’s concentrated, actively managed portfolio differs significantly from the constituents and characteristics of the indices shown.

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