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To My Partners:

The performance of our portfolio for the fourth quarter of 2025 and since inception is summarized below.

	1578 Partners, LP		S&P 500
	Gross	Net	Total Return
2025:			
Q4	-3.66%	-4.02%	2.66%
Year	31.45%	29.49%	17.88%
Since Inception (08/01/15):			
Annualized	22.03%	20.20%	13.98%
Cumulative	695.94%	580.04%	290.69%

Financial markets delivered a relatively uneventful fourth quarter. Even the longest-ever U.S. federal government shutdown failed to shake market confidence. The S&P 500 stayed within a few percentage points of where it began the quarter. It ended with a small gain. Interest rates and credit spreads were similarly dormant. Both continue to imply a relatively optimistic outlook for the economy and corporate profits over the medium term.

Although the U.S. labor market clearly weakened over the course of 2025 and lower income households are increasingly struggling to make ends meet, the Atlanta Fed currently estimates U.S. economic growth for the fourth quarter will come in at a heady 3.7%. The Atlanta Fed expects healthy contributions from both household consumption and private non-residential fixed investment.

The AI investment boom continues to be an important source of strength for the U.S. economy. Over the past few weeks, Big Tech companies have announced plans to spend more than \$660 billion on capital expenditures in 2026, mostly for AI chips and data centers. That is up almost 80% over the already gargantuan amount those companies invested in 2025. The AI investment boom stimulates economic growth through both the direct impact of AI-related investments and the wealth effect of soaring values for public and private AI-related equities.

Our portfolio underperformed the S&P 500 on a mark-to-market basis for the fourth quarter. Our positions in Uber Technologies Inc. common stock (NYSE: UBER) and Interactive Brokers Group, Inc. class A common stock (NASDAQ: IBKR) accounted for essentially all our portfolio’s underperformance for the quarter. UBER and IBKR declined 16.6% and 6.5%, respectively, during the fourth quarter. Both stocks delivered strong returns for the full year. Our positions in Alphabet Inc. class C capital stock (NASDAQ: GOOG) and Becton, Dickinson and Company common stock (NYSE: BDX) made notable positive contributions during the quarter. GOOG gained 28.8% and BDX gained 3.7%.

Performance Attribution

Positions that had a material impact on the portfolio's mark-to-market performance for the quarter and year-to-date are outlined below.

Performance Attribution			
4Q 2025		2025	
Alphabet	1.43%	Interactive Brokers Group	14.82%
Becton Dickinson	1.01%	Uber	6.32%
Interactive Brokers Group	-2.35%	Alphabet	4.67%
Uber	-3.81%	Northeast Bank	1.96%
		Becton Dickinson	1.95%
		Netflix	1.25%
Other	0.06%	Other	0.48%
Gross Performance	-3.66%	Gross Performance	31.45%

Portfolio Composition

The composition of the portfolio at the end of the quarter is depicted below.

Portfolio Composition	
Equities – Long	97.3%
Cash	2.7%

During the quarter, we added to our position in Becton, Dickinson and Company common stock (NYSE: BDX). At the end of the quarter, our portfolio included eight long equity positions and cash.

Select Portfolio Updates

This quarter's portfolio update covers our position in Interactive Brokers Group, Inc. class A common stock (NASDAQ: IBKR). IBKR was the most significant positive contributor to the portfolio's return in 2025. IBKR is a compounding investment that Hinde Group has held since inception, with some adding and trimming along the way. Our position in IBKR has delivered a 26.8% compound annual return over our more than decade-long holding period.

Interactive Brokers Group, Inc. (NASDAQ: IBKR)

Interactive Brokers is a highly automated global securities firm that specializes in routing orders and processing trades in securities, futures, foreign exchange instruments, bonds and mutual funds on more than 170 electronic exchanges and market centers around the world. Interactive Brokers custodies and services accounts for hedge and mutual funds, registered investment advisors, proprietary trading groups, introducing brokers and individual investors. More than two-thirds of IB's customers are based in Europe and Asia and an even greater share of its new customers come from those regions.

Interactive Brokers delivered another year of stellar operating results in 2025. Total customer accounts and customer equity grew 32% and 37%, respectively. Commission revenue grew 26%. The daily average for the CBOE Volatility Index (VIX) came in at 18.97 for 2025, just below the historical daily average of 19.43 and up

from 15.58 for 2024. Higher market volatility typically drives increased trading activity among IB's customers. Net interest income grew 13.2% in 2025 despite multiple cuts to the federal funds rate since September 2024. Growth in average customer credit balances and customer margins loans of 28.0% and 30.8%, respectively, more than offset a 27 basis point decline in IB's net interest margin to 2.08%. Adjusted EPS grew 24.4%, an outstanding result considering the headwind Interactive Brokers faced from monetary policy easing by the Fed.

IBKR gained 45.6% in 2025 on top of its 113.1% gain in 2024. I explained why IBKR was poised for strong performance two years ago in Hinde Group's partner letter for 4Q23:

Although Interactive Brokers has delivered strong operating results over the past several years — including in 2023 in particular — IBKR has only slightly outperformed the S&P 500 since the end of 2019. The increase in the market price of IBKR since the end of 2019 has not even kept up with the increase in the company's intrinsic value. You could make the argument that IBKR is a better investment now than it was on the eve of the pandemic.

Two main factors have weighed on market sentiment toward Interactive Brokers and held back its stock price. First, the unusual fluctuations in financial market conditions over the past few years have undermined confidence in IB's normalized earning power and growth trajectory. Second, many market participants face fear, uncertainty and doubt about how the looming normalization of U.S. monetary policy will affect Interactive Brokers and whether IBKR "will work" while the Fed is cutting rates.

The good news is that both of these concerns should fade over the next few years as the economy, financial markets and monetary policy settle into a new, post-pandemic normal. As those clouds dissipate, the light of Interactive Brokers rapidly growing intrinsic value should increasingly shine through to its stock price.

Notwithstanding IBKR's tremendous performance over the past two years, IBKR still offers an attractive prospective return. While there is less scope for capitalization rate improvement going forward, Interactive Brokers should still grow its earnings at least at a mid-teens annual rate. Keep in mind, Interactive Brokers grew its Adjusted EPS by 24.4% in 2025 despite a headwind from numerous cuts to the federal funds rate. Interactive Brokers also aims to pay out a dividend equivalent to a 0.5% to 1.0% yield. Between earnings growth and its dividend yield, IBKR seems poised to deliver a high teens or better annualized return over the coming years. IBKR would need to trade at more than \$100 per share today to offer a market-level return.

Early in 2026, we reallocated capital across a few existing positions in the portfolio. I feel good about the current positions in our portfolio, and aim to make the portfolio even stronger over the course of 2026.

Thank you for your continued confidence and support.

Regards,



Marc Werres
Managing Partner

Important Disclosures

The performance figures depicted herein relate to 1578 Partners, LP. This account serves as the model account for the taxable accounts Hinde Group manages. The performance of investor partner accounts may differ from the figures depicted herein for several reasons, including, but not limited to, cost basis differentials, the timing of account inflows, and tax considerations. 1578 Partners, LP's gross results reflect the deduction of trading commissions and other fees charged by Hinde Group's broker. Net results reflect the hypothetical deduction of management fees (1.5% of AUM per annum billed quarterly in advance).

1578 Partners, LP's inception date is August 1, 2015.

The statistical data regarding the performance of the S&P 500 was obtained from the website of S&P Dow Jones Indices. The S&P 500 returns shown do not represent the results of actual trading of investible assets/securities.

Past performance is not necessarily indicative of future results. All investments involve risk, including the loss of principal. The views expressed herein are those of Hinde Group as of the date indicated and may change without notice. Hinde Group may buy or sell any security at any time and is under no obligation to provide updates to the information contained herein. This is not a recommendation to buy or sell any security.