January 22, 2024

Dear Partner:

The Greenlight Capital funds (the "Partnerships") returned 22.1% in 2023, net of fees and expenses, compared to 26.3% for the S&P 500 index. Since the inception of Greenlight Capital in May 1996, the Partnerships have returned 2,902.1% cumulatively or 13.1% annualized, both net of fees and expenses. Over the same period, the S&P 500 index has returned 1,117.1% or 9.5% annualized. Greenlight's investors have earned $5.5 billion, net of fees and expenses, since inception.

2023 was a very good year for the Partnerships. It had been tracking towards a great year until the last couple months when the market took off and most of our short book performed poorly. Bubblelike conditions returned for the most speculative stocks and a handful of our shorts went parabolic.

The immediate catalyst appears to be a new consensus that inflation has been brought under control without triggering a recession. This view was validated by Federal Reserve Chair Powell, who expressed in mid-December that the base case is no more rate hikes and that dialing back policy "begins to come into view." The Fed's own 'dot plots' revealed three rate cuts in 2024 and this news was processed by the market promptly pricing in a total of six rate cuts for 2024. Just two weeks earlier, Chair Powell had said it was "premature" to discuss interest rate cuts.

During the first two weeks of December, both economic and inflation data came out strong. The Atlanta Fed GDPNow forecast for the fourth quarter of 2023 rose from 1.2% to 2.6%, while the November CPI report indicated both services inflation (less rent of shelter) *and* wage inflation, which had been declining, re-inflected higher. Unemployment and initial jobless claims remained very low. Chair Powell simply couldn't have switched his view over those two weeks due to the intervening data.

So, what changed? Some have speculated that Chair Powell changed direction in an effort to help President Biden's re-election chances. Others have speculated that Chair Powell understands that interest rates need to be cut in order to prevent the federal government's interest burden from rising too fast. We don't know what motivated the change, but given the strength in the economic data, we were surprised.

Unfortunately, we were positioned conservatively heading into this development and a number of our more speculative and highest-valuation shorts ran against us. In the fourth quarter we lost 4.3%, net of fees and expenses, with gross losses on the short book costing 12.3% (11.1% net), compared

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to gains of 8.8% (7.1% net) in our long book, and macro costing a fraction of a percent, net of fees and expenses.

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While the end of year rally dented our annual result, here is a summary for the full year:[1]

	Gross Performance	Net Performance	Alpha[2]
Longs	54.9%	48.0%	27.0%
Shorts	-27.5%	-25.6%	-8.7%
Index hedges	-1.8%	-1.7%	-0.4%
Macro	1.9%	1.4%	1.9%
Total	27.5%	22.1%	19.8%

All told, by our calculation we generated 19.8% of alpha.

In a year where the Russell 1000 Pure Growth index outperformed the Russell 1000 Pure Value index by 28%, the Ark Innovation ETF went up 68%, the NASDAQ 100 index advanced 55%, the "Magnificent 7" drove so much of the market return, and we were either 'bearish' or 'neutral' for the entire year, our result feels remarkable.

We believe that the strong returns and alpha from the long book came from a successful adaptation of our style. We have become even more disciplined about price and emphasize investments where we get paid by the issuers, as opposed to relying on other investors to revalue the security. Payment can come to us in the form of buybacks, dividends, interest, or in some cases, a take-out from a buyer. With the decimation of the active fund management industry, we don't believe we can reasonably expect securities to be re-rated by investors who are actively trying to figure out what they are truly worth. Many of our largest holdings are offering double-digit returns directly to investors.

In 2023, Green Brick Partners (GRBK), which had been our biggest loser in 2022, turned into our biggest winner, posting a 114% gain. It began the year trading at under 8x 2023 EPS estimates,

[1] Returns shown represent the contribution to return across the Partnerships. This model performance does not reflect the performance of any individual fund.
[2] Alpha is calculated using the gross returns, on a position by position basis, against a local market index.

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which almost doubled over the course of the year. The shares begin 2024 trading at about 7x 2024 estimates. While it is unlikely that the company will again double the published estimates, GRBK appears to us to be poised for another strong year.

CONSOL Energy (CEIX) was our second largest positive contributor, with a total return of 61%. The shares began the year trading at only 2.4x 2023 EPS estimates, and even though estimates fell more than 25% over the course of the year, the investment worked out well. Midway through the year, the company switched its capital allocation policy to emphasize stock repurchases and the shares took off. CEIX ends the year at a "nosebleed" P/E of 5.1x 2023 estimates and 5.8x 2024 estimates.

Kyndryl Holdings (KD) returned 87% for the year and was our third largest positive contributor. This one is a bit trickier to explain, as the company does not currently make money. The loss estimates for 2024 began the year at almost $1.80 per share and ended the year at $0.47 per share. Obviously, this is progress. As a reminder, KD was the result of the spin-out of IBM's infrastructure services business. It began its post-spinout life saddled with a bunch of unprofitable long-term contracts. The company's strategy has been to combine improved services with pricing adjustments on renewals in order to eventually earn a reasonable margin. The company has made substantial progress toward this goal, as new bookings came in at improved margins, providing confidence that normal margins can be achieved over the intermediate term. The company has a very large revenue base, so better margins can make a big difference. We estimate that with normal margins, KD can eventually earn $4 per share. Even after appreciating in 2023, the stock trades at just 5x that ultimate earnings power.

Tenet Healthcare (THC) returned 55% during the year and was our fourth largest winner. The stock climbed as the company was able to reduce its reliance on expensive temporary labor and benefited from a stronger healthcare utilization environment, especially on the outpatient side. We did even better by trimming about a third of our position into mid-year strength and then buying much of that back into autumn weakness that was triggered by what we believe are irrational fears that new weight loss drugs will materially reduce demand for hospital care and outpatient surgery. The shares recovered late in the year, particularly after the company sold three hospitals at a premium valuation, which caused the market to rethink the value of the remaining business.

Finally, our fifth largest winner was Vitesco Technologies Group (Germany: VTSC), which returned 44% in 2023. We introduced our investment at the Sohn Investment Conference in May, and in October, the controlling shareholder announced that it would tender the remaining shares at a premium. From the start of the year to the tender price, the shares advanced 73%. While we were not happy with the tender price as we believe it dramatically undervalues the company, our 2023 performance was enhanced by this development.

On the losing side in 2023, we had four short positions that each cost us between 2% and 3% gross (and net). Yes, that is also *gross*, as in disgusting. Three of the four positions had been winners for us in 2022, but 2023 was a different story. One short doubled, two more than quadrupled and the

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last one went up more than tenfold. These four stocks contributed substantially all of the negative alpha in our short portfolio in 2023.

While we obviously thought these four shorts began the year overvalued, they appeared to become even more so throughout the year. Nonetheless, in each case we avoided additional losses through risk management (usually by trimming the positions into extreme, often inexplicable strength). This was particularly difficult, as from our perspective, the fundamentals of all four companies continued to deteriorate during the year.

Only one of the four companies is profitable, and that one saw its 2023 earnings estimates cut by more than 40% over the course of the year. The business results were terrible and the stock suffered substantial declines in response to all three of its announced quarterly results, but it obviously did great for the rest of the year. The other three companies are not profitable and have no reasonable expectations of profits any time soon. Each of them suffered declining 2024 revenue forecasts, but narrowing loss estimates due to cost cutting.

Despite the huge moves in the stocks, none of the four companies are experiencing extreme revenue growth, with 2024 estimates ranging from about 5-25%. Not that anyone cares at the moment, but the valuations for all of them appear obscene to us. Should the world come to see these companies as we do, we are positioned to recover some of our losses in these shorts in 2024.

We ended our buyers' strike and found several promising new investments that we believe will help us in 2024. The largest, which will remain undisclosed for now because we are still buying it, will be a new top five position.

We established medium-sized positions in Alight (ALIT) and Viatris (VTRS), and a small position in Syensqo (Belgium: SYENS).

ALIT is a software-based provider of health and wealth benefits and payroll solutions for large enterprises. Over the past few years, the company has undergone a significant cloud-based platform upgrade and has been successful at growing both revenue and profits. The business is much higher quality than most that meet our disciplined valuation criteria. Customer retention is approximately 98% and margins are healthy. We believe that the efficiency of this new platform will enable further cost cutting, leading to improved cash flows that can be used to pay down debt and repurchase its shares. There should be further margin upside, as AI enables ALIT to replace labor with technology. We also believe that a significant overhang on the stock was recently removed when its private equity sponsors exited. We acquired our position for an average price of $7.98, or 10.9x 2024 consensus earnings. ALIT shares ended the quarter at $8.53.

VTRS is a manufacturer of generic and off-patent branded drugs. The company was created in 2020 after a merger between Mylan and a division of Pfizer. We previously invested in Mylan, but sold five years ago due to concerns around management's ability to deliver on promises, as well as deterioration in the generic industry. Those concerns were well-founded, as the shares proceeded

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to decline by more than 60% after we exited. After a recent management change, we decided to take another look and found that after years of sharp declines, generic drug pricing has stabilized and competition has been diminished. The company's revenue and cash flow are now growing, and we expect this improvement to accelerate. VTRS' new management team has simplified its drug portfolio via various divestitures and has committed to returning 50% of free cash flow to shareholders through "aggressive" share buybacks, implying a double-digit capital return based on our estimates. We acquired our shares at an average price of $10.63, or just 4.0x 2024 consensus earnings. VTRS shares ended the quarter at $10.83.

SYENS is a Belgian chemicals business that spun out of Solvay in December 2023. The company is a global leader in specialty polymers and its portfolio of products is used in automotive, electronics, healthcare and other end markets. Additionally, SYENS is one of the few companies in the world that can provide lightweight composite materials critical for modern commercial aircraft and for the latest-generation airborne defense platforms. The spin-off separated out all of the commodities businesses. Hexcel is the most comparable specialty polymer company and it trades at a fancy 29x the 2024 EPS consensus estimate. Since the spin-off, SYENS shares have been weighed down by economic slowdown concerns, but we expect that the company's niche products should, through the economic cycle, enable it to retain pricing power while growing. We acquired our shares at €92.32, or less than 12x the 2025 EPS consensus estimate, which we expect it to exceed. SYENS shares ended the quarter at €94.26.

In response to the worsening geopolitical situation, we bought small positions in two ETFs of defense stocks. The ongoing wars are depleting ammunition stock piles. We believe this sector is likely to perform well due to both possible escalation of hostilities and the need to replenish ammunition. As we disclosed in our last letter, we have established a large position in oil futures. So far, that hasn't worked out very well, as prices have subsequently declined. Nonetheless, geopolitical risks are high and we remain bullish on oil ahead of the U.S. election in November.

We also closed several positions. The Activision Blizzard sale to Microsoft was completed and we exited with a 58% IRR. We sold our iShares Silver Trust at a modest loss, and we exited Southwestern Energy (SWN) about flat.

SWN was a frustrating investment. The company hedged natural gas prices when they were low and failed to meaningfully hedge when they were high. The result was much less free cash flow than we anticipated. The fall brought warm weather and lower gas prices. In October, there were news reports that the company could be a takeover target for Chesapeake Energy. With that enthusiasm in the background, we chose to exit our position.

This quarter, we became a Commodity Pool Operator and registered with the U.S. Commodity Futures Trading Commission (CFTC). We are now registered with both the SEC and the CFTC. Registration came with standardized tests, which some of us had not taken in quite a long time. We are pleased to announce that Samantha Trabucco, Jason Lewis, Daniel Roitman and David Einhorn all passed the Series 3 exam. We chose to register as we were previously limited as to the size of

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our futures and commodity-linked positions and we were routinely managing our exposures over the last few years to stay within that limit. Registering gives us the flexibility to invest as we see fit. We do not expect registration to cause a material change in portfolio construction, but it will enable us to better execute on our existing strategy.

Christmas came early this year when Geriann and her husband Michael welcomed their newest addition, Noelle Bruno, on December 14th. Geriann was sorely missed at our annual holiday party this year, but Michael represented for the family and stole the show (again) with his karaoke rendition of Biz Markie's "Just a Friend." We are looking forward to father-daughter musical performances at future Greenlight events. Congratulations, Geriann and Michael!

At year-end, the largest disclosed long positions in the Partnerships were Brighthouse Financial, CONSOL Energy, Green Brick Partners, Kyndryl Holdings and Vitesco Technologies Group. The Partnerships had an average exposure of 118% long and 70% short.

"Before you marry a person, you should first make them use a computer with slow internet to see who they really are."

– Will Ferrell

Best Regards,

Greenlight Capital

Greenlight Capital, Inc.

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All figures are unaudited. Greenlight does not undertake to update any information contained herein as a result of audit adjustments or other corrections. Past performance is not indicative of future results. Each investor will receive individual statements from the funds' administrator showing actual returns. Reference to an index does not imply that the Partnerships will achieve returns, volatility or other results similar to the index. The total returns for the index do not reflect the deduction of any fees or expenses which would reduce returns.

All exposure information is calculated on a delta-adjusted basis and excludes "macro" positions, which may include, but are not limited to, government debt, currencies, commodities, credit default swaps, interest rate swaps, volatility indexes, credit indexes and derivatives on any of these instruments. However, equity indexes and derivatives on such instruments are included in long/short exposure. The largest disclosed long positions represent individual issuers to which the Partnerships have the highest exposure. Greenlight, in its discretion and in the interest of investor

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Net performance contributions by attribution category apply an allocation of operating expenses, management fee and incentive allocation to the applicable gross contribution. These pro forma net contributions are shown for illustrative purposes only to meet regulatory requirements. Different assumptions than those made by Greenlight can result in different net performance contributions at the category level. A description of the calculation methodology is available upon request.

Changes in quoted prices and market returns of publicly traded investments do not reflect the deduction of fees or expenses from the Partnerships. These fees and expenses are reflected in the net performance of the Partnerships.

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