

PRAETORIAN CAPITAL

Q1 2026 Investor Letter

April 22, 2026

During the first quarter of 2026, the Praetorian Capital Fund LLC (the “Fund”) appreciated by 16.44% net of fees. Given the Fund’s concentrated portfolio structure and focus on asymmetric opportunities, I anticipate that the Fund will be rather volatile from quarter to quarter. During the first quarter, our core portfolio positions appreciated decently, while the Event-Driven book produced a small gain.

Praetorian Capital Fund LLC		
	Gross Return	Net Return*
Q1 2026	20.91%	16.44%
YTD 2026	20.91%	16.44%
2025	13.94%	12.39%
2024	-9.41%	-10.55%
2023	34.70%	26.45%
2022	16.38%	11.95%
2021	181.80%	142.87%
2020	161.87%	129.49%
2019	18.71%	14.97%
Since Inception (1/1/19)	1613.75%	961.91%

*Net return varies from gross return as it accounts for management fees and incentive allocations. Please see the additional disclaimers on the final page of this document.

During the spring and summer of 2025, I took an extended vacation to try and understand why our portfolio wasn’t performing in line with my expectations. Through that journey, I worked to crystalize a new economic model to explain the sluggish performance of our businesses, consummating in my new narrative of [Economic Feudalism](#) as the current global economic model. Suddenly, with this theory in hand, I could understand why the global economy appeared mired in recession, and I could better understand the sorts of investments that would prosper in those economic conditions. Since my epiphany, I rebuilt our portfolio and the Fund’s performance has begun to track more in line with my expectations, including the current quarter which is something of a slump-buster if continued performance in April is any guide.

Normally, these letters are replete with economic views and forecasts, but currently, everything in global economics comes down to one question; will Hormuz open or not. I don’t feel particularly capable of answering that question any better than any other prognosticator. When you look at incentives, it’s in Iran’s interest to stall for time and do everything possible to run the clock, draw commodity inventories globally, and make things incredibly painful for everyone involved—with the goal of forestalling any future

thoughts of regime change operations. For most everyone else involved, the goal is to open Hormuz before the world is crippled by a depression.

As you can imagine, the world cannot continue to draw petroleum inventories at the current pace before stuff breaks, and soon. It's even worse when you look at other products like fertilizers where the world is dangerously close to missing the spring planting season.

What will happen?? Nobody knows and I admit to being unqualified to tell you—as the fog of war is thick. If anyone thinks that monitoring the various tweets, AI generated content, and high-level leaks will lead them to an answer, they're also fooling themselves. It's called a fog of war for a reason.

Fortunately, we were well positioned for Hormuz shutting even before the war started—as our portfolio is mostly long inflation beneficiaries, long volatility, long exchange trading volumes, and long disruption. We even got lucky to have a large exposure to refiners, which have dramatically over-earned since the war began. I think this portfolio continues to do well if Hormuz opens tomorrow, and could do even better if Hormuz never opens. We have trimmed some Event-Driven equity positions to generate a bit of dry powder in case anything crazy happens, and to take advantage of some war-time volatility, but overall, we've done very little in the core book since the war started.

That's actually the point. While keenly focused on the left tail risk that could permanently impair our portfolio, I spend most of my time trying to understand where the puck is going twelve, eighteen, and twenty-four months out. Not what Trump tweets in the next fifteen minutes.

Our edge, such as it is, lives in looking through the noise. Through the retail crowd YOLO-ing ODTE options. Through the pod-shops getting gamma-squeezed into quarterly prints. Through whatever narrative the correlation matrix has decided to obey this month. Our edge is in focusing on what we can actually quantify and predict.

Backing up a step, markets are always fixated on something. Twelve months ago, every correlation went to one around tariffs. Before that, it was regional banks choking on duration risk. Before that, the UK GILTs blew out, and before that, we all fixated on a land war in Ukraine. I am old enough to remember when the entire industry reorganized itself around the RORO market, "risk on, risk off", an analytical framework so deep it could be reduced to two syllables. There is always a narrative-du-jour, and it always feels, in the moment, like the narrative is all that matters. Yet, it rarely is. It's only what matters to the next few percentage change in prices.

Does anyone actually have edge in guessing the outcomes of these narratives?? You can game-theory it all you want. You can build decision trees. You can pay for "expert networks" staffed by people who used to work near the person who allegedly knows. However, most of these events are unknown-unknowns unless you are part of the inside grift. Even if you can guess correctly at this, your edge is going to be quite small over a huge sample set.

Trading these narratives is an educated guess. It is not edge. Everyone wants a hot take because hot takes are how you sound smart at dinner parties, and get Twitter follows. But at the end of the day, what we do is place probabilistic bets on asymmetric outcomes, looking many quarters out into the future.

Will Hormuz open this week?? Who knows??

Will Marex (MRX – USA) be a structural beneficiary of elevated commodity volatility and trading volumes as we move from a unipolar world, and into a multipolar one with increasing structural imbalances?? That is a bet I can actually underwrite.

Don't get bogged down in the narrative-du-jour.

Climbing down from my soap box, let's talk about Marex, which recently pre-announced blow-out results for the first quarter, and saw its shares appreciate by 38% from before the announcement until the shares peaked out 13 trading days later. As a guy who mostly invests in inflecting securities with un-capped upside, I'm always amazed at how a good earnings report can reset all of the valuation metrics. I originally expected Marex to earn around \$4 to \$5 a share in 2026 (up from \$4.12 in 2025). Following a huge March for them, I now expect Marex to earn well in excess of \$5 and more like \$6 a share in 2027. Putting a 20 times earnings multiple on that (it's a business that grew revenues 27% in 2025 with a 27.6% ROE), gets you to \$120 a share for a fair value as we begin to approach next year, when compared to \$44.58 at quarter end—which is quite the mismatch.

The reason that we focus on high-quality businesses with accelerating fundamentals, is that when you get it right, you REALLY get it right as all the metrics reset higher. Despite a large share price move since pre-announcing first quarter results, the shares remain optically quite cheap with a single-digit forward multiple, and the fair value is likely to keep increasing as they continue to grow the business, with an added benefit from periods of elevated volatility and trading volumes.

I normally enter earnings season with a bit of trepidation as I fear the unknown unknowns. I have been wrong before, but this time, I have an anxious anticipation as many of our companies have readily observable indicators foreshadowing similar blow-out results when they report first quarter results over the coming weeks. While many of the shares have appreciated in anticipation of those earnings, it seems that in our increasingly quant, pod-shop, and momentum market, if a company beats earnings by a mile and then raises guidance materially, the stock goes up, especially if it's trading at a single-digit earnings multiple on next year's earnings.

As you can imagine, I'm excited to see if we can get some more price moves like Marex. We own a collection of good businesses that are obviously inflecting. I feel like we're in the sweet spot for the first time in a while. Now comes the fun part...

Position Review (Top core position weightings at quarter end from largest to smallest)

Emerging Markets Basket

For the past decade and change, Emerging Markets have been in a relative bear market, as investor capital has migrated to US markets. In the process, many emerging markets have gotten quite cheap when looking at them from a valuation perspective. This Fund has a sweet spot for cheap assets, but Emerging Markets have been cheap for quite some time now. You could have said the same thing years ago and likely be sitting on paper losses today, while having tied up capital. What you need is a catalyst that unlocks this value. I believe that catalyst is a potential decline in the US Dollar, tied to policy changes emanating from the Trump Administration. For MAGA policies to work, the US needs to follow a weak Dollar policy. At the same time, Emerging Markets, which frequently borrow in US Dollars, are hamstrung by a strong dollar, but a weakening dollar is a boon to their economies. As a result, I've built up positions in various Emerging Markets that are highly impacted by the US Dollar, with the view that a weakening Dollar should be a catalyst for asset values.

Precious Metals Basket

In an inflationary world with loss of faith in Central Banks, precious metals tend to do well. We own two companies that should be beneficiaries of precious metals either appreciating or at least staying at elevated prices. Neither of these companies are directly in the mining business, which is risky and capital intensive—though one is a service provider to miners.

St. Joe (JOE – USA)

JOE owns approximately 165,000 acres in the Florida Panhandle. It has been widely known that JOE traded for a tiny fraction of its liquidation value for years, but without a catalyst, it was always perceived to be “dead money.”

Over the past few years, the population of the Panhandle has hit a critical mass where the Panhandle now has a center of gravity that is attracting people who want to live in one of the prettiest places in the country, with zero state income taxes and few of the problems of large cities.

The oddity of the current disdain for so-called “value investments” is that many of them are growing quite fast. I believe that JOE may grow revenue at a rapid rate for the foreseeable future, with earnings growing at a much faster clip. Meanwhile, I believe the shares trade at an attractive multiple on Adjusted Funds from Operations (AFFO), while substantial asset value is tossed in for free.

Besides the valuation, growth, and high Return on Invested Capital (ROIC) of the business, why else do I like JOE? For starters, land tends to appreciate rapidly during periods of high inflation. More importantly,

I believe we are witnessing a massive population migration as people with means choose to flee big cities for somewhere peaceful.

I suspect that every convulsion of urban chaos and/or tax-the-rich scheming will launch JOE shares higher, and it will ultimately be seen as the way to “play” the stream of very wealthy refugees fleeing for somewhere better.

Refiners

Refiners have suffered for over a decade (excluding the immediate aftermath of the Ukraine war), leading many Western refiners to shut, rather than invest substantial capital in upgrades to meet spurious mandates. Meanwhile, China flooded the world with refined product, destroying economics for everyone. Over the past few years, China has chosen to shut so-called teapot refiners and pivot larger refiners to petrochemicals. At the same time, demand for refined products has continued to grow, and for the first time in very many years, the crack spread has become elevated on a forward basis, indicating a tightness in the markets.

On the supply side, we have relatively good visibility in terms of which new refineries will come online, with some uneconomic ones still slated to shut. On the demand side, most data providers assume a rather balanced market with demand growth staying anemic. I don't think this is a bad assumption, as the world is in a recession.

However, should there be economic growth, even just some wisps of growth as the Dollar declines and Emerging Markets (which have huge marginal propensity to consume petroleum products as they see growth) recover, energy demand could exceed estimates.

This had previously been my energy thesis, basically that 7 billion people want the same standard of living that 1 billion in the First World have today. Now, I believe I've found a better way to express it as it takes many years to build a new refinery. Meanwhile new oil supply can come online far faster, leading to a bottleneck that extracts most of the pricing economics in a demand recovery.

We own 2 diversified refining companies with clean balance sheets, a strong propensity for buybacks, and a valuation that is at a substantial discount to replacement cost of their refineries. I think this trade works if governments return to pro-growth policies, or the US Dollar weakens enough that EM energy demand can increase.

Think of this position as a hedge should global economic growth accelerate, though it can also experience periods of excess earnings should geopolitical volatility change global trading patterns and increase domestic crack spreads.

Marex (MRX – USA)

Marex focuses on trading solutions for mid-market commodities firms, hedge funds and futures speculators.

Marex continues to take market share from bulge bracket firms who are unable to offer competitive levels of services to mid-market firms, while consistently purchasing smaller players who cannot afford the increased compliance costs of participating in a global market.

My view is that in the increasingly volatile and financialized markets of the future, CFOs will feel a need to hedge not just commodity risks, but currencies, interest rates, freight rates, weather derivatives and all sorts of other products that may not even exist today. As the CFO, you get a large bonus for hedging correctly, and few penalties for hedging poorly, since Adjusted EBITDA tends to adjust the losses away. With retail investors increasingly fixated on gambling, why shouldn't the C-Suite do the same??

Meanwhile, Marex trades at a high single-digit 2027 estimated earnings multiple, has grown earnings at an impressive rate, and has consistently earned unusually high returns on equity, despite constantly reinvesting in the business. I see this as something of a long-term compounder that overlaps in many of my favorite themes, with many tailwinds and opportunities to continue to consolidate a sector with few scale competitors for M&A opportunities.

In summary, our names are inflecting. Based on past experience, when they stop being range-bound, and start hitting new all-time highs (or multi-year highs) repeatedly, they tend to keep doing that. As long as results continue to accelerate, so should our positions, with plenty of head-room for multiple expansion as well.

That said, I'm not going to rush out and add more exposure until we have clarity on Hormuz and a bunch of other items that worry me. I still expect us to hit escape velocity with "Project Zimbabwe" but first I do anticipate a smash, hence we're keeping equity exposures lower than normal and trying to be patient.

Sincerely,



Harris Kupperman

Appendix

Praetorian Capital Fund LLC		
Quarterly Returns		
	Gross Return	Net Return*
Q1 2026	20.91%	16.44%
YTD 2026	20.91%	16.44%
Q1 2025	2.76%	2.44%
Q2 2025	3.91%	3.59%
Q3 2025	6.11%	5.70%
Q4 2025	0.57%	0.21%
2025	13.94%	12.39%
Q1 2024	11.90%	9.25%
Q2 2024	-1.76%	-1.69%
Q3 2024	-2.51%	-2.29%
Q4 2024	-15.48%	-14.76%
2024	-9.41%	-10.55%
Q1 2023	-1.78%	-2.09%
Q2 2023	9.79%	8.00%
Q3 2023	15.04%	11.92%
Q4 2023	8.57%	6.85%
2023	34.70%	26.45%
Q1 2022	19.79%	15.55%
Q2 2022	-18.16%	-15.69%
Q3 2022	0.01%	-0.30%
Q4 2022	18.69%	15.26%
2022	16.38%	11.95%
Q1 2021	57.50%	45.66%
Q2 2021	28.14%	23.96%
Q3 2021	11.42%	9.85%
Q4 2021	25.32%	22.44%
2021	181.80%	142.87%
Q1 2020	-41.22%	-41.22%
Q2 2020	54.32%	54.32%
Q3 2020	34.09%	29.32%
Q4 2020	115.28%	95.63%
2020	161.87%	129.49%
Q1 2019	6.10%	4.88%
Q2 2019	7.96%	6.44%
Q3 2019	-10.23%	-8.40%
Q4 2019	15.44%	12.42%
2019	18.71%	14.97%

*Net return varies from gross return as it accounts for management fees and incentive allocations. Please see the additional disclaimers on the final page of this document.

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