



January 20, 2026

Dear Partner:

The Greenlight Capital funds (the “Partnerships”) returned 9.0% in 2025, net of fees and expenses, compared to 17.9% for the S&P 500 index. In the fourth quarter, the Partnerships returned 8.5%, while the S&P 500 index returned 2.7%. Since the inception of Greenlight Capital in May 1996, the Partnerships have returned 3,406% cumulatively or 12.7% annualized, both net of fees and expenses. Over the same period, the S&P 500 index has returned 1,693% or 10.2% annualized. Greenlight’s investors have earned \$6.1 billion, net of fees and expenses, since inception.<sup>1</sup>

Many have reached out to express concern over New York City’s new mayor. We confess to sharing some of that apprehension. Afterall, we are not Democratic Socialists. However, when we hear President Trump say things like, “I, as President of the United States, am calling for a one year cap on Credit Card Interest Rates of 10%,” and “We [the government] should take stakes in companies when people need something,” perhaps concerns about socialism should extend beyond the five boroughs. We wonder if in a few years there will be a trivia game called, “*Who said it: Trump or Mamdani?*”

As we reflect on these uncertainties and think about our investment strategy and portfolio construction, our goal is to build a bottom-up portfolio of equity longs that are absolutely cheap and, where possible, misunderstood, paired with a portfolio of equity shorts that are over-valued, poorly understood and deteriorating. We complement this with a macro book, partly designed to hedge macro risks and partly to capture macro insights. We may also use index positions to adjust overall exposure to align with our top-down thinking. In a typical year, we would expect most of our performance to come from the long-short book, with a small contribution from macro.

For 2025, we made all our return and alpha in the macro portfolio, as shown in the table below:

	<u>Gross Contribution</u>	<u>Net Contribution</u>	<u>Alpha<sup>2</sup></u>
Longs	3.6%	2.4%	-8.8%
Shorts	-6.4%	-6.3%	9.3%
Shorts (index)	0.2%	0.1%	0.0%
Macro	<u>14.4%</u>	<u>12.8%</u>	<u>13.9%</u>
Total	11.8%	9.0%	14.5%

<sup>1</sup> Past performance is not indicative of future results. Please refer to information contained in the disclosures at the end of the letter.

<sup>2</sup> Alpha is calculated using the gross returns, on a position-by-position basis, against a local market index for longs, shorts and indexes. Non-equity related macro positions assume a beta of zero.

All told, by our calculation we generated 14.5% of alpha, which on its own is a perfectly acceptable result. Macro investing continued to shine, even as the long-short portfolio lagged.

When we have a macro insight, the goal is to express it as directly as possible, such that we are most likely to succeed or fail based on the insight itself. For example, if we are bullish on gold, copper or interest rates, we should own gold, copper or interest rates. We judge our strategy in this regard to have been effective. Others might express a similar view by being long equities of mining companies or interest rate-sensitive financial institutions. If we try to express our view on copper by owning equity in a copper mining company, we are also exposed to what happens at the mines or to hedging decisions made by the company.

On the other hand, we are neither bullish nor bearish on coal prices. We own Core Natural Resources (CNR) because we believe that coal stocks in general are hated, and we believe we own a superior asset, at a very attractive valuation, run by capable operators. Of course, we are subject to commodity price fluctuations and mine operations, neither of which went our way this year. Coal prices fell and one of CNR's mines had a fire.

It was a challenging year in the long-short portfolio. In general, the economy was quite weak in the sectors in which we were long. We own mostly established businesses that provide goods or services and are therefore subject to macro risk. We can contrast this with companies that hope to provide goods or services in the sometimes-distant future, where investors are less concerned with current business results, making a slower economy less impactful on the narrative.

From a pure macro perspective, it was a tough year for homebuilding, chemicals, packaging, coal, oil services, agriculture and personal computers. A good chunk of the economy is experiencing a cyclical downturn (some might even say a recession). A large percentage of our longs in these sectors earned less in 2025 than we anticipated at the beginning of the year. Many of the disappointments stemmed from circumstances beyond management's control and do not reflect a deterioration in the long-term outlook for these businesses.

Typically, in cyclical businesses, when earnings fall short for cyclical reasons, the P/E multiples expand (unless the deterioration creates a risk of insolvency). The idea is that the market should be willing to pay a higher multiple on trough earnings. Unfortunately, this has not happened to most of our companies. The earnings fell short, and the multiples held steady or even contracted a bit.

We did have a few notable successes in the long portfolio this year. The highlights were:

- Brighthouse Financial (BHF): After years of frustration, the company put itself up for sale, which led to a sale process that culminated in a buyer agreeing to purchase the company. While the valuation at less than two-thirds of book value is not exciting, it does provide us with a reasonable exit from a challenged situation. We likely will write more about this after we do, in fact, exit.

- The Fluor/NuScale Power stub (FLR/SMR): FLR owned the majority of SMR, which essentially went parabolic. We anticipated FLR would dispose of its SMR stake and use the proceeds to repurchase its own shares, and this is exactly what is happening. The result of the heavy sales by FLR combined with SMR's very speculative valuation has led to a sharp decline in SMR, while FLR has been largely stable. The result is that the value of our stub position increased substantially.
- Victoria's Secret (VSCO): A prior management team nearly destroyed one of the most well-known brands in the world. To be more politically correct, it got rid of sexy and eliminated its world-famous fashion show. New management is reversing those decisions and the brand is beginning to recover. The stock, which was all but left for dead, is beginning to reflect the brand's recovery.
- Teva Pharmaceuticals (TEVA): The company continued to deliver rapid growth in its patented branded portfolio, with results consistently exceeding expectations. The market began to reflect this progress only after policy headwinds eased, including a negotiated pricing agreement with the Centers for Medicare & Medicaid Services for TEVA's drug Austedo beginning in 2027. These developments more than offset muted performance in the generics business and highlight the progress TEVA has made in its transition to a branded pharmaceutical company.

Many of the remaining large names in our long portfolio suffered for the reasons described above, though thankfully we didn't suffer any major meltdowns. The closest would be Lanxess (Germany: LXS), which suffered a cyclical decline and a loss of market share to China in one of its three segments. We believe that other cyclical names that hurt us, including CNH Industrial (CNH), CNR, Graphic Packaging (GPK), Solvay (Belgium: SOLB) and United Parks & Resorts (PRKS) will likely recover in due course. Green Brick Partners (GRBK) also faced strong cyclical headwinds, but the stock still managed to gain 11%, while most other homebuilders were flat or down.

The short portfolio performed the opposite of the long portfolio. Most of the companies faced difficult economic conditions and underperformed the market or declined outright. Our shorts of high-multiple consumer companies with primarily Democratic customers did well. Various homebuilder and housing-related shorts also performed well. One short that bedeviled us in 2024 suffered a sharp reversal in early 2025, allowing us to recover a chunk of our prior losses. The SMR short component of the FLR/SMR stub trade contributed positively. Finally, the double-levered MicroStrategy ETFs (MSTU and MSTX) fell about 90%.

Nonetheless, the short portfolio lost money in 2025. While it is difficult to fully explain the result without disclosing names, we can offer the following observations:

We suffered from one short that did not have remarkable overall stock performance (the operating results were far below beginning-of-year expectations) but had a lot of volatility, which we traded poorly. A second short which had been successful for several years and appeared to be on the path to bankruptcy instead became a meme stock, resulting in the loss of our previous profits and then some. A third short is a money-losing insurance company that has

attracted a cultish following. A fourth short is a money-losing medical devices company that will likely face competition and market saturation before it turns an acceptable profit but achieved revenue growth in 2025 that was a few percent better than expected. Finally, we had one AI-centered short that went against us. Ultimately, we expect this company to fail. Fortunately, the position was of appropriate small size at inception. Our overall exposure to AI remains quite small, though we did initiate a new medium-sized short in the fourth quarter.

Turning to macro, nearly all our 2025 investments were successful. Obviously, gold was the highlight. Gold had an exceptional year and appreciated 64%. While our core thesis on gold is that imprudent fiscal and monetary policies in the world's largest countries will eventually cause a significant problem, at which point it will make sense to hold a lot of gold, we do not believe that was the primary driver this year. Instead, as the U.S. is losing its hegemonic leadership and has demonstrated serious risk to counterparties through, among other things, the freezing of Russian reserve assets and unstable tariff policy, other countries are seeking to reduce their exposure to dollars for reserves and for trade. The result is that many foreign central banks are increasing gold reserves and establishing it as an alternative to settling global trade in dollars.

Notably, it appears that gold is being re-monetized within official government channels. This, of course, is what the bitcoin crowd thought would happen for bitcoin (we still aren't sure what the Fartcoin people thought might happen). Compared to a year ago at least, it has become more likely that gold will remain gold and bitcoin will fail to take over as *digital gold*.

Copper was another notable winner, as our medium-sized long position, expressed via options on copper futures, performed very well. Copper prices rose about 40% in 2025, as the AI world needs more copper and supply remains limited. Further, several large mines around the world experienced production shortfalls.

We also had a notable gain in interest rate futures, where we correctly anticipated that the U.S. Federal Reserve would cut rates further than the market expected. We had several other smaller gains in the macro book (including sovereign debt and foreign currency) and a small loss on inflation swaps, as inflation expectations declined modestly and realized inflation came in around market expectations.

From a top-down perspective, we continue to be concerned about market valuations. We believe that the U.S. equity market is the most expensive we've seen since we began managing money, and arguably in the history of the United States. It isn't just our skepticism about AI stocks; speculative behavior among retail investors is palpable. Many others have gone to great lengths to explain the market valuation issue. Their work is easy to find, and we won't try to replicate it here.

From a long-term perspective, we still believe that this is not a great time to have a lot of equity exposure. Admittedly, this has been our view for the last couple of years, and yet the market has continued to advance. In 2025, our daily correlation to the market was -0.11.

Our top-down caution has prevented us from participating in the Beta that the market has offered. However, we see many things that could go wrong and believe our cautious behavior will ultimately be rewarded by having cash on hand to invest in an improved opportunity set. In the meantime, our goal is to achieve a reasonable result, while not getting run over by being too bearish. On this basis, we judge 2025 to be an adequate, if uninspiring, result.

We initiated several small long positions during the quarter.

Antero Resources (AR) is a natural gas exploration and production company with operations in the Marcellus Shale in West Virginia. The company operates at the low end of the cost curve and has a stable production profile with significant acreage. In December, AR announced an acquisition that we believe will be accretive to earnings and will extend the runway of its future production. We acquired our shares at an average price of \$33.92, implying an 11% free cash flow yield. AR shares ended the quarter at \$34.46.

Deckers Outdoor (DECK) designs, markets and distributes footwear and apparel, including the Hoka (running shoes) and UGG (casual luxury cold-weather shoes) brands. DECK stock declined after it posted disappointing results early in 2025, which were impacted by tariff uncertainty, a warehouse transition in Europe, and warm weather during the early part of the UGG selling season. As Hoka expands internationally, we expect growth to re-accelerate and believe the company will use its strong balance sheet, including net cash equal to roughly 9% of its market capitalization, to increase the pace of stock repurchases. We acquired our shares at an average price of \$85.49. DECK ended the quarter at \$103.67.

Global Payments (GPN) is a payments processor serving mostly small and mid-size merchants in the U.S. After exiting the position in 2023 at \$108.61, we re-acquired shares at an average price of \$77.85. In 2024, the company surprised investors by announcing a two-step transaction to sell its issuer processing business and acquire Worldpay. While the market did not like the announcement, we understand the logic behind it and the likely synergies it should create. Pro forma, GPN is targeting \$5 billion of free cash flow in 2028, which equates to nearly 25% of the current pro forma combined market capitalization. Once the Worldpay transaction closes, we expect GPN's consistent history of organic growth and its commitment to return nearly \$7 billion to shareholders (one-third of the market cap) over the next two years to be better appreciated by the market and to provide runway for the shares to re-rate higher. GPN ended the quarter at \$77.40.

Henry Schein (HSIC) is a leading distributor of dental and medical products. Since COVID, cost inefficiencies have led to margin erosion that we believe is now set to be addressed by newly installed activist board members and a pending CEO change. Should the company be successful in correcting these issues and improving its e-commerce capabilities, we expect margin improvement that will lead to significant free cash flow generation and share buybacks. We purchased our shares at an average price of \$68.11. HSIC shares ended the quarter at \$75.58.

Spectrum Brands Holdings (SPB) is a consumer products company focused on pet care, home & garden, and home & personal care (HPC). The company faced challenges in 2025 that now

appear largely behind it, and we expect SPB to return to growth this year. There is also potential for the company to realize proceeds from a divestiture of its HPC segment, which we believe the market currently values at zero. In the meantime, the company is returning capital through sizeable share repurchases. We acquired our shares at an average price of \$52.75, and SPB ended the quarter at \$59.08.

Warner Bros. Discovery (WBD) is a media conglomerate that owns HBO, the Warner Bros. Studio and content library, and various linear cable networks. We acquired our shares at an average price of \$22.66 after Paramount Skydance (PSKY) bid \$23.50 for the company, as we expected additional bidders to emerge. Shortly thereafter, Netflix submitted a \$27.75 bid for WBD's streaming and studio assets, prompting PSKY to raise its offer to \$30 per share. We believe a sale in the low- to mid-\$30s is the most likely outcome. WBD shares ended the quarter at \$28.82.

We exited HP Inc. (HPQ) with a tiny gain and Seadrill (SDRL) with a tiny loss. In both instances, our initial thesis was correct and we had early gains, but we overstayed our welcome.

In HPQ's case, we benefited from the Windows refresh cycle. However, AI computers have not materialized into a notable upswing in business. Prospectively, the company faces a new challenge from soaring memory prices that are likely to force substantial increases in PC prices and could have a large negative impact on volumes and/or margins. We therefore decided to exit.

In SDRL's case, our thesis rested on rising day rates for drilling rigs. We missed the inflection and wound up with an unremarkable outcome.

At the end of the quarter, Gav Balasingam departed Greenlight and will be taking some time off before beginning his next adventure. Best of luck, Gav!

After our first few years building Greenlight, we closed the funds with limited exceptions between 2000 and 2019. Even during our difficult period from 2015-2018, when we had poor performance and experienced substantial redemptions, we remained closed. It has never been our goal to manage a large amount of assets.

However, in May 2020, we expressed our belief that it was a good time to invest in Greenlight and decided to begin repopulating our investor base. Since then, the Partnerships have generated annualized performance of 21%, compared to 18% for the S&P 500, with a daily correlation to the market of 0.12, and no down years.

We've had fundraising success and rebuilt our asset base with a large and diverse group of investors. We are again at a size that supports the business and have decided to close the Partnerships on July 1. While we don't know what the future will bring, our base expectation is that we will remain closed, perhaps indefinitely. Nonetheless, as we've met with many current and prospective investors, we promised that we would give proper notice before closing, allowing time to complete diligence and reach a final decision. Consider this letter to be that notice. If you are interested in investing, please indicate that to us no later than May 1. It is

possible that if there is substantial interest by this deadline, we may ask that new investments be staged to minimize portfolio disruption. If you'd like to discuss this in more detail, please contact Jason.

At year-end, the largest disclosed long positions in the Partnerships were Brighthouse Financial, Core Natural Resources, Fluor, Green Brick Partners and Solvay. The Partnerships had an average exposure of 89% long and 50% short.

*"You measure the size of the accomplishment by the obstacles  
you had to overcome to reach your goals."*

– Booker T. Washington

Best Regards,

*Greenlight Capital*

Greenlight Capital

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Unless otherwise noted, performance returns reflect the weighted average total returns, net of fees and expenses, for “New Issue Eligible” investors invested in, to the extent each fund was in existence, the dollar interests of Greenlight Capital LP and Greenlight Capital Offshore Ltd. and the predecessors to those funds (collectively, the “Partnerships”). Performance returns generally include all positions held at the master and feeder funds, but exclude the gold interests. The performance of the dollar interests and the gold interests have been different. Upon request, Greenlight will provide the specific performance of each type of interest to help investors understand these differences over time. Returns are net of the weighted average of the actual management fees paid by investors and either the modified high water mark performance allocation of 10% or the standard 20% performance allocation applicable to an investor who invested at inception of Greenlight, in accordance with the Confidential Offering Memorandum for the funds. Combined performance of components of the Partnerships is presented for illustrative purposes only and does not reflect the performance or risk profile of any individual fund. Please contact Greenlight for additional information regarding the performance of the portfolios from which this information was derived or extracted. The 2024 annual return is net of the modified high water mark performance allocation of 10%. This is the performance allocation applicable to an investor whose capital account is below its modified high water mark. Investors whose capital accounts are not below their modified high water marks would experience different performance. An investor’s actual returns may differ from the returns presented due to several factors, including the timing of each investor’s capital activity, the applicable management fee rate, which may be greater or less than the weighted average of actual management fees depending on the date and amount of such investor’s capital contribution, and the applicable performance allocation rate, which may be 10% or 20% depending on whether such investor is below such investor’s modified high water mark.

All figures are unaudited. Greenlight does not undertake to update any information contained herein as a result of audit adjustments or other corrections. Past performance is not indicative of future results. Each investor will receive individual statements from the funds’ administrator showing actual returns. Reference to an index does not imply that the Partnerships will achieve returns, volatility or other results similar to the index. The S&P 500 is a long-only index of primarily large-cap stocks used to represent the performance of the U.S. stock market. Greenlight funds take long and short positions and may invest in non-U.S. and non-equity securities, and therefore differ (often materially) from the composition of the index. The total returns for the index do not reflect the deduction of any fees or expenses which would reduce returns.

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Net performance contributions by attribution category apply an allocation of operating expenses, management fee and performance allocation to the applicable gross contribution. These pro forma net contributions are shown for illustrative purposes only to meet regulatory requirements. Different assumptions than those made by Greenlight can result in different net performance contributions at the category level. A description of the calculation methodology is available upon request.

Changes in quoted prices and market returns of publicly traded investments do not reflect the deduction of fees or expenses from the Partnerships. These fees and expenses are reflected in the net performance of the Partnerships.

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