

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. By design, our low correlation (0.14 daily correlation to ACWI since inception) means our monthly and quarterly performance does not track benchmarks.

During Q3 2025, Jackson Peak returned -2.9%, net.¹ Q3 was an unusual period with equities, particularly speculative sectors, maintaining an unrelenting bid upward with momentum dominating price action independent of fundamentals or macro developments. Jackson Peak underperformed during this period due to this dynamic and due to idiosyncratic positioning. The All-Country World Index (ACWI) gained 7.5% in Q3. The HFRX Equity Hedge Index, a benchmark measure for Long/Short equity hedge fund strategy performance, gained 3.8%.

	Jackson Peak Capital	Benchmark References	
	<i>Long/Short</i>	<i>Long-only</i>	<i>Long/Short</i>
	Net Return	MSCI ACWI	HFRX Equity Hedge Index
2025 - Q3	-2.9%	+7.5%	+3.8%
YTD 2025	+60.4%	+18.6%	+8.3%
2024	+20.2%	+17.5%	+7.8%
2023 (Mar-Dec)	+18.5%	+17.7%	+5.9%
Cumulative Since Inception (3/1/23)	+128.4%	+64.0%	+23.6%
IRR Since Inception	+37.6%	+21.1%	+8.5%

MARKET UPDATE

The equity markets continued to climb upwards during Q3 with remarkably low volatility or challenges to the broader market narrative. Several data points illustrate just how extreme this period was:

- The S&P 500 and Nasdaq each closed above their respective 20-day moving averages for >60 days in a row, the longest streaks for both since 1998
- The ARKK ETF, a proxy for high beta, speculative stocks, was +23% during the quarter

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.

- iii. The Goldman Sachs Speculative Trading Indicator² posted one of its sharpest 3-month spikes on record, behind only a few instances logged during Dot-Com and 2020-2021 meme stock era

A significant driver of this unique price action can be attributed to the swift de-leveraging in late-Q1/early-Q2, and the subsequent sharp bounce in markets, leaving many managers who did not add exposure back fast enough to be far behind their benchmarks for the year. This created a dynamic where any dip was swiftly bought and limited price discovery to push back against speculative assets.

With the major indices now in the upper percentiles of the historical range, it would appear the markets are pricing in an awful lot of good news at once and leaving little room for disappointment. The bullish narrative from our last letter has now become consensus: *"A bullish narrative is emerging, driven by expectations of: 1) 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."*

The recent speculative activity and non-stop bid in markets has raised Jackson Peak's vigilance for a potential pullback. If the past several years are a guide, the proverbial "rubber band" of the market gets stretched too far in extended periods of risk-on like this, setting the stage for a sharp pullback/consolidation and deleveraging. It would be healthy to see a "wall of worry" back in the marketplace.

PORTFOLIO POSITIONING

At Q3's end, the portfolio's net exposure was 55%, down marginally from 56% in Q2. The portfolio continues to have its long exposure split largely between the US and Europe, and we have a few sizable event-driven positions.

During Q3, we identified attractive opportunities in the AI infrastructure power supply chain - specifically high-performance computing companies with existing data center infrastructure and reliable power access. Several of these companies are former bitcoin miners that pivoted to data center compute due to their existing infrastructure and increasingly valuable access to reliable power. These positions began as fundamental longs that evolved into an event-driven basket trade given how quickly they repriced, driven by a flurry of announcements by the big tech hyperscalers. The big tech companies contracted with these companies/their peers to utilize their data centers and power, as it is a much longer timeline to stand up a greenfield data center and get access from a fresh power source. This drove a repricing of the entire sector. We trimmed this position in September but still held some exposure at the end of the quarter.

As mentioned above, we have allocated a lot of exposure to a few high conviction event-driven ideas. One of these is Confluent (CFLT) – our largest position at the end of Q3. Confluent is a data infrastructure software firm. It offers a data streaming platform that helps companies stream, connect, process and govern their data. These capabilities are increasingly valuable and strategic in the age of AI. We built a position in August after the stock fell ~35% post-earnings. We shared our detailed event-driven thesis with our investors and distribution list in August (see link [here](#) for the presentation). We outlined our view that it was an asymmetric opportunity: an acquisition target with takeout indicators flashing and statistically cheap.

² This indicator tracks trading volumes in penny stocks, unprofitable companies and stocks with EV/sales above 10x.

PERFORMANCE ATTRIBUTION

The largest drivers of performance (contributors and detractors) during Q3 2025 are noted in the table below.³

Top Portfolio Contributors	Top Portfolio Detractors
Long/Event-driven: AI Power/ Compute Basket	Event-driven: UNH
Event-driven: TSLA	Short: TTD
Event-driven: CFLT	Long/Event-driven: GTLB

Our largest contributor in Q3 was the basket of six companies positively exposed to the power crunch in the AI capex cycle (discussed in previous section). These companies saw a repricing upward in the wake of Oracle's blockbuster earnings release and Nebius' announced deal with Microsoft.

Tesla (TSLA) was a contributor as an event-driven position. A long in TSLA worked as we traded around two event catalysts during the quarter.

Confluent (CFLT) was a contributor as an event-driven position. As noted above, we initiated a significant position in CFLT during the quarter as an event-driven trade. Part of the conviction in the sizing of the position was CFLT's statistical cheapness and, regardless of the event path, a higher probability that the stock would revert upwards rather than continue lower. The mean reversion aspect of the trade began to play out during Q3.

UnitedHealth (UNH) was a detractor as an event-driven trade. We had an event-driven position surrounding the 13F reporting cycle.

Trade Desk (TTD) was a detractor as a short. TTD was a short early in the quarter, and we covered the position as we reassessed the catalyst path in the momentum-driven market.

Gitlab (GTLB) was a detractor as an event-driven trade. We had a position to capture a potential repricing driven by earnings given its attractive valuation and its status as a possible acquisition target.

CLOSING

The investment environment continues to present compelling opportunities for Jackson Peak's long/short strategy. Q4 got off to a strong start in October.

Thank you for your trust and the opportunity to manage a portion of your assets. Please contact me if you have any questions about the portfolio, to discuss adding to your investment, or if you know a qualified investor who may be a good fit for Jackson Peak's approach.

Sincerely,

Patrick O'Brien
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³ Contributors/detractors noted may utilize a combination of common stock and options.

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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