

Second Quarter 2024 Investor Letter

August 23, 2024

Dear Investor:

During the Second Quarter, Third Point returned 1.8% in the flagship Offshore Fund.

	Q2 ¹	ANNUALIZED NET RETURN ²
TP OFFSHORE FUND, LTD.	1.8%	13.1%
CS HF EVENT-DRIVEN INDEX	1.5%	6.8%
S&P 500 INDEX (TR)	4.3%	9.4%
MSCI WORLD INDEX (TR)	2.8%	7.8%

¹ Through June 30, 2024.

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

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The top five winners for the quarter were TSMC, Alphabet Inc., Amazon.com Inc., Vistra Corp., and Apple Inc. The top five losers for the quarter, excluding hedges, were Bath & Body Works Inc., Advance Auto Parts Inc., Ferguson PLC, Airbus SE, and Corpay Inc.

During the first half of 2024, the Offshore Fund generated profits across all strategies, posting a 9.8% net return. For the previous 12 months, the fund returned 17.0% net. While returns over this period were largely driven by technology companies, much of the portfolio is invested in a range of sectors including utilities, industrials, consumer, and healthcare that provide diversification and balance to the portfolio¹. Single name short equities were an

¹ 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.

important source of alpha during the first half of the year, and corporate and structured credit have contributed steady gains with a fraction of the volatility and risk of equities.

Our investments in the digital world including hyperscalers, consumer AI distribution platforms, and semiconductors have a key place in the portfolio, as we have discussed in previous letters. However, we are finding many investments in the “physical world” to be equally attractive. In a market consumed with technological disruption, we are focused on finding companies that are difficult to disrupt due to competitive moats, consolidated industry structures, unique products, or capital intensity that deter competitive investment. Examples include aggregates, nuclear power, life science tools, specialty alloy manufacturers, and commercial aerospace manufacturers. It is understandable that in a market whose narrative is dominated by the “Magnificent 7”, these businesses receive less attention, but that is giving us even more reason to add these types of names to the portfolio when we can find them.

All investors know that early August brought tremendous volatility in equity markets. While indices have largely recovered, we expect that volatility will persist into year-end with a number of macro events – from Federal Reserve interest rate decisions; to the US elections; to the possibility of escalating conflict in the Middle East, to name just a few – contributing to a choppy environment. We modified certain exposures with this scenario in mind and worked quickly to mitigate losses during the downdraft. We are eager buyers of dislocated securities, particularly in credit, should we see further turmoil.

Despite these risks, we seem to be entering a relatively benign macroeconomic environment generally, with decreasing inflation, declining interest rates, and economic growth slowing gradually. While the bottom quintile of consumers is doing poorly, shown by subprime, credit card and other data, higher income consumers are spending and confidence remains solid. Thematically, companies continue to invest in AI infrastructure and look for applications to their businesses, and other areas are starting to show increasing demand. While weakening pricing power is evident in sectors like consumer staples, we see strength in various materials, industrials and other sectors. We believe the portfolio is well-

positioned to take advantage of these trends in companies trading at what we see as fair to cheap valuations.

We are closely watching the upcoming US election for potential risks from more populist economic policies such as higher taxes and increased regulation if the Democratic party wins the Presidency, Senate, and House of Representatives. At the moment, we believe that there will be a divided government regardless of who wins the Presidential election, making some of the extreme and ill-advised measures such as taxes on unrealized capital gains, and a 44.6% top tax rate on long-term capital gains, more likely to be just campaign sound bites, rather than laws.

The lower rate environment should also produce a wave of activity in credit transactions — both public and private — as well as a burst of M&A and equity capital markets transactions, in our view. Such a period would be welcome for our event-driven and credit strategies.

Equities Updates

Apple Inc. (AAPL)

In April, we took a position in Apple, the world's leading consumer technology franchise, with an ecosystem of 2.2 billion devices spanning a broad array of form factors including smartphones, tablets, laptops, watches, earphones, and smart home devices. Apple excels in most of these device categories, with revenue share of 50-60% in several key markets.

Despite Apple's dominance as a business, its stock had become increasingly "under-owned" by institutional investors and its relative multiple had compressed toward a multi-year low. We believe that this was due to several years of stagnant earnings growth, exacerbated by more recent fears that Apple may turn out to be an AI loser. Our research led us to a different conclusion: we believe AI-related demand could drive a step change improvement in Apple's revenue and earnings over the next few years.

We believe Apple's recently announced "Apple Intelligence" suite of AI-enabled smartphone

features – the most compelling of which is a next-generation virtual assistant – will start driving meaningful new demand within Apple’s installed base, resulting in accelerating revenue growth on two fronts. First, iPhone revenue is going to see a marked improvement because Apple Intelligence features will not be backwards-compatible with existing iPhone models, creating the conditions for a forced upgrade cycle. Second, Apple’s App Store is likely to become the primary distribution platform for most new consumer-focused AI apps such as OpenAI’s ChatGPT (with which Apple recently announced a partnership). We expect Apple’s claim on the future economics of these apps to be substantial as it exploits its distribution advantage.

We believe Apple’s distribution advantage stems first and foremost from its unparalleled app ecosystem – which would be virtually impossible for any competing new technology platform to replicate given the powerful two-sided network effects linking app developers and app users. In addition, Apple has AI-specific product advantages conferred by its many years of work on proprietary silicon and data privacy. These advantages will be critical to the commercialization of an AI-enabled virtual assistant, which we believe may emerge as the first “killer app” for consumer-focused AI. And while we know little about the eventual capabilities and reach of this new offering, we believe the emergence of an AI layer on iOS will increasingly augment consumers’ own agencies with those of the iPhone’s AI features.

If Apple can execute on this opportunity, the monetization form factors will follow and have the potential to increase Apple’s earnings meaningfully. This would not only be a sharp departure from the past several years of stagnant earnings growth, but also a direct repudiation of the consensus bear case. Despite the stock’s recent strong appreciation, we see room for significant upside ahead as the magnitude of this new AI opportunity surprises.

Corpay (CPAY)

This quarter we added to Corpay (formerly FLEETCOR), a position we initiated in the Fourth Quarter of 2023. Corpay is a collection of network assets in the payments space, most notably a fuel card business, where the company processes fuel purchases by commercial vehicle operators, and a B2B payments business where Corpay facilitates vendor payments for

midmarket clients. These two segments together make up >70% of Corpay revenues. The company is run by CEO of 24 years, Ron Clarke, who in our view has delivered an impressive track record for shareholders of 20% compounded EPS growth since going public in 2010, including 15% over the last 10 years, through a combination of revenue growth, margin expansion, and accretive capital allocation in M&A and share repurchases.

Over the last five years, CPAY has seen its P/E multiple significantly de-rate from the mid-20s to ~13x as market sentiment toward the company's core fuel card business soured. Firstly, growth in the segment has slowed as the market has matured. Secondly, the rise in popularity of electric vehicles (EVs) as a theme has made investors question the terminal value of a business whose main function is to process gasoline and diesel payments. Corpay has proactively prepared for an EV transition by making acquisitions in EV charging payments and adding mixed/EV fleets to its customer base, wherein CPAY earns higher unit economics on mixed fleets than it does on pure internal combustion engine fleets. Finally, the last year has demonstrated that a transition to an electric fleet is more easily said than done. With EV sales declining for industry bellwether Tesla, European EV sales declining overall, and flattening in the US, it is becoming clear that the journey of automotive electrification will be a long one.

Regarding revenue growth, we believe CPAY is at a unique juncture. While the fuel card segment slows to a more mature rate of growth, the company's B2B Payments business continues to grow at 15-20% per annum, *organically*. While this business came from humble beginnings in 2015 with the acquisition of Comdata, at the time \$162 million and more than 10% of revenue, through what we believe was excellent execution and savvy M&A, this business segment has grown to \$1.2 billion and 30% of revenue today. In the next couple years, we believe B2B Payments will overtake the fuel card segment to become Corpay's biggest business. We see this as a watershed moment for the stock, which will turn investor focus from the prior driver of Corpay's revenue growth to the next one and will reassure investors that Corpay has many years of 10%+ EPS growth ahead.

From a valuation perspective, it is incredibly rare to find a high EPS growth, high margin, high ROIC company trading at such a low valuation. We screened for companies with >50% EBITDA margins, 10-year EPS CAGR of >15% and 3-year median CFROI of >15%. There are just five companies in the S&P 500 with these characteristics: Nvidia, Visa, Mastercard, MSCI and Corpay. Corpay's 13x P/E valuation in the company of these other four compounding juggernauts is remarkable.

Finally, CEO Ron Clarke continues to show why, in our view, he belongs on the Mount Rushmore of capital allocators. Over the last six months, Corpay has deployed more than \$2 billion in M&A and share repurchases, which together we think will be 7% accretive to 2025 earnings. We love giving our capital to seasoned operators with a track record of success and skin in the game, and we look forward to seeing him continue to create value for shareholders over the coming years.

Intercontinental Exchange (ICE)

During Q2, we added to our position in Intercontinental Exchange (ICE). We originally invested in ICE in April 2023 when the FTC's challenge to the company's proposed acquisition of Black Knight impacted the share price. While the deal overhang has lifted, we believe a re-rating opportunity from a structural and cyclical acceleration of growth is still ahead. Importantly, we expect that AI will drive new growth opportunities across most of ICE's businesses, extending the runway for value creation.

ICE is a collection of dominant information services and exchange assets that automate diverse and large asset classes (Energy, Mortgages, Fixed Income, Rates and Equities) while producing vast amounts of proprietary data. CEO Jeff Sprecher has led ICE for over 20 years. Under his visionary leadership, the company has compounded organic revenue and EPS at ~5% and ~15%, respectively, and adopted new modalities through organic investment and strategic acquisitions, most notably creating the flagship clusters of Energy and Mortgage, franchises we believe are of very high business quality. On the horizon, we expect an acceleration of growth to a consistent low double digit organic algorithm in these businesses, and a re-rating of the stock as price follows value creation.

ICE generates 30% of revenue from its Energy franchise, which holds dominant positions across the oil, natural gas, and environmental futures markets. In recent years, ICE's Energy futures franchise has accelerated markedly, and we believe the 25% growth experienced in 2023 is set to sustain into 2024. This rapid growth is driven by rising demand for natural gas and the globalization of natural gas markets following the significant build out of liquified natural gas (LNG). We expect global natural gas demand to accelerate over the next several years due to the well-publicized growth in electricity demand in developed markets, as well as coal-to-gas switching in developing markets to reduce CO₂ emissions. The pace of globalization of natural gas markets is also accelerating we believe due to a key innovation by US LNG exporters, who have modified LNG contracts from being long-term bilateral agreements with "destination clauses" to contracts where cargoes are purchased "free on board" and can be directed by the buyer to any location on the globe subject to market prices in Asia and Europe. Both megatrends are benefiting ICE's natural gas futures complex, specifically its seaborne TTF / JKM contracts that are central to LNG trading.

ICE generates another 20% of revenue from its Mortgage franchise, which is the only scale software vendor in Mortgages. Following the acquisitions of Ellie Mae and Black Knight, ICE now has the building blocks needed to automate the highly analogue and parochial mortgage origination and servicing ecosystem in the US: over 50% market share in mortgage origination software, over 50% market share in mortgage servicing software, the largest third-party app marketplace, the system of record for mortgage servicing rights, and the definitive database for mortgage loan performance. By creating a 360-degree view of the customer, we believe ICE will ultimately create a life-of-loan platform that reduces the high costs and inefficient wait times of originating and servicing mortgage loans, while at the same time harnessing the vast amounts of mortgage data on its platforms for primary and secondary market participants to trade on.

In less than a year since the acquisition of Black Knight, ICE has already had strong commercial success with cross-sell wins at J.P. Morgan, M&T Bank, Fifth Third Bank and Lennar to name a few, as well as new product rollouts like its GenAI conversational assistant

for its servicing platform. As ICE consolidates the market on one end-to-end platform, it will also retain a significant portion of these productivity gains, in our view, fueling strong double-digit growth once we emerge from the mortgage market bottom in 2024.

Credit Updates

Corporate Credit

Third Point corporate credit returned 4.4% gross (3.6% net) through the first half of 2024, outperforming the J.P. Morgan High Yield Index, which returned 2.6%. We suffered no material losses and our small position in GSE preferreds was up over 50%. Our relatively muted overall performance was due to a slower-than expected realization of the events that we expect will drive our positions higher, and continued weakness in the cable sector. We have both long and short positions in cable that we expect will perform well later this year as the winners and losers from changes in the competitive landscape become clear.

Looking ahead, the table is set for increasing volatility and a broader opportunity set is already emerging. Overall credit spreads are tight, however this belies the underlying dispersion in the market. BB spreads are near their tightest levels ever in comparison to BBBs, while the ratio of CCC to B spreads is at its highest in history. We believe that this dispersion partly reflects a recognition that the long and variable lags associated with the impact of changes in monetary policy are coming home to roost.

These impacts are likely to be further magnified by the excesses of 2020 and 2021 – peak deal volume at peak valuation and trough rates. The timing of the impact of higher rates on highly leveraged capitalizations is a function of the composition of the capital stack. Fixed rate debt and hedges can delay but not avoid this impact. The private credit market, which is overwhelmingly floating rate, provides a forward look and, from our viewpoint, it is messy. Middle market unitranche yields have been moving higher, pushing the percentage of private credit borrowers with fixed charge coverage ratios below 1x to 40%, according to an analysis by PIMCO and Lincoln International.

While credits are generally more leveraged in private than public markets, we believe public markets will likewise face increasing stress as the impact of higher rates hits fixed rate issuers that have to refinance at higher rates. We expect these pressures to provide a wealth of opportunity in the secondary markets for public credit.

Additionally, we continue to see the lines blurred between “public” and “private” credit, a trend we expect to accelerate as these stresses evolve. The syndicated leveraged loan market started as an essentially private market but evolved into a liquid secondary market as settlement procedures were standardized in the early 1990’s. We have already seen loans that began life as “private” trade, and we will be eager to take advantage of this new deal flow as more opportunities arise.

Structured Credit

We believe structured credit remains one of the last untapped markets for many institutional clients. We are seeing more insurance companies and private credit firms enter asset classes that we have been invested in for as long as seven years and welcome them to the table. Since the liquidity crisis some banks faced in March 2023, many credit funds have emerged to buy consumer loans, a trade we have executed with strategic venture partnerships since 2017 in our main funds and the dedicated structured credit funds. Today, private credit funds are driving up prices for sizeable loan trades from banks happy to sell and then provide expensive senior financing.

We believe this market dynamic has created an exciting opportunity for us to refinance some of our mortgage loans with AAA spreads tightening from 165bps to 120bps in 2024. In our view, we have the benefit of existing strong performing collateral and the ability to combine with the smaller loan pools for a better arbitrage. We believe that active trading and sourcing new trades, which is a hallmark of our strategy, is also a key differentiator in this market, as nimble hedge funds can capitalize on market inefficiencies and/or dislocations, whether via early looks on mortgage securitizations or the ability to quickly assess the best risk/reward in rental car companies with public corporate debt and equity, as well as ABS.

With the macroeconomic background pointing to potential rate cuts, we believe the Treasury market rally provides a tactical window to monetize risk through attractive senior financing while selloffs in specific credits will enable us to source cheaper bonds in the secondary market. We believe certain segments of our whole business and mortgage assets can experience meaningful capital appreciation if both the macroeconomic and asset-specific events play out over the next 12 months. In our reperforming mortgage deals, we have executed five refinancings and have seven more in the pipeline. As rates rally and concerns of a recession re-emerge, mounting credit issues in public corporate credit and commercial real estate should present interesting opportunities for us to reinvest amidst the volatility. In addition, as the leveraged loan market in our view is heavily relying on amending maturities and extending into 2025 and 2026, we will see CLO managers tested, as “covenant lite” loans need to be restructured and 60% of borrowers in US BSL CLOs have PE-backed sponsors that are waiting for painful and protracted negotiations.

We anticipate increased opportunities in the corporate and real estate markets as credit deteriorates. In our US residential housing exposure, we remain excited about the current return profile and capital appreciation potential as rates trend lower. We are long duration in our mortgage exposure and the rate rally provides a promising tailwind to our projected return profile.

Business Updates

Sunil Mehta joined the Private Credit team as a Managing Director in Q2. Prior to joining Third Point, he served as Head of Sponsor Coverage for Apogem Capital, a subsidiary of New York Life formed by the merger of three boutique investment firms, including Madison Capital Funding. Mr. Mehta was also an investment committee member for Apogem Capital's debt and equity platform strategies, including senior secured debt, unsecured junior debt, primary fund buyout and co-investment, social advancement fund buyout and co-investment. He began his career at JPMorgan Chase lending directly to middle market businesses. Mr. Mehta earned an MBA from the University of Chicago Booth School of Business and a B.S.B.A. in International Business from Drake University.

Mikhail Faybusovich also joined the Private Credit team as a Managing Director in Q2. Prior to joining Third Point, he served as a Managing Director in the Investment Banking Capital Markets division of Credit Suisse with primary focus on execution of leveraged finance transactions for private equity and corporate clients. Since joining Credit Suisse in 2004, he executed over 250 lead-arranged transactions across multiple industries, raising over \$200 billion in debt financing, managed a global team responsible for over \$23 billion loan portfolio and served on several committees within Leveraged Finance franchise. He started his career at The Royal Bank of Scotland in the Corporate & Institutional Banking Group. He holds a B.A. from the Lubin School of Business at Pace University and is a CFA charterholder since 2008.

Sincerely,

A handwritten signature in cursive script that reads "Daniel S. Loeb".

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 Offshore Master Fund L.P. 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 Offshore Master Fund L.P. 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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