

Dear Investment Partners,

The objective of Jackson Peak Capital's concentrated, long/short equity strategy is to deliver attractive absolute returns across market environments. We are striving to achieve equity-like returns while taking less market risk and having a low correlation to overall equity markets.

During Q2 2025, Jackson Peak returned +24.0%, net.¹ Our outperformance was driven by net exposure management, fundamental longs, and event-driven longs. Our strategy saw significant outperformance during the steep selloff in early April. Global equity markets experienced some of the highest volatility in years, driven by tariffs and evolving policy in DC. Equity indices declined ~15% in the beginning of April, before staging a recovery for the remainder of the quarter. The All-Country World Index (ACWI) gained 11.3% in Q2. The HFRX Equity Hedge Index, a benchmark measure for Long/Short equity hedge fund strategy performance, gained 4.1%.

	Jackson Peak Capital	Benchmark References	
	Long/Short	Long-only	Long/Short
	Net Return	MSCI ACWI	HFRX Equity Hedge Index
2025 - Q2	+24.0%	+11.3%	+4.1%
YTD 2025	+65.2%	+10.3%	+4.3%
2024	+20.2%	+17.5%	+7.8%
2023 (Mar-Dec)	+18.5%	+17.7%	+5.9%
Cumulative Since Inception (3/3/23)	+134.9%	+52.5%	+19.1%
IRR Since Inception	+44.3%	+19.9%	+7.8%

MARKET UPDATE

The volatility at the end of Q1 accelerated into Q2. It reached a crescendo in early April following the tariff announcements on April 2nd ("Liberation Day"), when the Trump administration announced tariffs on trading partners that exceeded market expectations. This threw markets into a tailspin given the potential impacts on inflation and growth. On an intraday basis, the S&P 500 and Nasdaq traded down ~15% in the first few days of the quarter. However, the market was whipsawed in the other direction and recovered later in April as the administration walked back the original tariff proposals to calm markets.

Since then, "less bad than feared" news and a large fiscal budget have fueled market gains and increasingly speculative market activity. A bullish narrative is emerging, driven by expectations of: 1)

¹ Jackson Peak Capital returns referenced in these materials are net of all fees (management and performance) and expenses unless otherwise noted; returns are not annualized. Clients should always check their individual statements for returns, which may vary due to time of onboarding and other factors.

lower-than-proposed tariffs, 2) Fed rate cuts in 2H 2025–1H 2026, 3) a dovish Fed Chair post-Powell in mid-'26, 4) sustained AI progress, 5) stimulative fiscal spending, and 6) contained 10-year yields. This has pushed valuations to the upper end of historical ranges.

If these bullish catalysts materialize, current valuations may be justified as forward estimates and growth will move higher. However, if they falter, markets risk a sharp correction. For instance, rate cuts combined with deficit spending could reignite inflation or disrupt bond and FX markets, impacting equities. Policy measures might mitigate this, but vigilance is warranted.

With tariffs softened (so far), a stimulative budget passed, and rate cut expectations growing, the market's foundation we've discussed previously holds for now. Yet, the outlook suggests fat-tailed risks: either a hot economy drives a late-90s-style risk-on rally, or slowing growth, higher rates, and persistent inflation trigger a significant risk repricing. Recent sharp drawdowns and "V" recoveries reflect this polarized outlook.

PORTFOLIO POSITIONING

At Q2's end, the portfolio's net exposure was 56%, up from 13% in Q1, reflecting us increasing exposure after April's market decline. The portfolio's current posture has a long bias with geographic diversification to mitigate any impacts of vol increasing in the US again. We plan to stay nimble, vigilant for disruptions to the bullish narrative outlined above.

Our core fundamental longs remains focused on 1) AI winners and 2) European stimulus and defense. In AI, we've been focusing on which companies are leveraging AI to enhance core operations, with large language models becoming enterprise-ready. As noted previously, META and BABA represent this thesis. Additionally, we have been researching which software companies could end up in the privileged position of benefitting from AI instead of being cannibalized. This led us to initiating a position in ServiceTitan (TTAN), the leading cloud-based software platform for the trades (e.g., HVAC, plumbing). TTAN has strong SaaS metrics, a large market opportunity, and lower AI displacement risk. Its valuation is reasonable, with defensibility justifying a premium among public SaaS peers. We entered post the June unlock-driven selloff.

In Europe, we continue to like the names and sectors highlighted in our last letter – investing behind fiscal stimulus and rearmament beneficiaries. The Russia-Ukraine war and the speech by JD Vance at the Munich Security Conference this year were critical turning points, putting rearmament and greater self-reliance into motion. Key holdings in Europe include Siemens Energy, Rheinmetall, Leonardo, and Heidelberg Materials.

PERFORMANCE ATTRIBUTION

The largest drivers of performance (contributors and detractors) during Q2 2025 are noted in the table below.²

Top Portfolio Contributors	Top Portfolio Detractors
Event-driven: SPAC Basket	Event-driven: PLTR
Long: META	Long: BABA
Long: ENR (Siemens Energy)	Hedge: IWM

² Contributors/detractors noted may utilize a combination of common stock and options.

Our largest contributor in Q2 was the basket of SPACs we put on as an event-driven trade. In total, we were active in 21 SPACs, across common stock, units, warrants, rights and options. This basket contributed +12.1% gross return to the portfolio. As outlined in our Q1 letter, this event-driven trade capitalized on attractive entry into SPACs trading near NAV with favorable characteristics. We largely exited this position by Q2's end.

Meta (META) was a contributor as a long. As noted in our Q1 letter, we increased our META position during the February/March market decline. After Q1 weakness, META rebounded by June 30, driven by strong Q1 earnings in late April and broader market recovery.

Siemens Energy (ENR) was a contributor as a long. The thesis we outlined continued to hold as the company reported a strong quarter in May and raised their outlook for the year. ENR is seeing robust demand, with orders growing 52% when compared to the prior-year quarter.

Palantir (PLTR) was a detractor as an event-driven trade. We had an event-driven long into Q1 earnings and separately took a tactical short later in the quarter.

Alibaba (BABA) was a detractor as a long. After contributing to returns in Q1, BABA gave back some of those gains during Q2 amidst the tariff volatility.

The Russell 2000 ETF (IWM) hedge detracted in May and June, though our QQQ hedges worked during the early April selloff.

CLOSING

I remain excited about the dynamic investment environment for Jackson Peak's long/short strategy. The wide range of potential market and sector outcomes continues to create compelling opportunities for our approach.

Thank you for your trust and the opportunity to manage a portion of your assets. Please reach out with any questions about the portfolio or your account.

In May, I enjoyed attending the Berkshire Hathaway annual meeting in Omaha, connecting with fellow investors and hearing Warren Buffett announce his CEO succession plan.

During Q2, we welcomed new investors to the partnership. If you know of someone who may be a good fit for Jackson Peak's approach, please pass along my contact information.

Sincerely,

Patrick O'Brien
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About Jackson Peak Capital

Jackson Peak is an alternative investment firm that manages a concentrated, long / short equity strategy. The objective of Jackson Peak Capital's strategy is to deliver attractive absolute returns across market environments. We are striving to achieve equity-like returns while taking less market risk and having a low correlation to overall equity markets.

Appendix 1. Glossary of terms

Definitions

Long Exposure: market value of long positions / total portfolio value

Short Exposure: market value of short positions / total portfolio value

Net Exposure: Long Exposure – Short Exposure

Gross Exposure: Long Exposure + Short Exposure

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