



September 2, 2025

Dear Fellow Investors and Friends,

The estimated year-to-date second quarter of 2025 and historical net performance for Silver Beech Capital, LP (“the Fund” or “Silver Beech”) are presented below.

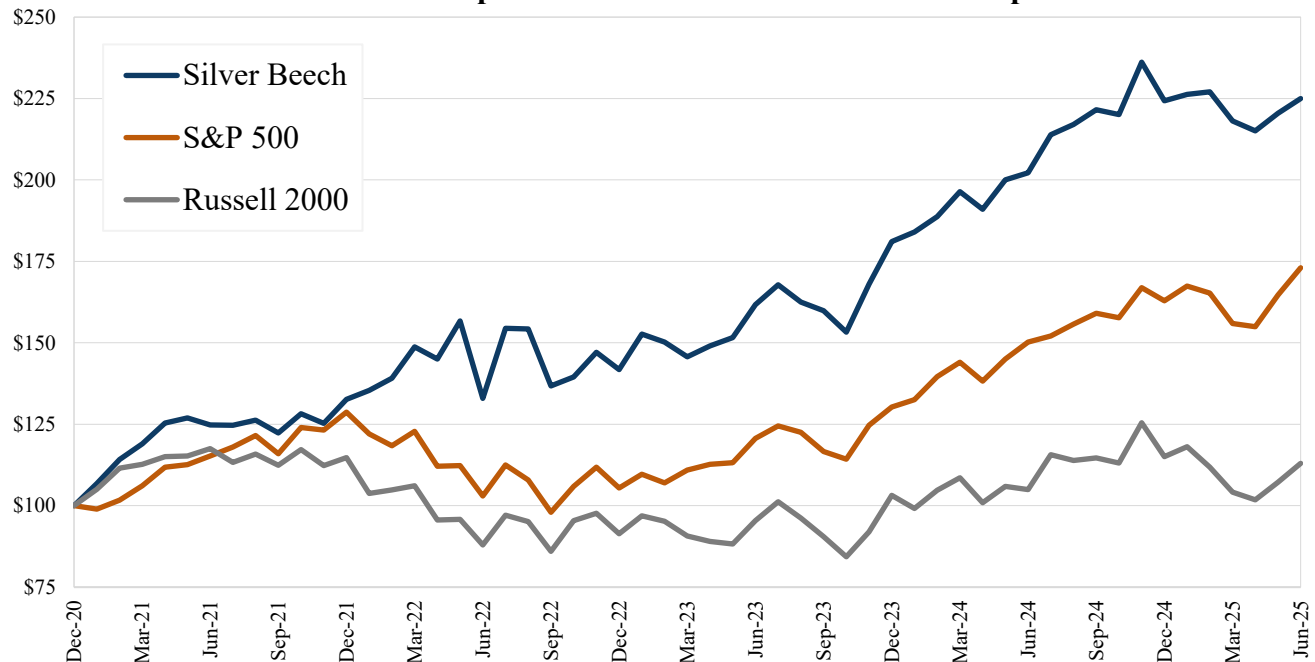
**Performance Summary\*:**

		<b>Silver Beech</b>	<b>S&amp;P 500</b>	<b>Russell 2000</b>
2021	Track Record	32.6%	28.7%	14.8%
2022		6.9%	(18.1%)	(20.4%)
2023	Silver Beech	27.7%	23.7%	13.0%
2024		23.9%	25.0%	11.5%
2025 (6/30 YTD)		0.3%	6.2%	(1.8%)

**January 1, 2021 – June 30, 2025**

Compound Annual Return	19.9%	13.0%	2.8%
Value of \$100 Invested	\$225	\$173	\$113

**Performance Comparison: Value of \$100 Invested at Inception\***



\*Returns presented above for Silver Beech are net of 1% management fee and 20% incentive fee above a 6% hard hurdle as of June 30, 2025, and since inception (January 11, 2023). Actual performance will vary depending on the timing of contribution(s) and fees. Returns for the S&P 500 and Russell 2000 are total returns and include dividend reinvestment. 2023 returns begin January 11 to match Silver Beech’s inception. Please see additional disclosure.

Since track record inception, Silver Beech has generated 19.9% annualized returns, which equates to 6.9% annualized outperformance over the S&P 500. Through the second quarter of 2025, Silver Beech is up 0.3%, compared to the S&P 500’s 6.2% year-to-date gain and the Russell 2000’s 1.8% decline.

Economic fundamentals in the United States remain steady, with approximately 2% real GDP growth, robust employment levels, and inflation that remains moderately above the Federal Reserve's 2% target. The nation's fiscal deficit is a challenge that remains unaddressed and unmitigated by the recently-enacted reconciliation bill (the "One Big Beautiful Bill Act"), which made the 2017 individual income tax rate cuts permanent, introduced several new tax deductions and credits, and moderately reduced funding for social safety net programs such as Medicaid and SNAP.

Against this economic backdrop, financial markets are optimistic. The market's fervent enthusiasm for artificial intelligence's yet-to-be-realized enhancements to economic productivity and corporate profitability has propelled the S&P 500 to valuation levels not seen since 2021 (when interest rates were near zero).

Looking forward, we think even small changes in GDP growth or inflation could trigger significant revisions to the prevailing market narrative of stability and AI-driven prosperity. Investors often use such narratives to justify high risk tolerance amid elevated valuations, but recent history should caution us against speculation. The tariffs announced on "Liberation Day" serve as a salient case study: initially more severe than anticipated, they catalyzed a rapid sentiment shift and an approximate 20% drawdown in the S&P 500. Subsequent tariff policy adjustments, however, enabled a full recovery, with the index now surpassing its pre-event highs.

These post-Liberation Day tariff policy adjustments highlight the ongoing unpredictability of United States trade, fiscal, and monetary policies, both in their pace and substance. President Trump has favored policymaking through executive orders rather than legislation. While this approach has advanced the administration's agenda, it has resulted in unpredictable policy outcomes and elevated political risk levels across financial markets.

Silver Beech's philosophy is anchored in a measured skepticism towards financial euphoria and the economy's delicate equilibrium. This stance is rooted in respect for market cycles, which have invariably swung between boom and bust throughout history. Our approach to these cycles is to opportunistically invest in durable companies at attractive multiples of normalized cash flow that can thrive across various economic conditions. We remain patient and downside-oriented in our investment process so that we are prepared to act dispassionately when true opportunity presents itself.

The table below provides a high-level overview of why we are optimistic about the Fund's prospects. It shows that the Fund's portfolio trades at over a 50% discount to the S&P 500's price-to-earnings ratio, while possessing similar projected earnings-per-share growth and returns-on-capital.

<b>Portfolio Comparison</b>		
as of June 30, 2025	Silver Beech	S&P 500
Price-to-Book Ratio	1.8x	5.2x
Price-to-Earnings Ratio (GAAP '25E)	10.9x	23.8x
Price-to-Earnings Ratio (GAAP '26E)	9.7x	20.9x
GAAP EPS Growth CAGR ('25E-'27E)	~12%	~14%
After-Tax Returns-on-Capital	~13%	~14%
# Holdings	11	500

Portfolio Update: for this quarter, we have written about our recent investment into Southwest Gas Holdings and provide an update on one of our longer-term investments, Fairfax Financial Holdings.

### **Southwest Gas Holdings (NYSE: “SWX”)**

Southwest Gas Holdings (“SWX”) is a mid-capitalization holding company with two segments: (i) Southwest Gas Corporation, a stable, regulated natural gas utility serving customers in Arizona, Nevada, and California, and (ii) a majority-owned stake in Centuri Holdings (NYSE: “CTRI”), a North American utility infrastructure services company.

Our investment thesis is centered on a straightforward premise: the true value of SWX’s core regulated utility business is currently obscured by Centuri’s consolidated financials, which are in the final stages of being simplified. As this simplification occurs over the coming quarters, we anticipate a significant re-rating of the company’s valuation, driven by several powerful catalysts.

#### Catalyst 1: Deconsolidation. The Path to a Pure-Play Utility

As of the second quarter, SWX holds a ~52% stake in Centuri, requiring the consolidation of Centuri’s financials. This accounting treatment masks the financials of the core utility. We expect SWX will continue to sell down its Centuri position to below the 50% ownership consolidation threshold within the next six months. The resulting deconsolidation will be a pivotal event, clarifying the investment case for a broader universe of investors and likely triggering credit rating upgrades. The market has historically rewarded pure-play utilities with higher valuations, and we expect SWX to benefit from this migration of capital as dividend-focused funds and retail investors recognize the less-levered, streamlined enterprise.

#### Catalyst 2: Deleveraging. Fortifying the Balance Sheet

The proceeds from Centuri stock sales are being deployed in a shareholder-friendly manner. Management is systematically reducing holding company debt, which strengthens the balance sheet and mitigates the need to issue the company’s equity at currently depressed prices to fund growth. Our conviction in this disciplined capital allocation strategy is reinforced by the presence of Carl Icahn’s nominees on the Board of Directors (3 of 11 seats) and large equity ownership in the company, which provides strong oversight and an alignment with shareholder interests.

#### Catalyst 3: Understated Rate Base Growth. Market-Leading Growth

The core utility operates in prime service territories (Arizona, Nevada, California) characterized by robust population growth and accelerating demand for natural gas. While management has guided to a 6%-8% compounded annual growth rate (CAGR) for its rate base over the next five years, our analysis suggests this is conservative.

This official guidance notably excludes the ~\$1+ billion incremental rate base opportunity at SWX’s Great Basin Gas Transmission Company. Factoring in this opportunity, we project a more realistic 8%-12% rate base CAGR. For a regulated utility, this level of growth is exceptional and market-leading, and is not yet reflected in the company’s low valuation. As SWX’s earnings are intrinsically linked to rate base growth, this represents a powerful, underappreciated driver of future income.

*Figure 1: Pipeline construction at SWX's Great Basin Gas Transmission Company*



#### Catalyst 4: Enhanced Profitability. Improving Regulatory Landscape

Historically, SWX has been hampered by backwards-looking regulatory frameworks in Arizona and Nevada, creating a "regulatory lag" that prevented the company from earning its authorized return on equity (ROE). This headwind is shifting as recent legislative and regulatory actions in both states now permit the use of forward-looking formula rates (Arizona in December 2024, Nevada in June 2025). This structural improvement in the regulatory framework will directly address regulatory lag, helping SWX to close the gap between its achieved and authorized ROE and grow its earnings power.

**SWX Conclusion:** in aggregate, these catalysts of corporate simplification, deleveraging, superior growth, and regulatory tailwind create a powerful case for a substantial re-rating of SWX's valuation. We believe a premium multiple of 1.6x – 1.8x EV / rate base is warranted for this high-quality regulated utility, leading to an intrinsic value of \$104 – \$124 per share. This represents 40%+ upside from SWX's June 30, 2025 share price.

#### **Fairfax Financial Holdings (TSX: "FFH")**

Fairfax Financial Holdings ("Fairfax"), a Toronto-based global property and casualty (P&C) insurance and reinsurance conglomerate, operates a decentralized insurance model with a centralized investment approach. Its autonomous insurance units generate substantial premiums, or "float," which Fairfax's investment team deploys across public and private markets. This disciplined strategy has delivered exceptional results: over nearly four decades, Fairfax has achieved an average return on equity (ROE) exceeding 16% and a stock price compounded annual growth rate (CAGR) of approximately 18%.

In July 2023, Silver Beech established a position in Fairfax at a valuation we deemed significantly undervalued. This decision followed an in-depth thematic study of "float-based" business models, which helped us build conviction in their resilience and earnings power in a rising interest rate environment. During the zero-interest rate policy (ZIRP) era post-Great Financial Crisis and COVID, float held limited value due to low time value of money. However, the sharp interest rate hikes in 2022 to curb inflation created a powerful tailwind for float-driven models. Fairfax stood out with the highest float-per-share among insurers and a prescient strategy of holding short-duration credits during ZIRP, enabling profitable reinvestment into higher-yielding, longer-duration credits with minimal capital losses as rates rose.

The P&C insurance market has been in a hard market cycle since 2018, marked by rising premiums, tighter coverage, and stringent underwriting standards, driven by weather-related losses and economic and social inflation. Fairfax's management has adeptly capitalized on this attractive environment, fortifying its capital base to support robust policy growth. As the market shows early signs of softening, Fairfax has prudently moderated premium growth relative to industry averages, demonstrating restraint and disciplined growth.

Since July 2023, this rare alignment of undervaluation, improving fundamentals, and exemplary execution by Fairfax's management has yielded outstanding results. Through the second quarter of 2025, our investment in Fairfax has outperformed all 50+ companies in the S&P Insurance Industry Select Index, delivering a 65% gross IRR for Silver Beech.

Our investment in Fairfax embodies Silver Beech's disciplined philosophy. We seek downside-protected opportunities in undervalued companies with strong management, anchor our conviction in rigorous top-down thematic research, leverage our industry expertise to navigate capital cycles, and make concentrated investments to maximize the Fund's performance.

We have actively managed Fairfax's weighting in our portfolio, capitalizing on its wide valuation gap and improving fundamentals in 2023 while gradually reducing exposure as the valuation gap narrowed. We remain shareholders of Fairfax, confident in the company's prospects for the following reasons:

- **Sustained Mid-Teens ROE**: we anticipate Fairfax will deliver strong, consistent returns on equity over the next three years, underpinned by contractual interest income.
- **Hidden Book Value Upside**: we believe there is hidden value across Fairfax's balance sheet. Management's conservative accounting understates the company's true book value by over 20%.
- **Attractive Valuation**: despite the stock price appreciation, Fairfax trades at ~1.5x book value per share (~1.3x adjusted book value), a discount that belies its robust profitability, growth trajectory, proven strategy, and exceptional track record of shareholder value creation.

**Conclusion**: it is our great privilege to be your partner and manage your capital alongside our own. We thank you for your trust. We are always available to discuss our strategy and address your questions.

Sincerely,



**James Hollier**

Partner & Portfolio Manager

Silver Beech Capital, LP



**James Kovacs**

Partner





## Silver Beech Capital, LP – Fund Summary as of June 30, 2025

<b>Fund Holdings:</b>			
<b>Name</b>	<b>Ticker</b>	<b>Sector</b>	<b>Description</b>
Dentalcorp	DNTL	Dental Care Facilities	Largest owner, acquiror, and partner of Canadian dental practices with over 550 practices.
Energy Transfer	ET	Energy (Midstream)	Leading owner of U.S. energy infrastructure assets that treat, transport, store, and export hydrocarbons.
Fairfax Financial	FFH	Insurance (P&C)	Holding company primarily comprised of property and casualty insurers and reinsurers.
First Industrial	FR	Real Estate	Industrial REIT owner, developer, and operator of 70M+ square feet of U.S.-only industrial logistics real estate.
Flagship Communities	MHC	Real Estate	Manufactured housing REIT owner and operator of 82 communities focused on midwestern and southern states.
Goeasy	GSY	Credit Services	Canadian consumer finance company focused on lending and leasing to non-prime consumers.
Greenfire Resources	GFR	Energy (E&P)	Small oil sands producer in Athabasca, Western Canada, with long-life, low-decline oil assets & attractive reserves.
Rentokil Initial	RTO	Pest Services	Leading U.S. provider of pest and hygiene services. Owner of Rentokil, Initial, and Terminix brands.
Southwest Gas	SWX	Utilities (Regulated)	U.S. regulated natural gas utility & majority-owner of Centuri, a utility infrastructure services company.
United Parks & Resorts	PRKS	Theme Parks	U.S. owner/operator of 12 theme parks including SeaWorld, Busch Gardens, Aquatica, and Sesame Place.
WillScot	WSC	Rental & Leasing Svcs	Largest North American provider of portable and turnkey modular building units and storage space.

<b>Fund Composition By Market Capitalization:</b>	
	<b>Weight</b>
Large Cap (greater than \$12 billion)	29.7%
Mid Cap (greater than \$2 billion)	45.3%
Small Cap (less than \$2 billion)	25.0%
<b>Total</b>	<b>100.0%</b>

<b>Monthly Net Returns (%):</b>														
	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Year</b>	<b>S&amp;P 500</b>
<b>2021</b>	6.82	6.91	4.23	5.30	1.29	-1.67	-0.14	1.29	-3.13	4.88	-2.34	5.87	32.63	28.71
<b>2022</b>	2.06	2.80	6.92	-2.51	8.03	-15.17	16.20	-0.13	-11.30	2.01	5.38	-3.61	6.90	-18.11
<b>2023</b>	7.70	-1.62	-3.01	2.33	1.70	6.65	3.78	-3.15	-1.66	-4.09	9.59	7.81	27.75	23.66
<b>2024</b>	1.62	2.53	4.09	-2.76	4.75	1.06	5.80	1.45	2.10	-0.69	7.32	-5.01	23.86	25.02
<b>2025</b>	0.86	0.35	-3.91	-1.40	2.48	2.08							0.31	6.20

Returns presented above for Silver Beech are net of 1% management fee and 20% incentive fee above a 6% hard hurdle since inception (January 11, 2023). Each Limited Partner's actual performance will vary depending on the timing of their contribution(s) and fees. Returns for the S&P 500 include dividend reinvestment. Please see additional disclosure.



## **IMPORTANT DISCLOSURES**

Silver Beech Capital Management, LLC (“Silver Beech”) is a New York limited liability company that serves as the investment manager to Silver Beech Capital, LP (the “Fund”), a Delaware limited partnership. The principals of Silver Beech are James Hollier, who serves as the portfolio manager and managing partner of the Fund, and James Kovacs, who serves as the managing partner of the Fund.

All performance results presented herein refers to the performance of an unrestricted investor in the Fund since its inception. Net performance is presented net of the highest performance allocation in effect at the time (20%) above a 6% hurdle rate, the highest actual management fees (1.0%) charged at the time, and net of other expenses, and includes the reinvestment of all dividends, interest, and capital gains. Performance for investors who subscribed on different dates, or who pay different fees would necessarily be different from the performance presented herein. The rate of return is calculated on a “time weighted” rate of return basis, which minimizes the effect of cash flows on the investment performance of the Fund. All monthly performance data presented herein reflects unaudited data, unless otherwise specified, and as such its accuracy cannot be guaranteed. Past performance is not necessarily indicative of future results. All securities transactions involve substantial risk of loss.

The material presented is compiled from sources thought to be reliable, including in certain instances, from outside sources, but accuracy and completeness cannot be guaranteed. Any opinions expressed herein reflect the judgment of Silver Beech and are subject to change.

The information in this letter is for discussion purposes only. Nothing contained herein should be construed as an offer to sell, or a solicitation of an offer to buy or sell any security or investment strategy or a recommendation as to the advisability of investing in, purchasing or selling any security or investment strategy, which may only be made in the Fund’s confidential offering memorandum and operative documents (collectively, the “Offering Documents”).

Before making an investment decision with respect to the Fund, prospective investors are advised to read the Offering Documents carefully, which contain important information, including a description of the Fund’s risks, investment program, fees, expenses, redemption and withdrawal limitations, standard of care and exculpation, etc. Prospective investors should also consult with their tax and financial advisors as well as legal counsel. The Offering Documents are the sole documents on which a potential investor is entitled to rely in evaluating an investment in the Fund. The information in this letter does not take into account the particular investment objectives, restrictions, or financial, legal or tax situation of any specific prospective investor, and an investment in the Fund may not be suitable for many prospective investors. This letter is not intended to be, nor should it be construed or used as, investment, tax or legal advice.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**