

## Second Quarter 2025 Investor Letter

July 30, 2025

Dear Investor:

During the Second Quarter, Third Point returned 7.5% in the flagship Offshore Fund.

	Q2 <sup>1</sup>	ANNUALIZED NET RETURN <sup>2</sup>
TP OFFSHORE FUND, LTD.	7.5%	13.2%
CS HF EVENT-DRIVEN INDEX	3.0%	6.9%
S&P 500 INDEX (TR)	10.9%	9.6%
MSCI WORLD INDEX (TR)	11.6%	8.1%

<sup>1</sup>Through June 30, 2025.

<sup>2</sup> Annualized Return from inception (December 1996 for TP Offshore and quoted indices).

**PLEASE SEE THE NEW SERIES RETURNS AT THE END OF THIS DOCUMENT.**

The top five winners for the quarter were Siemens Energy AG, US Steel, TSMC, Nvidia, and Vistra. The top five losers for the quarter, excluding hedges, were Pacific Gas and Electric, Kenvue, a short position, London Stock Exchange Group, and Fortive.

### Portfolio Updates

The Second Quarter began tumultuously, as “Liberation Day” and subsequent forecasts of an imminent recession spooked markets. By the end of the quarter, the market came to see initial tariff proposals as trial balloons and an astute negotiation tactic. Sentiment shifted positively, economic data turned upwards, and favorable AI data points drove a rebound in markets and our portfolio. Opportunistic purchases near market lows and timely covering of our hedges enabled us to capture much of the market rebound.

Nippon Steel's takeover of US Steel was the highlight of the quarter, contributing 200bps gross (188bps net) to performance.<sup>1</sup> We believe this outsized return opportunity arose from the cross currents of trade policy, industrial policy, and the MAGA agenda that created noise and kept certain investors away from the situation. As we noted in our Q1 letter, we view opportunities in risk arbitrage as compelling right now since active managers have increasingly de-emphasized it as a core investment strategy.

In the technology sector, continued consumer and enterprise adoption of AI as well as relentless commitment to AI capex drove further gains. We re-initiated a position in Nvidia, which we believed had sold off sharply due to tariff concerns, recession fears, rack deployment slowdown and increased scrutiny of prospective ROI of new data center capex.

In Europe, major shifts underway including developments in European politics, a €1 trillion defense spending bill passed by the German Parliament, and a growing trend of asset flows towards non-dollar markets benefited our European equity investments like Siemens Energy, Rolls Royce, and DSV.

Despite elevated market multiples and sustained policy uncertainty, we see an expanding opportunity set and have a steady idea flow of what we believe are digitally savvy, capital efficient, and exceptionally run companies to invest in as we head into the back half of the year.

### **Rocket Companies**

We initiated a position in Rocket Companies during the Second Quarter based on its transformative all-stock acquisition of Mr. Cooper. Rocket has been a persistent share gainer in the fragmented mortgage origination industry, with a 12% market share of refi

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<sup>1</sup> This letter includes discussions of certain portfolio investments. These discussions are intended to provide information concerning such investments and to illustrate Third Point's investment analyses, but they are not necessarily representative of Third Point investments generally or of the overall performance of funds managed by Third Point. Please see page 1 of this letter for overall performance of funds managed by Third Point implementing the flagship strategy for the most recent quarter and since inception.

originations and a 4% share of purchase originations. It has differentiated, industry-leading cost and time to originate, driven by its continuous reinvestment in technology and automation. While the average originator takes 45 days to close a refi loan, Rocket only takes 20 days – and that key metric continues to fall. In fact, over 50% of loans now close in less than 15 days.

Mr. Cooper is the leading mortgage servicer, with 11% market share, making it over 50% larger than its next largest competitor. Much like Rocket in the origination space, Mr. Cooper has industry-leading cost-to-service that has fallen by ~50% over the last five years. These differentiated unit economics have allowed Mr. Cooper to be a primary beneficiary of MSR sales by cash-poor, subscale originators struggling to keep afloat in the current high-rate environment.

We view the combination of Rocket and Mr. Cooper as a transformative, synergy-rich merger between two technology leaders in the otherwise parochial and cost inflationary mortgage industry. Combining the largest refi originator with the largest servicer will, we believe, enable pro forma Rocket to turn ecosystem unit economics on its head. Rather than an originator having to reacquire a customer in 5-7 years or a servicer having to reacquire the MSR, Mr. Cooper's servicing portfolio could feed Rocket's refi origination machine, leveraging Rocket's ~85% refi recapture rates which are already >3x the industry average.

On top of this compelling combination, enter AI. Rocket has begun to realize the benefits of automating workflows – from income verification to document submission, to credit score verification – in ways that set it apart from others in the industry. De-bottlenecking these monotonous administrative chores should enable the company to improve both throughput (applications processed per officer) and conversion (applications that result in a mortgage) and pass through a portion to the end consumer to drive further market share gains.

### **Casey's General Stores**

During the quarter, we continued adding to a new long position in Casey's General Stores. At ~2,900 locations, Casey's is the third largest convenience store chain in the US by store

count. More importantly, it is the fifth largest pizza chain in the country. It is a “boring” business to some, but there is an art to boring – we believe the returns and their consistency have been exceptional and stem from a quirky counter-positioning of the business. When a company chooses not to do the easy thing, it is often a powerful signal that something special is at work. Selling gas and cigarettes is easy. Selling fresh food at scale as successfully as Casey’s is not. Figuring out food creates a powerful feedback loop – Casey’s earns more profit dollars per visit, enabling them to price fuel at a discount to independent gas stations and pizza at a discount to competing QSRs. Consumers save on both purchases, and the result is a brand beloved by a loyal customer base, whose Net Promoter Scores look nothing like the rest of the industry.

How has Casey’s solved for food? We attribute their success to differentiated employee retention and approaching the business like a community-centric restaurant that consumers trust to feed their families. Annualized labor churn rates north of 100% have long plagued convenience stores – it is hard to retain employees, let alone incentivize them to sell perishables and run open air kitchens. Not so with Casey’s. Their stores have 40% more staff than your typical gas station and they have used this as an opportunity to offer viable career paths on a store-by-store basis throughout rural America. We have eaten our fair share of Casey’s brisket pizza, and in our store tours we were impressed by the consistency of quality and employee and customer loyalty that they have created at the store level. A recent test roll-out of chicken wings has seen high satisfaction scores and we believe the company is on its way to a system wide rollout of wings that has the potential to meaningfully increase sales densities.

Casey’s stock has performed well over the last ten years and is up over 30% this year alone; yet we believe the team from Des Moines is just getting started. The recent acquisition of 200 stores from Fike’s marked their entrance into the South, and management has since commented that Texas alone could offer 2,000 more units (vs. today’s national footprint of 2,900), reinforcing our belief that there are plenty of towns across the South that would love a Casey’s.

Our expectation is that this unit growth story is likely to play out more quickly than broadly expected given Casey's demonstrated ability to do accretive M&A. In the Fike's example, Casey's paid 11x headline EBITDA, but the pro forma multiple looks more like 7x when pizza is rolled out across the footprint. How many companies have the luxury of replicable, accretive M&A at EBITDA multiples that are half of its own trading levels?

In Casey's we see a world class management team with a differentiated mousetrap and a decade of profitable growth ahead of them – whether they are labeled a restaurant or a gas station or a general store is semantics. As the company's slogan goes, *"It's Not Crazy, it's Casey's!"*

### **Informa PLC**

During the quarter we made a new investment in Informa PLC, the global leader in B2B live events. The company connects buyers and sellers in various industries, enabling business interactions, and disseminating knowledge across verticals. We believe Informa has built a strong, underappreciated moat around its core events business benefiting from network effects, scale, and process power since managing events with tens of thousands of attendees is not an easy endeavor. For example, some trade associations have reported incurring losses on their annual shows, while Informa enjoys ~30% margins. Well-run scale events build a brand and become "must-attend" franchises for industry participants.

Informa owns and runs some of the most recognizable events globally, including the Monaco/Ft. Lauderdale Boat Shows, the Dubai Air Show, Cannes Lions, SuperReturn, BlackHat, and Money 20/20. The business has strong visibility and positive working capital dynamics. Often, next year's iteration of an event will be more than half pre-sold by the end of the current year's show, giving the company elevated levels of predictability and relatively low cyclicalities.

Informa has also carved out what we see as a generational opportunity in the Middle East, establishing JVs within both Saudi Arabia and the UAE. Attracting business travel is a core priority for both economies, and local governments are investing heavily in event venues

that will support growth in B2B events for years to come. These JVs also allow Informa to bring new iterations of its existing and successful brands into the Middle East, underscored by Money 20/20 adding a Middle East show in Riyadh this fall. We expect more of Informa's marquee franchises to expand to the Middle East in short order.

One insight we have derived from our investment in Live Nation and have applied here is that in a world that is becoming increasingly more digital, the value of high-quality live events should meaningfully increase to both exhibitors and attendees. We believe the company will accelerate revenue growth, particularly through its Middle East strategy, and compound earnings at a double-digit rate for many years, all while returning meaningful cash to shareholders through share repurchases and dividends and acting as the sole consolidator of the fragmented events industry. Despite these qualities, the stock trades at a mere 14x forward earnings multiple.

### **Corporate Credit Update**

Third Point corporate credit was up 2.9% gross (2.1% net) for the second quarter, bringing 2025 performance to 3.0% gross (1.8% net). Our year-to-date performance has lagged the ICE BofA US high yield index primarily due to costs associated with hedges made to protect capital during the quarter's downturn as well as disappointing results from three credits during Q1. We took the opportunity to add exposure to two of the three laggards.

Like equities, credit experienced extraordinary volatility during the quarter, with spreads blowing out +100bps in the wake of "Liberation Day", only to recover quickly. While we have been able to identify opportunities to capitalize on brief credit dislocations in the past, this was over in days and did not reach the levels or liquidity that make committing substantial capital easy. We increased exposure on the back end of the spread spike as the tariff rhetoric dialed down.

High yield bond spreads are plumbing the depths of the 2021 record lows, although yields are still +300bps higher, providing some total return support. The real action in the market continues to be in leveraged loans where spreads in CCC names remain close to 1000bps

over B spreads. These wide spreads reflect the lower quality of the leverage loan universe – defaults (including exchange offers) are running close to 5% – but are also a function of the technical selling pressure created by CLOs. CLOs are highly leveraged structures that buy diversified pools of leveraged loans and have limited baskets to own “CCC” credits. CLOs own approximately 74% of the leveraged loan universe, up from 62% in 2020. Historically leveraged loans were thought to be higher credit quality than high yield bonds since they are typically senior and secured; however, today the reverse is true. That is partially a function of CLO’s large, growing and arguably less discriminating buyer base. When you need to accumulate positions in over one hundred credits in short order, it is inevitable that you do not love every single one. Our team is devoting much of its time combing through this universe and has been able to strengthen our research thanks to the number of leveraged loans in the CLOs of the recently acquired Birch Grove business.

While longevity brings about aches and pains, it also aids in one of the most important skills in investing: pattern recognition. In 2014, energy was the largest sector in the high yield market at about 18% and “fracking” dramatically shifted the cost curve for oil and gas production. Not only was credit’s energy sector eviscerated but the malaise spread across the entire credit universe (exacerbated by a slowdown in China) and spreads blew out from about 450bps to over 800bps. In 2016, as markets normalized, our corporate credit book generated a return of 48.7% gross (46.2% net).

Today the largest sector of the leveraged loan universe is technology, at about 17%. While a lot remains to be seen about the impact of AI technology on software providers, we believe that, like fracking, AI represents a massive downward shift in the cost curve. In our view, there will doubtless be beneficiaries in the space, but we suspect that it will be a challenging transition for legacy software suppliers, especially highly leveraged ones with a limited ability to reinvest. We are presently underweighting this sector but are spending a lot of time here as there are already a number of stressed/distressed credits. If this unfolds as we think it might, AI might do for credit in 2025/26 what fracking did in 2015/16.

## Structured Credit Update

While most market cycles have shortened since the Great Financial Crisis of 2008, we believe the snapback after “Liberation Day” across equities and credit was impressively short. In June, we saw the conclusion of an active quarter of trading with a Treasury rally of about 15bps on the 5-Year and investment grade credit spread tightening. As the equity market traded to new highs, we saw three themes emerge.

1. The demand for residential mortgage credit remains strong. New US housing supply remains low and with rates at these levels, we continue to see low housing turnover. House price appreciation is trending towards 4% year-over-year and in our view, that has created a resilient mortgage borrower that wants to hold onto their home given the material amount of home equity. In particular, we have seen that there is a bid for first lien, owner occupied residential mortgages as compared to second-lien loans at 75-80 LTV which are more susceptible to a price correction. As a result, we priced a reperforming mortgage deal in June with the AAA tranche (representing approximately 65% of market value) at a 5.5% yield with over fifteen different investors. As rates potentially decline over the next few quarters, we see the potential for a compelling total return on our mortgage positions as our discount dollar price reperforming loans trade higher with more refinancings.
2. Hedge funds can find alpha in tradeable, liquid securities versus chasing private credit. We have discussed our rental car ABS exposure in the previous letters. In June, we added risk at around 550bps spread or 10% yield. Within three weeks, we saw those spreads tighten to around 475bps, and we have been able to monetize some of the position. Competition amongst large private credit firms has pushed execution on larger blocks of loans to local tights, but, in our estimation our ability to capitalize on dislocations provides compelling returns with increased liquidity.
3. Public companies with structured credit financing who are in distress can create opportunities to source mid- to high-teens returns. In solar loan and lease financing, we have seen multiple companies file for bankruptcy as persistently high rates



overload their capital structures and business models. These companies originated long duration solar loans at interest rates of 1.99-2.99% and relied on the securitization market to finance these investments at comparably low rates. As rates sold off, the profitability of these assets fell dramatically. The slew of bankruptcy filings has challenged the assumptions of ABS investors, allowing us to source debt tranches at steep discounts of \$85 to \$60 which to us have the capacity to deliver returns in the mid- to high-teens.

While many investors see tightening credit spreads and the equity market at new highs, we are excited by the emerging opportunity set in sectors like rental car ABS, solar ABS and monetizing our reperforming mortgage trade in the coming quarters. Being nimble on trading has enabled us to source sizeable opportunities that seek to generate capital appreciation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daniel S. Loeb". The signature is fluid and cursive, with the first name "Daniel" and last name "Loeb" clearly distinguishable.

**Daniel S. Loeb**

**CEO**

The information contained herein is being provided to the investors in Third Point Investors Limited (the “Company”), a feeder fund listed on the London Stock Exchange that invests substantially all of its assets in Third Point Offshore Fund, Ltd (“Third Point Offshore”). Third Point Offshore is managed by Third Point LLC (“Third Point” or “Investment Manager”), an SEC-registered investment adviser headquartered in New York. Third Point Offshore is a feeder fund to the Third Point Master Fund LP in a master-feeder structure. Third Point LLC, an SEC registered investment adviser, is the Investment Manager to the Funds.

Unless otherwise specified, all information contained herein relates to the Third Point Master Fund LP inclusive of legacy private investments. P&L and AUM information are presented at the feeder fund level where applicable. Sector and geographic categories are determined by Third Point in its sole discretion.

Performance results are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, and capital gains. While performance allocations are accrued monthly, they are deducted from investor balances only annually or upon withdrawal. From the inception of Third Point Offshore through December 31, 2019, the fund’s historical performance has been calculated using the actual management fees and performance allocations paid by the fund. The actual management fees and performance allocations paid by the fund reflect a blended rate of management fees and performance allocations based on the weighted average of amounts invested in different share classes subject to different management fee and/or performance allocation terms. Such management fee rates have ranged over time from 1% to 2% per annum. The amount of performance allocations applicable to any one investor in the fund will vary materially depending on numerous factors, including without limitation: the specific terms, the date of initial investment, the duration of investment, the date of withdrawal, and market conditions. As such, the net performance shown for Third Point Offshore from inception through December 31, 2019 is not an estimate of any specific investor’s actual performance. For the period beginning January 1, 2020, the fund’s historical performance shows indicative performance for a new issues eligible investor in the highest management fee (2% per annum) and performance allocation (20%) class of the fund, who has participated in all side pocket private investments (as applicable) from March 1, 2021 onward. The inception date for Third Point Offshore Fund Ltd is December 1, 1996. All performance results are estimates and past performance is not necessarily indicative of future results.

The net P&L figures are included because of the SEC’s new marketing rule and guidance. Third Point does not believe that this metric accurately reflects net P&L for the referenced sub-portfolio group of investments as explained more fully below. Specifically, net P&L returns reflect the allocation of the highest management fee (2% per annum), in addition to leverage factor multiple, if applicable, and incentive allocation rate (20%), and an assumed operating expense ratio (0.3%), to the aggregate underlying positions in the referenced sub-portfolio group’s gross P&L. The management fees and operating expenses are allocated for the period proportionately based on the average gross exposures of the aggregate underlying positions of the referenced sub-portfolio group. The implied incentive allocation is based on the deduction of the management fee and expense ratio from Third Point Offshore fund level gross P&L attribution for the period. The incentive allocation is accrued for each period to only those positions within the referenced sub-portfolio group with i) positive P&L and ii) if during the current MTD period there is an incentive allocation. In MTD periods where there is a reversal of previously accrued incentive allocation, the impact of the reversal will be based on the previous month’s YTD accrued incentive allocation. The assumed operating expense ratio noted herein is applied uniformly across all underlying positions in the referenced sub-portfolio group given the inherent difficulty in determining and allocating the expenses on a sub-portfolio group basis. If expenses were to be allocated on a sub-portfolio group basis, the net P&L would likely be different for each referenced investment or sub-portfolio group, as applicable.

While the performances of the fund has been compared here with the performance of well-known and widely recognized indices, the indices have not been selected to represent an appropriate benchmark for the fund whose holdings, performance and volatility may differ significantly from the securities that comprise the indices. Past performance is not necessarily indicative of future results. All information provided herein is for informational purposes only and should not be deemed as a recommendation to buy or sell securities. All investments involve risk including the loss of principal. This transmission is confidential and may not be redistributed without the express written

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Specific companies or securities shown in this presentation are meant to demonstrate Third Point's investment style and the types of industries and instruments in which we invest and are not selected based on past performance. The analyses and conclusions of Third Point contained in this presentation include certain statements, assumptions, estimates and projections that reflect various assumptions by Third Point concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein. Third Point may buy, sell, cover, or otherwise change the nature, form, or amount of its investments, including any investments identified in this letter, without further notice and in Third Point's sole discretion and for any reason. Third Point hereby disclaims any duty to update any information in this letter.

This letter may include performance and other position information relating to once activist positions that are no longer active but for which there remain residual holdings managed in a non-engaged manner. Such holdings may continue to be categorized as activist during such holding period for portfolio management, risk management and investor reporting purposes, among other things.

Information provided herein, or otherwise provided with respect to a potential investment in the Funds, may constitute non-public information regarding Third Point Investors Limited, a feeder fund listed on the London Stock Exchange, and accordingly dealing or trading in the shares of the listed instrument on the basis of such information may violate securities laws in the United Kingdom, United States and elsewhere.

## New Series (Excludes Legacy Private Investments)<sup>3</sup>

	Q2 <sup>1</sup>	ANNUALIZED NET RETURN <sup>2</sup>
TP OFFSHORE FUND, LTD.	8.0%	13.1%
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<sup>1</sup>Through June 30, 2025.

<sup>2</sup>Annualized Return from inception (December 1996 for TP Offshore and quoted indices).

<sup>3</sup>“New Series (Excludes Legacy Private Investments)” uses the existing series track record from inception through May 31, 2023. Returns from June 1, 2023 and onward exclude legacy private investments.