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Third Point Publishes Q1 2025 Investor Letter

Third Point LLC, the Investment Manager of Third Point Investors Limited (“**TPIL**” or the “**Company**”) announces that it has published its quarterly investor letter for Q1 2025. The full letter can be accessed at the Company’s website: <https://www.thirdpointlimited.com/resources/portfolio-updates>

Highlights

- Third Point’s flagship Offshore Fund (the “**Master Fund**”) declined 3.7% in the First Quarter as U.S. tariff announcements and the prospect of a global trade war weighed on markets.
- While not unscathed, Third Point weathered these developments by proactively making opportunistic sales and by taking its net and gross exposures to multi-year lows. The Investment Manager feels it is currently well positioned following the addition of several new names selected for the current environment.
- Third Point LLC (“**Third Point**” or the “**Investment Manager**”) outlined its view on the macroeconomic environment as well as its new position in CoStar Group. It also provided updates on the corporate credit and structured credit portfolios, as well as an update on the integration of Birch Grove, an alternative credit manager.

Performance Key Points

- Third Point returned -3.7% in the Master Fund during the First Quarter of 2025, versus the -4.3% return of the S&P 500 Total Return Index.
- The top five positive contributors for the quarter were Meta Platforms Inc., Rolls-Royce Holdings PLC, Intercontinental Exchange Inc., Phoenix Holdings Ltd., and Telephone and Data Systems Inc.
- The top five negative contributors for the quarter were Pacific Gas & Electric Co., TSMC, Carvana Co., Amazon.com Inc., and Danaher Corp.

Outlook and Market Commentary

- The First Quarter began with investor optimism for the Trump administration’s expected plans for deregulation, improved tax and energy policy, reduced government spending and a general business-friendly environment. But by quarter-end, concerns around trade policy turned sentiment decidedly negative.
- Over the past few weeks, the administration seems to have mitigated some of its more aggressive tariff objectives, however, the slowdown in deal-making, financing, and general economic activity continues.
- At the time of writing, Third Point awaits details of any individual trade deals and is working with a wide spectrum of possible economic and market outcomes until negotiations yield tangible results.
- The Investment Manager realized gains earlier in the year through opportunistic sales in Q1 and into Q2 that took its gross and net exposures to multi-year lows and provided dry powder to deploy at the right time.
- Third Point increased its investments in event-driven, activist, and risk arbitrage positions that it feels will perform well in a more turbulent market environment due to their catalyst-oriented nature (CoStar and U.S. Steel), and reduced exposure to numerous market-sensitive positions, largely in the tech and consumer sectors.

Position Update

- CoStar Group

- Third Point has long admired this collection of franchises, which provide the real estate industry with mission-critical data, software, and services that are designed into workflows and function as a system of reference. They hold dominant market share, have low market penetration with a long runway for future growth, have significant untapped pricing power, and enjoy high-margin business models with ample room for further margin expansion.
- Despite the continued strength of its core business, Third Point believes recent capital allocation decisions have derailed CoStar's compounding algorithm. Over the past five years, management has increasingly focused on leveraging CoStar's dominance in commercial real estate (CRE) to expand into residential real estate (RRE). However, this investment has yet to generate meaningful revenue. Expanding losses at in the RRE business have obscured rapid growth in the core CRE business and reduced consolidated EBITDA by approximately 80%.
- During the First Quarter, Third Point engaged with the company with the goal of helping the company improve its capital allocation framework. CoStar agreed to add three new directors (all of whom have deep capital allocation experience), create a Capital Allocation Committee of its Board of Directors tasked with establishing a rigorous framework for future capital deployment, and review its executive compensation programs to ensure management's incentives remain aligned with stockholder value creation.
- While results will not be immediate, Third Point expects to see a meaningful improvement in capital allocation by YE 2025. As its core business continues to compound and improved capital allocation starts to narrow losses in RRE, the Investment Manager believes the company can grow EBITDA by a factor of more than 7x over the next few years.

Credit Updates

- **Corporate Credit**
 - Third Point's corporate credit portfolio was down about 30 basis points on a net basis for the quarter. Credit markets were relatively strong the first two months of the year, but fell back alongside equity markets in March as tariff rhetoric began to crystallise into action.
 - Third Point remains invested in relatively liquid names with larger capitalisations that the Investment Manager believes gives these companies more levers to pull when capital markets become difficult.
 - It expects to see more compelling opportunities in the months ahead as the market digests the tariff impact on leveraged borrowers. Third Point has a track record of capitalising on these types of dislocations by deploying capital in credit.
- **Structured Credit**
 - Third Point's structured credit portfolio returned 1.1% on a net basis for the quarter, helped by its exposure to fixed rate residential mortgages, which remained resilient even as credit spreads started to widen later in the quarter.
 - Third Point continues to believe residential mortgages offer a compelling risk/reward, as borrowers have a significant level of equity in their homes and more stable to lower rates should be a tailwind for this exposure.
 - Elsewhere in structured credit, Third Point is seeing opportunities begin to emerge in CLOs, as price volatility will cause some CLO managers to become forced sellers.

Birch Grove Integration & Private Credit Launch

- In February, Third Point completed its acquisition of Birch Grove, a diversified credit asset manager. Integrating Birch Grove into Third Point brought over \$8 billion of new capital invested in CLOs, private credit, and other strategies, as well as a talented and experienced team.
- The anticipated synergies of this transaction are beginning to manifest in Third Point's private credit division, which expects to launch several different tailored strategies starting in Q2.
- Third Point believes that its edge comes from its collaborative culture and ability to allocate flexibly between equities and credit depending on the market environment. Third Point will celebrate on June 1 the 30th anniversary of the date in 1995 when it launched as a distressed debt fund, before evolving to include the many strategies it incorporates into the main fund portfolio today.
- Bringing more perspectives into the credit side of the business has already invigorated its views on credit opportunities. Birch Grove's team of CLO analysts brings a wealth of knowledge about the debt profiles of individual companies and sectors and offer insights into our main fund equity research process.

Press Enquiries

Third Point

Elissa Doyle, Chief Communications Officer and
Head of ESG Engagement

edoyle@thirdpoint.com

Tel: +1 212-715-4907

Burson Buchanan

Charles Ryland

charlesr@buchanan.uk.com

Tel: +44 (0)20 7466 5107

Henry Wilson

henryw@buchanan.uk.com

Tel: +44 (0)20 7466 5111

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 approximately \$500 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 68-person



investment team, a robust quantitative data and analytics team, and a deep, tenured business team. Third Point manages approximately \$19.3 billion in assets for sovereign wealth funds, endowments, foundations, corporate & public pensions, high-net-worth individuals, and employees.