Wentworth Capital

Shareholder Letter — H1 2025

For the six months ended June 30, 2025

Partners,

During the first half of 2025 we concentrated on protecting permanent capital while selectively adding to positions where the gap between price and intrinsic value widened. Our objective is not to forecast near-term outcomes; it is to continuously improve the quality of our decisions and the resilience of the portfolio across cycles.

Market conditions featured sharp rotations, episodic liquidity-driven selling, and a wider dispersion between companies able to self-fund growth and those reliant on external financing. In this environment we emphasized three operating principles: (1) pay for cash flows, not narratives; (2) underwrite downside first; and (3) require a credible path to compounding per-share value.

Process updates. We tightened our research gating criteria by requiring a written variant-perception framework before initiating or increasing a position. This forces us to articulate why the market may be mispricing an outcome and what observable signals would indicate the thesis is drifting. We also expanded pre-mortem exercises for larger additions, explicitly listing the most likely ways we could be wrong and the mitigation actions available.

Portfolio positioning. Concentration remains intentional. We prefer to hold a smaller number of high-conviction businesses where we can explain the drivers of returns and the principal risks. At the same time, concentration only works if positions are sized to survive adverse scenarios. We trimmed exposure where valuation no longer offered an asymmetric payoff and recycled capital into situations with clearer downside protection or improving competitive dynamics.

Risk posture. We do not manage to a benchmark; we manage to avoid permanent impairment. We monitor risk through three lenses: business risk (unit economics, competition, capital intensity), balance-sheet risk (leverage, refinancing windows, liquidity), and market risk (crowded ownership, sensitivity to rates and risk-off regimes). The most important risk management tool remains the entry price.

Looking ahead, we expect volatility to remain a feature rather than a bug. Our response is to stay patient, keep cash-flow quality high, and be ready to act when dislocations create opportunities. Thank you for your continued partnership.

Sincerely,

Wentworth Capital — Investment Team