THIRD POINT INVESTORS LIMITED

1 May 2024

Third Point Publishes Q1 2024 Investor Letter

Third Point LLC, the Investment Manager of Third Point Investors Limited ("**TPIL**" or the "**Company**") announces it has published its quarterly investor letter for Q1 2024. The full letter can be accessed at the Company's website: https://www.thirdpointlimited.com/resources/portfolio-updates

Highlights:

- The Master Fund performed well, generating a 7.8% gain in the First Quarter, driven by the strong performance of large cap tech companies as well as continued gains from event driven positions including Bath & Body Works and Vistra.
- Third Point continues to be constructive on the current risk-taking environment, believing that absolute and real interest rates are near or at the top of their ranges, and with important themes such as Artificial Intelligence (AI) presenting interesting opportunities across sectors.
- The Investment Manager outlines in detail several positions that are leveraged to the AI theme, which is a key element in the thesis of nearly half of the firm's equity positions currently. It also provides an update on its activist position in Advance Auto Parts.

Performance Key Points:

- Third Point LLC ("**Third Point**" or the "**Investment Manager**") returned 7.8% in the flagship Offshore Fund (the "**Master Fund**") during the first quarter of 2024.
- The top five positive contributors for the quarter were Meta Platforms Inc., Vistra Corp., Amazon.com Inc., Bath & Body Works Inc., and Microsoft Corp.
- The top five negative contributors for the quarter, excluding hedges, were Pacific Gas & Electric Co., DuPont de Nemours Inc., Humana Inc., Marvell Technology Inc., and a Short Position.

Outlook and Market Commentary:

- Third Point believes that we are no longer in an inflationary economy based on an analysis of labour, rents and other key components, and thus, absolute and real interest rates are at or near the top of their ranges.
- The firm continues to be in the "soft landing" camp, but sees some impending weakness in labour, which could impact demand in certain sectors. However, it expects that future action from the U.S. Federal Reserve will temper the extent of future economic declines.
- Third Point sees that unlike in past periods of technological paradigm shifts, the new technology of AI favours incumbents which are deploying their financial and intellectual war chests to win the AI arms race.
- This is most obviously apparent at "legacy" technology leaders such as Microsoft and Amazon, but can also be seen in a diverse set of sectors, including energy (Vistra) and market data (London Stock Exchange Group).

Position Updates

- Vistra Corp.
  - Vistra is one of the largest independent power producers ("IPPs") and retail electricity providers in the U.S., which has been valued at a steep discount to the utility sector and broader market due to supply/demand imbalances keeping U.S. electricity prices low.

  - The company, however, has been a smart capital allocator, and in March 2023 acquired the nuclear generation assets of Energy Harbor, which served as the catalyst for Third Point acquiring shares.
  - More recently, nuclear generation assets have come to be appreciated as a reliable and clean source of power for data centre buildouts as the AI arms race commences.
  - Third Point believes Vistra is in a good position to capitalize on these trends, and it expects the discount applied to their assets to continue to narrow as their business becomes increasingly essential to serving domestic power demand.

- London Stock Exchange Group
  - During the first quarter, Third Point added to its position in LSEG a mission-critical capital markets data provider that it believes will be a beneficiary of Generative AI adoption in financial services.
  - LSEG is now the only scale vendor working with Microsoft to democratise access to financial data and embed it directly into Office365. Third Point also expects that LSEG/MSFT will co-develop a powerful Research Assistant application sitting on top of both LSEG's and clients' data estates that will meaningfully reduce the time and manpower needed to analyse data.

- Alphabet
  - During the first quarter, Third Point made a substantial investment in Alphabet as the market worried about the impact of new AI entrants on Google Search.
  - With Generative AI poised to take content creation costs to zero, much like when the internet took distribution costs to zero, there will be a proliferation of information. Against that backdrop, the Investment Manager believes that Google Search will be increasingly important as a source of truth.
  - In addition, Third Point is encouraged by marginal improvements to control expense growth as well as decisive handling of employee unrest.

- TSMC
  - During the first quarter, Third Point added to its investment in TSMC, which it sees as the "toll road" of the semiconductor industry, particularly for AI compute.
  - Today, TSMC derives a relatively small percentage of its revenue from AI processors, largely from Nvidia, but Third Point believes that percentage will rise quickly as AI compute broadens and as companies such as Amazon, Microsoft and Meta all increasingly rely on TSMC to build their own chip designs.
  - The main concern weighing on TSMC shares is Intel's entry into the semiconductor foundry market, however, Third Point believes it will prove difficult for Intel to challenge TSMC's dominance.

- Advance Auto Parts
  - Third Point established an activist position in Advance Auto Parts in the fourth quarter of 2023 and subsequently went public with the position in the first quarter of 2024.
  - Advance operates in the highly attractive auto aftermarket industry, which has proven resilient in various consumer cycles and is currently supported by increasing vehicle complexity, a growing and aging fleet of vehicles on the road, and supply and affordability challenges.
  - While Advance has significantly underperformed peers over the past several years, which presented a compelling entry point, Third Point's work suggests that many of these shortcomings are not structural.

- Feedback has been consistent that a lack of relevant industry experience in key roles has led to years of inconsistent execution. Third Point believes that a portion of the performance gap versus peers can be closed with new leadership and advisors in place.
- Following engagement with Third Point, the company recently added three new directors, who each bring unique and highly relevant industry experience that the previous Board lacked.
- Third Point believes that even minor operational improvements at the core will drive considerable upside to shares, and it is confident that the company now has the right leadership in place to deliver.

Press Enquiries

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Notes to Editors

About Third Point Investors Limited

www.thirdpointlimited.com

Third Point Investors Limited (LSE: TPOU) was listed on the London Stock Exchange in 2007 and is a feeder fund that invests in the Third Point Offshore Fund (the Master Fund), offering investors a unique opportunity to gain direct exposure to founder Daniel S. Loeb's investment strategy. The Master Fund employs an event-driven, opportunistic strategy to invest globally across the capital structure and in diversified asset classes to optimize risk-reward through a market cycle. TPIL's portfolio is 100% aligned with the Master Fund, which is Third Point's largest investment strategy. TPIL's assets under management are currently $600 million.

About Third Point LLC

Third Point LLC is an institutional investment manager that actively engages with companies across their lifecycle, using dynamic asset allocation and an ethos of continuous learning to drive long-term shareholder return. Led by Daniel S. Loeb since its inception in 1995, the Firm has a 43-person investment team, a robust quantitative data and analytics team, and a deep, tenured business team.

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Third Point manages approximately $11.2 billion in assets for sovereign wealth funds, endowments, foundations, corporate & public pensions, high-net-worth individuals, and employees.