November 2, 2026

Dear Pershing Square Holdings, Ltd. Shareholder:

Pershing Square Holdings, Ltd. ("PSH", "our", or the "Company") NAV performance from July 1, 2026, through the end of the quarter on September 30, 2026, was 3.5% compared with a 2.3% return for the S&P 500 over the same period.

In the third quarter, the S&P 500 gained just over 2%, while the median stock in the S&P 500 was down 4%. In addition, more than 60% of the constituent stocks in the S&P 500 experienced negative share price performance. This market backdrop is consistent with the overall trend this year, in which the average stock in the S&P 500 has meaningfully underperformed the overall index. Year-to-date, the S&P 500 is up 13% through September 30, while the average stock in the index is up only 1% while just under half of all stocks in the S&P 500 are down.

While the stock price performance of the median stock in the index was negative this quarter and was marginally positive through the first nine months of the year, earnings per share, the most important metric for measuring growth in business value, did substantially better. In the third quarter, consensus EPS estimates[1] for the median company grew by 4%, and nearly 85% of the companies in the S&P 500 exhibited growth in consensus EPS estimates. In addition, consensus EPS estimates for the median company increased nearly 10% through the first nine months of this year.

Historically, the average S&P 500 stock generates nearly 10% EPS growth for the entire year, so most companies in the S&P 500 in 2026 are outperforming their typical levels of earnings growth. For the substantial majority of the companies in the S&P 500, their business values have continued to grow while their share prices have remained largely unchanged or have declined. As a result, nearly 70% of the stocks in the S&P 500 are trading at P/E multiples that are below the level at which they started the quarter and began the year.

We believe that investor enthusiasm for the relatively small number of companies supplying 'picks and shovels' for the massive AI infrastructure buildout has caused investors to overlook the relatively large number of businesses that are also generating strong performance, including the high-quality, durable growth companies in which we seek to invest. As a result, the current market backdrop has provided us with a rich opportunity set that has allowed us to make seven new investments so far this year, a rate of new investment identification about three times our typical average.

Many of the great businesses we have long admired are trading at attractive prices. Subsequent to quarter-end, we began building a position in an eighth new investment, which we will discuss in more detail once we have completed our purchase.

[1] As measured by Bloomberg consensus estimates of the quarterly and year-to-date change in next twelve-months' earnings per share.

# Portfolio Update

**Equity Holdings by Portfolio Company (Common Stock, Preferred Stock and Derivatives)**

The table below presents the Company's aggregate economic exposure to each portfolio company, combining common and preferred stock held directly with the delta adjusted shares underlying derivatives as of September 30, 2026.

| Portfolio Company | Underlying Shares [1] | Market Value [2] | Percentage of Net Assets |
|---|---|---|---|
| Microsoft Corporation | 4,709,730 | $ 1,987,653,069 | 15.0% |
| Uber Technologies, Inc. | 27,127,458 | 1,858,502,148 | 14.0% |
| Meta Platforms, Inc. | 2,052,040 | 1,488,098,367 | 11.2% |
| Amazon.com, Inc. | 5,958,847 | 1,484,646,730 | 11.2% |
| Brookfield Corporation | 40,576,857 | 1,479,432,206 | 11.2% |
| Restaurant Brands International Inc. | 17,475,822 | 1,242,409,350 | 9.4% |
| Howard Hughes Holdings, Inc. | 16,518,818 | 1,216,115,381 | 9.2% |
| Vantage Group Holdings, Ltd. | N/A | 1,089,865,000 | 8.2% |
| Netflix, Inc. | 9,942,315 | 691,786,278 | 5.2% |
| Intercontinental Exchange, Inc. | 4,320,585 | 656,858,538 | 5.0% |
| Mastercard Inc. | 1,179,433 | 650,421,917 | 4.9% |
| Visa Inc. | 1,793,660 | 644,515,848 | 4.9% |
| Alcon Inc. | 9,794,072 | 634,166,162 | 4.8% |
| S&P Global Inc. | 1,592,711 | 628,276,708 | 4.7% |
| Federal National Mortgage Association | 99,066,785 | 422,588,974 | 3.2% |
| Federal Home Loan Mortgage Corporation | 95,059,735 | 386,981,818 | 2.9% |
| Seaport Entertainment Group Inc. | 4,402,011 | 100,762,032 | 0.8% |
| Pershing Square SPARC Holdings, Ltd. | N/A | 40,239,737 | 0.3% |
| **Total Portfolio Company Exposure** | | **$ 16,703,320,261** | **126.0%** |

(1) Includes common and preferred shares held directly and delta adjusted shares underlying OTC option contracts.
(2) Represents the combined market value of common and preferred stock held and OTC option contracts and in the case of Vantage Group Holdings, Ltd., the market value of HHH preferred shares held by the Company.

**Performance Attribution**

Below are the contributors and detractors to gross performance of the portfolio of the Company for the three months and year ended September 30, 2026, respectively.

| July 1, 2026 – September 30, 2026 | |
|---|---|
| Microsoft Corporation | 5.2 % |
| Meta Platforms, Inc. | 3.2 % |
| Vantage Group Holdings Ltd. (HHH Preferred) | 0.6 % |
| Amazon.com, Inc. | 0.5 % |
| Mastercard Incorporated | 0.4 % |
| **Top Contributors** | **9.9 %** |
| Brookfield Corporation | (1.8)% |
| Federal National Mortgage Association | (1.8)% |
| Federal Home Loan Mortgage Corporation | (1.6)% |
| Uber Technologies, Inc. | (0.8)% |
| Alcon Inc. | (0.2)% |
| **Top Detractors** | **(6.2)%** |
| Remaining Positions | 0.2 % |
| Share Buyback Accretion | 0.2 % |
| Other Income and Expense | (0.3)% |
| **Other Contributors and Detractors** | **0.1 %** |
| **Contributors Less Detractors (Gross Return)** | **3.8 %** |
| **Net Return** | **3.5 %** |

| January 1, 2026 – September 30, 2026 | |
|---|---|
| Microsoft Corporation | 3.6 % |
| Amazon.com, Inc. | 2.1 % |
| Meta Platforms, Inc. | 1.3 % |
| Restaurant Brands International Inc. | 0.7 % |
| Vantage Group Holdings Ltd. (HHH Preferred) | 0.6 % |
| **Top Contributors** | **8.3 %** |
| Federal National Mortgage Association | (4.4)% |
| Federal Home Loan Mortgage Corporation | (4.0)% |
| Universal Music Group N.V. | (2.7)% |
| Brookfield Corporation | (2.6)% |
| Uber Technologies, Inc. | (2.4)% |
| **Top Detractors** | **(16.1)%** |
| Remaining Positions | (0.7)% |
| Share Buyback Accretion | 0.5 % |
| Other Income and Expense | (0.6)% |
| **Other Contributors and Detractors** | **(0.8)%** |
| **Contributors Less Detractors (Gross Return)** | **(8.6)%** |
| **Net Return** | **(9.6)%** |

Note: Top Contributors and Top Detractors list the five largest investment contributors and detractors to gross performance of the Company for the applicable period, respectively. Where fewer than five positions had a positive (or negative) contribution to performance, fewer than five are shown. Not all positions are individually listed. The Remaining Positions line reflects the aggregate contribution or detraction of all other investments not shown individually above as a Top Contributor or Top Detractor. Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying disclaimers under the section captioned "Important Legal Information."

The table below highlights the Q3 and year-to-date share price performance of our portfolio companies. In addition, we provide an estimate of their EPS multiples based upon their share prices at the end of September 30, 2026, and our estimates of longer-term EPS growth. We also provide estimated three- to five-year annual EPS growth rates as an illustrative analysis to highlight the longer-term growth potential of our portfolio companies.

We periodically revise our estimates of the near-and longer-term growth rates of our portfolio companies based upon new information and business developments that occur over time. There is no guarantee we will be correct in our assessments of their future growth potential, and our estimates are inherently imprecise. We seek to purchase our target companies at share prices that incorporate a margin of safety so that even if our estimates for the longer-term growth of a company are ultimately proven incorrect, we can still achieve an attractive investment return.

| Company | Share Price Performance[(b)] Q3 2026 | Year-to-Date | NTM P/E[(c)] | Estimated 3 - 5 YR[(d)] EPS CAGR |
|---|---|---|---|---|
| Microsoft[(a)] | 38% | 27% | 25x | 19% |
| Uber | (5%) | (16%) | 16x | 25% |
| Meta Platforms | 29% | 10% | 22x | 22% |
| Amazon | 5% | 8% | 26x | 24% |
| Brookfield | (14%) | (20%) | 11x | 20% |
| Restaurant Brands | (1%) | 7% | 17x | 15% |
| Howard Hughes Holdings | 3% | (8%) | N.M. | N.M. |
| Netflix[(a)] | (3%) | (11%) | 19x | 19% |
| Mastercard[(a)] | 8% | 13% | 24x | 18% |
| Visa[(a)] | 5% | 12% | 24x | 16% |
| Intercontinental Exchange[(a)] | 2% | 2% | 17x | 15% |
| S&P Global[(a)] | 3% | (1%) | 20x | 15% |
| Alcon[(a)] | (5%) | (5%) | 17x | 16% |
| Fannie Mae | (35%) | (61%) | N.M. | N.M. |
| Freddie Mac | (35%) | (61%) | N.M. | N.M. |
| **Weighted Average[(e)]** | | | **20x** | **20%** |
| **S&P 500** | **2%** | **13%** | **20x** | **13%** |

(a) New position initiated during the year.
(b) Reflects total shareholder return, including dividends, as of September 30, 2026. For positions initiated in the applicable period, reflects performance from the date of initial investment, calculated from average cost.
(c) Reflects the next-twelve-month price-to-earnings (NTM P/E) multiple based on Pershing Square estimates as of September 30, 2026. Multiples for Howard Hughes, Fannie Mae, and Freddie Mac are not presented, as they are not meaningful (N.M.).
(d) Reflects estimated EPS compound annual growth rate (CAGR) over the next three to five years from calendar year 2026, inclusive of dividend yield.
(e) Weighted by the delta market value as of September 30, 2026 of each investment, excluding Howard Hughes, Fannie Mae and Freddie Mac.

We estimate that the companies in PSH's investment portfolio will have average annual EPS growth of about 20% over the next three to five years, and trade at 20 times our estimate of current earnings per share[2], compared to the S&P 500 index components, which are expected to grow EPS at 13% over the same period, and trade at an average P/E multiple of 20 times.

PSH's portfolio companies' relatively higher EPS growth rate combined with a similar current valuation relative to the S&P 500 should increase the likelihood that our investment performance exceeds that of the S&P 500 Index over the long term. Our companies also have higher profit margins, better returns on capital, more favorable competitive positioning, and, in our view, more capable management teams than the average company in the S&P 500.

Below we provide more detail on each of our investments:[3]

**Microsoft Corporation (MSFT)**
Microsoft's share price increased 38% during the third quarter and 27% year-to-date from our average cost. The company is delivering accelerating performance across its core productivity and cloud franchises, with M365 growth accelerating to 18% and Azure growth accelerating to 48% in the most recent quarter. Azure's commercial backlog has also grown substantially, with the recent growth driven

[2] As measured by Pershing Square's estimate of the next twelve-months' economic earnings per share.
[3] Only includes PSH's portfolio positions that individually represent greater than 3% of our total AUM during the respective periods.

entirely by enterprise customers rather than frontier model companies, which provides strong visibility into durable demand.

This business momentum has been accompanied by a rapid pace of product innovation. Milestone launches over the last few months include the consolidation of Copilot's chat, Cowork, Autopilot, and Code experiences into a single application, the release of more than a dozen new proprietary MAI models, the scaling of the company's custom silicon Maia program across its datacenter fleet, and the introduction of Project Perception, an agentic cybersecurity offering. Investor perception of Microsoft's AI positioning has shifted markedly in recent months, and its P/E multiple has increased from 19 times to 25 times forward earnings. We continue to expect high-teens earnings growth over the long term and believe the stock remains undervalued.

**Uber Technologies (UBER)**
Uber's share price declined 5% in the third quarter and 16% year-to-date. Investor concerns regarding the potential long-term impact of autonomous vehicles (AVs) continue to negatively weigh on Uber's share price, which is increasingly disconnected from its strong business performance.

During the quarter, Uber continued to make progress with its multi-partner AV strategy by launching and/or expanding commercial AV operations in London, Dubai and Croatia. The company is targeting AV operations in 15 cities by year-end, with further geographic expansion and scaling in 2027 and beyond.

With respect to Uber's Delivery operations, the arrival of Muse catalyzed a debate regarding agentic commerce's impact on the delivery business. We expect Uber to incorporate agentic capabilities into its platform, while preserving optionality to partner amidst a rapidly evolving ecosystem. We believe Uber's business model is inherently insulated from agentic disintermediation given (1) the high-frequency nature of the purchase combined with a low average ticket, (2) consumers' expectation for a low-latency, "on demand" interaction, (3) enormously diverse supply-side aggregation, (4) dynamic "inventory", which changes in real time, and (5) complex real-world fulfillment obligations, including local regulation.

In contrast to the negative investor sentiment, Uber continues to demonstrate exceptionally strong financial performance, with earnings on pace to grow approximately 35% this year. Uber now trades at 16 times earnings, its lowest valuation ever. DoorDash – Uber's direct delivery competitor – currently trades at 30 times earnings per share, or 38 times based upon a normalized 23% tax rate. Applying DoorDash's relative multiple to Uber's delivery business implies the market is ascribing minimal value to Uber's core mobility business. Uber's current valuation implicitly assigns a high probability of disintermediation, a view we believe is mistaken. We believe Uber's long-term earnings per share will continue to compound at 25% or more for the foreseeable future and the risk due to AVs is minimal.

**Meta Platforms (META)**
Meta's share price increased 29% during the third quarter and 10% year-to-date. Its core advertising business continues to accelerate with third quarter revenue growth of 26%, as AI-driven improvements in content recommendation and ad targeting lift both engagement and monetization across Meta's family of apps. The launch of its Muse personal agent and Meta Enterprise Platform during the quarter gave investors a clearer view of how Meta intends to monetize its substantial compute investment beyond the core business. The company's valuation has increased from 18 times to 22 times forward EPS since the end of the second quarter. We expect Meta to grow earnings at a 20%-plus rate over the next several years and believe the shares remain undervalued given the strength of the core business

and the scale of the new market and monetization opportunities enabled by Muse and Meta Enterprise Platform.

**Amazon (AMZN)**
Amazon's share price increased 5% during the third quarter and 8% year-to-date. Business momentum remains strong across the company. AWS revenue growth accelerated to 39% in the third quarter, its fastest rate in nearly five years. The segment's backlog reached nearly $600 billion, growing at a triple-digit rate, while operating margins remained near their highest levels in history despite the ongoing buildout. The company's retail business continues to take share, with paid units growing 12%, aided by the secular tailwind of rising e-commerce penetration and the early adoption of agentic shopping.

Despite these results, Amazon remains undervalued in our view, as investors are focused on the magnitude of capital spending, with 2026 capital expenditures of approximately $220 billion and management indicating it expects to spend meaningfully more in 2027. Notably, the demand supporting this investment has become increasingly visible as management now expects AWS to grow more than 40% in each of 2027 and 2028, with a stated goal of reaching $1 trillion of annual revenue within the next five to ten years. We find the company's framework for the returns on this investment compelling, particularly as management has indicated that its payback period on AWS capital continues to shorten, and we believe the resulting growth in free cash flow is underappreciated. We believe Amazon can compound earnings at a 20%-plus rate over the long term.

**Brookfield Corporation (BN)**
After significantly outperforming peers earlier in the year, BN's share price declined 14% in the third quarter and 20% year-to-date. Sector-wide concerns continue to weigh on valuations, further exacerbated by the sharp rise in interest rates this quarter, which has caused investors to temper expectations for asset monetizations and carried interest realization. Notably, Brookfield has only modest carried interest in its earnings base (8% over the trailing twelve-month period) with carried interest representing more of an upside to earnings than a risk to current profits. We believe Brookfield will be less impacted than peers given its focus on real assets. In addition, higher near-term interest rates position Brookfield to lock in higher spread earnings at Brookfield Wealth Solutions, which acquired a low-cost $40 billion long-duration liability book through the acquisition of Just Group earlier this year.

We believe Brookfield remains on track for mid-teens-or-greater distributable EPS growth over the next twelve months, and the company recently issued a five-year target of 24% compounded earnings-per-share growth. BN is inexpensive both on an absolute and a relative basis at only 11 times earnings estimates, or ~20% below direct peers, KKR and Apollo, despite consensus expectations for higher growth at BN. We believe the shares offer highly attractive returns from current levels.

**Restaurant Brands International (QSR)**
QSR's share price declined 1% during the third quarter but remains up 7% year-to-date, as we believe investors are beginning to better appreciate the durability of its growth. While peers have declined due to slowing sales, QSR's consistent growth stands out: the company has now delivered five consecutive quarters of global same-store sales growth above 3%, and the company is returning to its capital-light model by selling down company-owned stores.

Burger King delivered third quarter same-store sales growth of 8%, consistent with its first-half performance and well above peers, reflecting the brand's foundational improvements and recent

elevation campaign. The International business grew same-store sales by 4%, also ahead of peers and against a tougher prior-year comparison. Tim Hortons grew same-store sales by 2%, performing in line with the Canadian QSR industry despite a pressured consumer.

With momentum in each of its franchises, the company remains on track to deliver 8% operating profit growth this year, consistent with its longer-term targets. We believe sustained high-single-digit operating profit growth combined with appropriate financial leverage and an ongoing share repurchase program should allow for a mid-teens total return before considering any potential for an increase in its P/E multiple. Despite these favorable attributes, QSR trades at 17 times earnings, a material discount to our view of intrinsic value. We expect the stock price to increase as the company delivers strong earnings growth over time.

**Howard Hughes Holdings (HHH)**
HHH's share price increased 3% during the third quarter but is down 8% year-to-date. We made substantial progress during the quarter toward our goal of transforming HHH into a high-returning, diversified holding company. Shortly after the completion of HHH's acquisition of Vantage Holdings this June, we recruited Marc Grandisson as Vantage's Executive Chairman and David Gansberg as its future CEO once his garden leave is completed. Over the last few months, Marc has made significant progress recruiting a world-class leadership team.

In September, at the Howard Hughes annual meeting, HHH announced that it intends to accelerate the company's transformation by substantially reducing the capital intensity of the Howard Hughes Communities (HHC) real estate subsidiary, which will free up capital to be invested in Vantage. HHC has begun the process of monetizing assets through sales and joint ventures in which it will retain operational control, transforming HHC into a fee-generating real estate asset management platform.

We believe that the monetization of HHC's real estate will benefit both Vantage and HHC. Vantage will obtain substantial additional capital it can deploy in its business while HHC's more capital-light, fee-generating business model will enable it to earn substantially higher returns on capital. HHC has the potential to become a best-in-class real estate alternative investment manager due to its superb management team, massive commercial land holdings with decades of high-return investment opportunities in some of the best large-scale, master-planned communities (MPCs) in the country, and a long-term track record of successful on-budget and on-time development.

We estimate the current after-tax value of HHH's real estate assets to be about $5 billion. By selling assets and entering into joint ventures, HHH can redirect significantly more capital to Vantage's insurance business in the short term than would be achieved from the organic cash generation of the company's real estate assets. Moreover, by transitioning HHC into a real estate asset manager that earns fees on third-party capital, HHC can materially increase its returns on equity while reducing its overall cost of capital, which should enable it to pursue more high-return development opportunities over time.

With the addition of capital from the monetization of HHC's real estate assets, Vantage will represent a growing percentage of HHH's equity value and earnings potential. If Vantage is successful in achieving our long-term investment and insurance profitability goals, we believe Vantage's book value per share should grow at a compound annual rate of 20% or more.

**Netflix (NFLX)**
Netflix's share price declined 3% during the third quarter and 11% year-to-date from our average cost. The decline has been driven principally by investor concerns that engagement growth may be plateauing, particularly in the company's US & Canada segment. We continue to believe that the market's focus on engagement, as measured narrowly by watch time, overshadows the quality of that engagement, which is what ultimately drives the value proposition for Netflix subscribers. As the company expands into live programming and experiments with other new and innovative content formats, watch time alone will become a less relevant measure of the service's value.

More importantly, we believe these concerns overlook the company's dominant competitive position and continued strong business performance. Revenue grew 12% this quarter, and we believe the company can sustain close to double-digit growth over the next few years. Advertising revenue continues to scale rapidly, and the lower-priced ad-supported tier is meaningfully expanding Netflix's addressable market. AI should further enhance the business by improving content recommendation and ad targeting algorithms, driving efficiencies and enabling new forms of interactive and personalized content.

Netflix's model of growing content spend more slowly than revenue should continue to drive meaningful margin expansion. The company converts nearly all of its earnings into free cash flow, which is principally redeployed into share repurchases. Taken together, we estimate that earnings should compound at nearly 20% annually. We believe the current forward multiple of 19 times vastly undervalues the company's growth profile and business quality.

**Visa and Mastercard (V and MA, and collectively the Card Networks)**
Visa and Mastercard shares increased by 5% and 8% during the third quarter and 12% and 13%, respectively, year-to-date from our average acquisition prices. Both companies reported strong third quarter results, with organic revenue growth of 12% at Visa and 14% at Mastercard, driven by high-single-digit growth in payment volumes and double-digit growth in cross-border volumes. Value-added services grew by approximately 27% at Visa and 19% at Mastercard, significantly ahead of the growth rate of the core payments business. EPS grew 17% at Visa and 21% at Mastercard. Both companies cited healthy October volumes, and Visa introduced its full-year guidance for next year, guiding to low-double-digit revenue growth and low-double-digit to low-teens EPS growth.

The quarter also provided further evidence that stablecoins and agentic commerce are opportunities for the card networks rather than threats. Open USD, the stablecoin issued by the Open Standard consortium, went live with Visa and Mastercard among its founding partners. Visa launched a platform for banks and fintechs to issue and manage stablecoins, and Mastercard completed its acquisition of BVNK, a stablecoin infrastructure provider. In agentic commerce, both companies expanded tools to allow AI agents to transact securely on their networks, including partnerships with large technology companies.

Subsequent to quarter-end, Visa received approval from the People's Bank of China to begin preparations for a domestic operation, a milestone in its years-long effort to enter China's domestic payments market, following Mastercard's entry several years ago. Visa and Mastercard trade at 24 times forward earnings, an attractive valuation for businesses of their quality. In light of their multi-year runway of double-digit revenue growth, low-to-mid-teens operating income growth, and mid-to-high-teens EPS growth, we expect both companies to generate attractive returns for years to come.

**Intercontinental Exchange (ICE)**
ICE's share price rose 2% from our average cost in the third quarter as record volumes on ICE's futures and options exchanges and accelerating growth in its data businesses have been somewhat offset by concerns around the sustainability of recent Exchanges volumes, the perceived threat of perpetual futures, and the impact of higher rates on Mortgage Technology.

We remain confident in the long-term growth prospects of ICE's futures and options business, which is driven by increased participation in the global hedging marketplace, the rewiring of global energy supply chains spurred by geopolitical conflict, and continued European interest rate volatility. We continue to believe that perpetual futures are ill-suited to institutional hedgers and are primarily a vehicle for leveraged retail speculation.

During the quarter, ICE announced the acquisition of MarketAxess, a leading electronic credit trading platform, for $5.7 billion in cash. We view this acquisition as highly opportunistic, with the per-share acquisition price representing a 72% discount to MarketAxess's all-time high share price, reflecting the company's tepid mid-single-digit revenue growth and declining margins in recent years. We expect the acquisition to be highly synergistic with ICE's existing fixed income offerings and view ICE management as uniquely capable of reinvigorating MarketAxess's long-term growth and profitability.

Following the quarter, ICE announced a partnership with Trade[XYZ] to bring perpetual markets onshore. We believe the partnership is complementary to ICE's existing institutionally driven business and will allow ICE to help foster the development of a more transparent, well-regulated, and efficient market for perpetual futures.

ICE trades at 17 times earnings, a highly discounted valuation for a high-quality franchise that we believe should compound earnings at a mid-teens rate over the long term.

**S&P Global (SPGI)**
SPGI's share price increased 3% during the third quarter and is down 1% year-to-date from our average cost as strong performance in S&P Global's high-quality benchmark businesses has been overshadowed by concerns around the impact of AI on Market Intelligence and higher interest rates on Ratings growth.

We continue to believe that AI risk is confined to a small percentage of the company's overall earnings and may be offset by growing demand for high-quality curated and proprietary data, as evidenced by preliminary data points from the company's AI initiatives. Following the quarter, the company announced a strategic review, including the potential separation of its CapIQ and related data businesses. We are supportive of a separation as it will allow for greater focus on and investment in S&P's high-quality data assets while alleviating concerns of AI disruption risk for the remaining company. Despite higher interest rates, we expect Ratings to deliver healthy growth and solid margin expansion through the cycle, supported by AI-related capex, robust M&A pipelines, and substantial maturity walls, particularly in high-yield debt.

We expect SPGI to compound earnings at a mid-teens rate over the long term, driven by high-single-digit revenue growth, operating leverage due to its largely fixed cost structure, and its robust capital return program, which should reduce shares outstanding by 4% per annum. SPGI trades at 20 times earnings, a low multiple for a company which owns a portfolio of the world's best benchmark businesses.

**Alcon Inc. (ALC)**
Alcon's share price declined 5% from our average cost in the third quarter despite reporting strong second-quarter results, with robust margin expansion in the quarter against modest expectations driving earnings upside. The company raised full-year guidance, now targeting 12% to 15% constant-currency earnings-per-share growth, with foreign exchange a further tailwind to earnings.

Alcon is currently trading at 17 times earnings, its lowest-ever multiple and a significant discount to its average high-20s multiple of earnings since becoming a public company. The company's valuation is being pressured by sector-specific factors, with European MedTech valuations nearing decade lows (Alcon is a US company with its operational headquarters in Texas but it is dual listed in Switzerland given its Novartis legacy).

We anticipate Alcon can generate meaningful compounded returns from current levels as it grows earnings at a mid-teens rate and its valuation multiple expands to a level more reflective of its underlying business quality and longer-term growth prospects.

**Fannie Mae and Freddie Mac (FNMA and FMCC, or F2)**
We view our investment in F2 as long-term, mispriced, probabilistic options that have the potential to increase in value by more than 10-fold from current share prices. Importantly, F2 also meet our standards for business quality, durability, and growth, and benefit from their duopolistic, government-sponsored market position. Now with 18 years under government conservatorship – what was supposed to be a temporary resting place until recapitalization – F2 have more than $200 billion of shareholder equity, more than 2.5% of the nearly $8 trillion of mortgage-backed securities they guarantee before considering F2's additional claims paying resources from the $40 billion of annually recurring guarantee fees they receive.

F2 have had average annual credit losses of only 0.05% over the last decade, so their current levels of capital amount to approximately 50 times their average annual credit losses, a massive margin of safety even in a housing recession or depression. We estimate F2's combined capital will grow to more than $375 billion over the next five years, more than 4% of the total mortgage-backed securities they guarantee.

Despite their high-quality, low-risk business model which is best considered a royalty on first mortgages secured by the growing value of America's housing stock, Fannie and Freddie currently trade at about 1.5 times earnings. Their current valuations are the lowest that we have ever seen for a high-quality, capital-light business, as investors do not value the companies based upon their current earnings, but rather based upon a probabilistic assessment of their potential future political outcomes.

Since the election and through the end of last year, F2 share prices have increased by about eight times as President Trump and other senior members of his administration repeatedly and vociferously reiterated their commitment to take the companies public and ultimately end the conservatorships. This year, however, the President and his team have remained silent and have taken no public steps toward listing the companies on the NYSE or ending the companies' conservatorships. As a result, their share prices have declined more than 60% this year, as investors have lowered the probability they ascribe to F2 exiting conservatorship in the near term, and ignored the companies' strong operating performance, which has enabled them to rebuild capital.

We strongly believe that President Trump, his administration, and the Republicans in Congress do not want to risk handing control of Fannie and Freddie in conservatorship to a new administration in 2029 as

it would give a potential Democratic Party administration enormous influence over housing policy and the resulting political power that comes from control of F2. As one member of President Trump's administration succinctly stated, "We can't take the risk of the Communists taking control of Fannie and Freddie."

In our view, the President's remaining term is more than sufficient to facilitate a relisting of F2 and their orderly exit from conservatorship in a manner that maintains and enhances mortgage affordability while maximizing the long-term value of American taxpayers' 79.9% ownership of the two companies.

Importantly, a relisting and release from conservatorship can be accomplished by the President using his executive authority without any involvement of Congress. If the polls and betting markets are correct and control of the House and/or Senate goes to the Democratic Party, the relisting and release of F2 will be one of the few major pieces of economic policy the President can still achieve after the midterms. We believe that there is no credible alternative to F2 exiting conservatorship and relisting on the NYSE as private-sector-owned operating companies. F2 provide a mission-critical service to the American public, have a safe and inherently low-risk core business, and have built up more than sufficient capital to withstand even the most draconian potential future credit losses. The only way to protect them from future political influence is to release them from conservatorship to facilitate long-term private sector, institutional and retail ownership.

Treasury Secretary Bessent has recently stated that the administration will focus on F2 and their future ownership in 2027 and 2028. For all of the above reasons, we believe it is only a matter of time before F2 exit conservatorship and are valued as traditional operating businesses, which should result in share prices that are many multiples of current levels. And yes, our 13-year holding period has been a long time to wait.

## Thoughts On Our Hyperscaler Investments

Given the significant aggregate investment PSH has in Microsoft, Meta and Amazon, we wanted to provide some more in-depth thoughts on the hyperscalers this quarter.

**Suppliers of the AI Buildout Have Outperformed the Hyperscalers That are Funding It**
The buildout of AI infrastructure has been one of the principal drivers of stock market performance this year with the 'picks and shovels' companies having been the largest beneficiaries. The S&P 500 Semiconductor Index and S&P 500 Technology Hardware Index, which we view as rough proxies for the 'picks and shovels' companies, have increased by 44% and 36% year-to-date, respectively. In contrast, the share prices of the hyperscalers (Microsoft, Meta, Amazon and Google), which are the 'picks and shovels' companies' primary customers, have increased by 8% on average, despite 27% growth in their EPS this year.

The decline in the hyperscalers' P/E multiples has largely been driven by investor concerns regarding the potential returns they will earn on their elevated capex spending. The total capital expenditures of the four hyperscalers are nearly five-fold the level of three years ago, from approximately $140 billion in 2023 to approximately $740 billion in 2026 based on company guidance. Consensus estimates forecast an additional 35% increase in capex next year to over $1 trillion.

While the hyperscalers' revenues have grown rapidly over this period, capex has risen much faster with near-term capital intensity increasing from nearly 12% of revenues in 2023 to an estimated 38% in 2026

for the group. Given this large increase, investors have understandably questioned whether this spending is defensive in nature, representing a structural increase in their maintenance capital intensity, or alternatively, an offensive growth investment that will generate high returns in the future.

**The Hyperscalers' Growth and Return Opportunity Is Underappreciated**

We believe that the hyperscalers' capital spending is offensive rather than defensive. Rather than merely protecting existing franchises, we believe the hyperscalers are investing to accelerate growth and are deploying capital behind a transformative technology that plays directly to their competitive advantages. These include unmatched distribution, long-standing customer relationships, proprietary data and context, security and reliability at global scale, and the balance sheet strength to invest at a level few competitors can match.

Amazon CEO Andy Jassy recently described the economics of the buildout at Amazon Web Services (AWS) in a manner that helps to explain the attractive and lower-risk nature of this investment. In summary, he explained that the capex buildout has two components: the data center shells (not including land), and the servers and network equipment that fill them. The shells require capital roughly two years before they can be put to use, but once operational, they can be utilized for 30 years or more with only minimal ongoing maintenance capex.

Servers and network equipment, by contrast, are purchased only a few months before they are placed into service, enabling this commitment to be closely aligned with customer demand. Servers achieve payback in a little under three years, have a useful life of at least five to six years, and generate substantial free cash flow in the years following payback.

The near-term consequence of bringing a large amount of data center capacity online is elevated capital spending and a headwind to free cash flow. That said, Amazon's data centers are estimated to house five to six generations of servers, with each generation requiring less capital and achieving better returns than the previous because the data center shell investment is not repeated. Once Amazon's revenue growth outpaces its incremental capex growth – in part due to the fact that the next generation servers and network investment do not include the data center shell capex – the resulting free cash flow and returns on invested capital should be highly attractive.

While Jassy's comments are particular to AWS, we believe the same dynamics apply to our other hyperscalers. Each of these companies has a differentiated and substantial opportunity to monetize its compute, whether on a first-party basis through its own applications or through the sale of cloud services, and each is uniquely positioned to benefit from the technology it is building.

**Amazon: AI Is Accelerating AWS and Extending Amazon's Lead Across the Stack**

Amazon's compute investment directly leverages AWS's dominant position as the largest cloud provider. Even at its $170 billion annualized revenue scale, AI has helped AWS accelerate its revenue growth to 39% in the third quarter, its fastest growth in nearly five years, despite nearly doubling in size over this period.

In our view, Amazon is extremely well positioned across the AI stack. Bedrock, its inference service, offers customers access to the broadest selection of leading models in a world where no single model is likely to dominate, and where the race to the frontier is won and lost periodically by the leading frontier model companies. Trainium, Amazon's custom AI chip, offers leading price performance and has secured

multiyear, multi-gigawatt commitments from Anthropic and OpenAI along with a growing roster of start-ups and large enterprises.

Importantly, growth in AI is also accelerating growth in AWS's core business as the post-training and agentic workloads that accompany AI deployments run largely on AWS's conventional compute, and as enterprises accelerate migration to the cloud in order to realize the full benefits of AI. Management has noted that the margins and returns of its AI business are tracking ahead of the core cloud business. It believes that AWS can ultimately become a $1 trillion revenue business, roughly double what it previously thought possible.

AI is also strengthening Amazon's retail business where agentic shopping is emerging as a new channel for both commerce and advertising. More than 350 million customers have used Alexa for Shopping, Amazon's agentic shopping assistant, over the past 12 months, and these customers spend more per order and convert more often. Across both of its major businesses, we believe AI is strengthening Amazon's competitive position while adding to its already substantial growth runway.

**Meta: Monetizing AI in its Core Business While Launching Consumer and Business Agents**
For Meta, AI and the associated investment in compute are transforming its business in two important ways. First, Meta's core digital advertising business has effectively used AI for better ad targeting, generative ad copy, and more effective content recommendation. These benefits are already visible in the company's revenues, with growth accelerating from 22% in 2025 to an estimated 27% in 2026. Second, AI is unlocking entirely new products, namely consumer and business agents, which Meta can launch at a scale, that we believe few companies can match.

Entering the year, the magnitude of Meta's compute investment exceeded what many investors believed its core business alone would support. It was also unclear what new products could justify the incremental investment. In recent months, the company has addressed that question directly with a series of launches, including its Muse Spark and Wonder Full family of models, which are now at the frontier, the Muse personal agent, and Meta Enterprise Platform.

Muse appears to be a resounding success, now surpassing ten million downloads within weeks of its launch. Muse benefits from Meta's extensive knowledge of each user's interests and social connections, deep integration with partners (Shopify, Walmart, Gmail, etc.), and distribution to the nearly four billion people who already use Meta's apps. The range of early use cases, from negotiating cable bills to booking travel, managing appointments, and customer service interactions, suggests broad consumer appeal.

By frontloading its compute investment, Meta has given itself the optionality to scale Muse to a billion or more users, offering it free of charge to most, while retaining the ability to monetize it over time through transaction fees on the commerce it enables. Likewise, Meta Enterprise Platform applies a similar logic to businesses. Meta already helps hundreds of millions of businesses reach customers through advertising. The platform allows these same businesses to use Meta's models and agents to grow and operate more efficiently.

Prior to Meta’s recent product launches, investors had limited visibility into how Meta's consumer and business agent efforts would take shape, but now the narrative on the stock has quickly shifted as investors increasingly recognize the multiple paths to monetizing Meta's compute assets beyond its core business. Meta's earnings multiple has increased from 18 times to 22 times. We continue to view Meta

as undervalued given the momentum in its core business and the large new addressable markets that Muse and Meta Enterprise Platform provide to the company.

**Microsoft: Copilot and Azure Provide First-Party and Third-Party Paths to Monetize AI**
Microsoft occupies an enviable position among the hyperscalers in having two large channels by which to monetize its compute. Like Meta, it has a first-party channel in Microsoft 365, its productivity suite embedded in daily workflows of over 450 million users. Like Amazon, Microsoft's Azure, the second-largest cloud provider after AWS, offers a third-party channel, which surpassed $100 billion in revenue last fiscal year while growing 41%.

Microsoft understood earlier than most that enterprise adoption of AI would be won by serving customers' practical needs to choose the appropriate model for a particular task, to evaluate and control token costs, and to maintain control of their data, and it presciently oriented its business around these principles.

AI also presents Microsoft with a massive market expansion opportunity. Just as Muse is driving AI adoption among consumers, Copilot offers Microsoft the same opportunity among enterprise workers. The company's intense focus on Copilot product innovation is visible in its adoption, with paid Microsoft 365 Copilot seats doubling over the past six months to more than 30 million.

Microsoft has evolved its business model thoughtfully, while retaining per-seat pricing, which gives customers a leading AI agent within a predictable, low-cost bundle, while introducing consumption-based pricing for power users who wish to scale their agent usage. This approach aligns Microsoft's revenue with token consumption as usage intensifies, while administrative controls and spending caps protect customers from unexpected costs.

AI is also spotlighting franchises within Microsoft's platform that were previously less visible to investors. For example, the rise of agentic coding has materially accelerated GitHub's growth, with GitHub Copilot revenue accelerating more than 60% quarter-over-quarter. We believe security represents another substantial opportunity given the expanded threat landscape of an agentic world, and Microsoft's broad visibility into enterprise customers' data and context.

As with Meta, investors have started to reassess how beneficial AI could be to Microsoft's growth as its AI strategy is now starting to show in its recent business results. Microsoft's P/E multiple has increased from 19 to 25 times over the past three months as the narrative on the stock has shifted from the company being an AI laggard to an AI leader. We believe Microsoft's current valuation understates the degree to which AI will accelerate Microsoft's growth and deepen its entrenchment with customers.

**Consensus Estimates for the Hyperscalers Embed the Cost of the Buildout but Discount Its Upside**
Consensus analyst estimates for the hyperscalers reflect a notable disconnect: they expect the current level of capital intensity to persist for years into the future, yet they assume minimal acceleration in revenue growth beyond this year and next. Consensus estimates treat the capex buildout as a structural increase in maintenance capital intensity rather than as an investment capable of producing outsized future revenue growth and attractive returns on capital.

For example, consensus estimates show Meta's capital expenditures increasing from 50% to 65% of revenue from 2026 through 2029, roughly double the 20% to 35% capital intensity of 2023 through 2025. Over the same period, consensus estimates assume revenue growth decelerates from 27% in 2026

to 20% in 2027, and 15% by 2029, below the company's 22% growth in 2024 and 2025, despite the acceleration AI has already delivered. The dynamic is similar at Microsoft and AWS, where consensus estimates suggest that capital intensity will remain significantly in excess of levels in 2023 and 2024 for several years while revenue growth is expected to hold steady or decelerate.

***Consensus Bloomberg Estimates ($ in billions):***

| **Microsoft** | **FY 2023** | **FY 2024** | **FY 2025** | **FY 2026** | **FY 2027E** | **FY 2028E** | **FY 2029E** |
|---|---|---|---|---|---|---|---|
| Revenue | $212 | $245 | $282 | $332 | $393 | $466 | $566 |
| *Growth* | | *16%* | *15%* | *18%* | *18%* | *19%* | *21%* |
| Capital Expenditure | $32 | $56 | $88 | $145 | $219 | $251 | $283 |
| *Growth* | | *75%* | *58%* | *65%* | *51%* | *15%* | *13%* |
| *% of Revenue* | *15%* | *23%* | *31%* | *44%* | *56%* | *54%* | *50%* |
| **Meta** | **2023** | **2024** | **2025** | **2026E** | **2027E** | **2028E** | **2029E** |
| Revenue | $135 | $165 | $201 | $254 | $306 | $363 | $419 |
| *Growth* | | *22%* | *22%* | *27%* | *20%* | *19%* | *16%* |
| Capital Expenditure | $27 | $37 | $70 | $139 | $199 | $216 | $210 |
| *Growth* | | *38%* | *87%* | *100%* | *42%* | *9%* | *(3%)* |
| *% of Revenue* | *20%* | *23%* | *35%* | *55%* | *65%* | *60%* | *50%* |
| **Amazon Web Services** | **2023** | **2024** | **2025** | **2026E** | **2027E** | **2028E** | **2029E** |
| AWS Revenue | $91 | $108 | $129 | $171 | $234 | $304 | $361 |
| *Growth* | | *19%* | *20%* | *33%* | *37%* | *30%* | *19%* |
| AWS Net Additions to PP&E | $25 | $53 | $96 | $177 | $244 | $288 | $339 |
| *Growth* | | *114%* | *81%* | *83%* | *38%* | *18%* | *18%* |
| *% of Revenue* | *27%* | *50%* | *75%* | *103%* | *105%* | *95%* | *94%* |

Note: Consensus Bloomberg estimates as of September 30, 2026.

In our view, analyst estimates penalize the hyperscalers for the cost of the buildout today while ascribing limited potential to the significant future growth in revenue and earnings that are likely to result from these investments. Most of the revenue acceleration visible in 2026 reflects capital deployed in 2024 and 2025, while we believe the larger levels of investment now will yield an additional increase in growth in the future. As a result, we believe it is highly probable that the hyperscalers' revenue growth will exceed analyst estimates over the next several years. To the extent that does not occur, we believe the hyperscalers will reduce their capital expenditures from current levels. In either scenario, we believe the hyperscalers' capital intensity will be lower and their free cash flow will be meaningfully higher over the next several years than what is implied by current consensus estimates. A simple illustration suggests how material the underestimates for growth could be.

We estimate that one gigawatt of AI data center capacity currently costs approximately $40 billion to $50 billion to build using the latest generation of chips. We believe a hyperscaler can generate $15 billion to $20 billion in annual revenue per gigawatt of compute capacity, which, at a 50% incremental operating margin, would generate $7.5 billion to $10 billion of incremental operating income, implying a pre-tax return on invested capital of 15% to 25%.

We regard these assumptions as conservative and believe the ultimate returns could be substantially higher given the hyperscalers' ability to monetize capacity through higher-value inference services and first-party applications rather than just wholesale compute rental.

To gauge what potential returns could suggest for future growth, one can divide the hyperscalers' current capital expenditures into two components: maintenance and growth capital. The 2023 to 2024 level of capital can be considered the maintenance capex required to sustain baseline growth, and the spending in excess of maintenance capex to be growth capex.

If the consensus estimates for growth capex generate a return consistent with the assumptions of our one-gigawatt example, we estimate the potential for five to ten percentage points of upside to consensus annual revenue growth through 2029. Compounded over the next three years, that would suggest future revenues could be 15+% to 35% above current consensus estimates. The operating leverage that would accompany the higher-than-expected revenue growth would result in an even larger impact on EPS. Amazon, on its third quarter earnings call, provided long-term guidance on AWS revenue growth exceeding 40% in both 2027 and 2028. This outlook is the first specific multi-year growth guidance any of the hyperscalers have offered, which is consistent with the range of outcomes our framework suggests relative to consensus estimates.

**The Hyperscalers Are Uniquely Positioned to Fund the Buildout**

The availability and cost of financing required to fund a buildout of this magnitude has been another area of increasing investor concern. The four hyperscalers discussed above are collectively expected to spend a little over $1 trillion on capital expenditures in 2027 based on consensus estimates. Including Oracle and SpaceX and neoclouds such as CoreWeave and Nebius, total data center capital expenditures are expected to reach approximately $1.5 trillion next year based on consensus estimates. Investors have grown concerned about how this will be funded, as reflected in the widening of credit spreads on neocloud debt and certain hyperscaler asset-level financings as well as in the recent sharp declines in neocloud share prices.

In our view, the scrutiny of the neoclouds and the funding needs of companies such as SpaceX and Oracle should not be conflated with the hyperscalers' ability to fund their own capital expenditures. The hyperscalers are in a vastly stronger financial position. They have virtually no net debt and can finance the substantial majority of their capital expenditures from the prodigious cash flows of their core businesses. Their multi-trillion-dollar market capitalizations also mean that even large equity issuances, in the hundreds of billions of dollars, would amount to a low- to mid-single-digit percentage of their shares outstanding.

For example, we estimate that Meta's free cash flow before capital expenditures (consider that Meta is the smallest of the four by market capitalization) will approach $150 billion next year. Meta has more than $80 billion of cash and no net leverage, which with its operating cash flow would allow it to fund more than $200 billion of capital expenditures before accessing the capital markets. If Meta were to increase its net leverage to just one times 2026E EBITDA, it could raise an additional $125 billion of capital. The $98 billion equity raise that Meta announced two weeks ago amounts to only 6% of its shares outstanding. Microsoft, Amazon, and Alphabet are each considerably larger than Meta and even better positioned to self-fund capital expenditures of this scale with minimal financial risk.

Importantly, the hyperscalers' financial strength compounds their other competitive advantages in the buildout. In addition to capital, standing up new data center capacity requires permitting, power, chip

supply, and the navigation of political considerations. The neoclouds and other secondary participants face meaningful challenges with each of these requirements. To the extent those challenges slow the pace at which others can bring capacity online, the current shortage of compute will persist for longer, and the benefit will accrue to those who already have capacity in place and the means to add more.

The hyperscalers already operate large installed bases, have ready access to capital, and are developing custom silicon that reduces their dependence on external chip supply. They also have been planning land, power, and cooling infrastructure on multi-year lead times. The more difficult the buildout proves for others, the more valuable the hyperscalers' capacity becomes, and the more durable their competitive position.

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In summary, 2026 has been a volatile year in the capital markets which has created the opportunity for us to optimize our portfolio with some of the greatest businesses in the world that trade at prices that offer high rates of return over the intermediate to long term. PSH is well positioned to manage through such a volatile environment with its permanent capital structure, its modest-leverage investment strategy, and a team highly focused on driving shareholder value.

Sincerely,





William A. Ackman — Chief Executive Officer

Ryan Israel — Chief Investment Officer

**Important Legal Information**

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Past performance is not necessarily indicative of future results. The individual portfolio company discussions in the "Portfolio Update" section of this letter provide information and analyses relating to equity positions in the Company's portfolio as of September 30, 2026 except for those under 3% of the Company's NAV (unless there is a material update to the business of the portfolio company to report). All investments involve risk including the loss of principal. It should not be assumed that any of the investments discussed herein were or will prove to be profitable, or that the investment decisions we make in the future will be profitable or will equal the investment performance of the investments discussed herein. This letter does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. Pershing Square or the Company may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this letter for any reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Pershing Square investment. The statements in this letter do not constitute a guarantee or promise with respect to any outcome and there can be no assurance that these expectations will be achieved. They should not be taken to reflect the views or opinions of the management or the board of directors of any portfolio company or that of any individual director.

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An investment in the Company will entail substantial risks, and a prospective investor should carefully consider the risks described in "Principal Risks and Uncertainties" in the Company's most recent semi-annual report and the disclosures contained in Pershing Square's Form ADV Part 2A and the Company's Prospectus available on the Company's website at http://www.pershingsquareholdings.com.

**Forward-Looking Statements**

This letter also contains forward-looking statements, which reflect Pershing Square's views, expectations or plans. These forward-looking statements can be identified by reference to words such as "believe", "expect", "potential", "continue", "may", "will", "should", "seek", "approximately", "predict", "intend", "plan", "estimate", "anticipate" or other comparable words or the negative version of these words. These forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Should any assumptions underlying the forward-looking statements contained herein prove to be incorrect, the actual outcome or results may differ materially from outcomes or results projected in these statements. None of the Company, Pershing Square or any of their respective affiliates undertakes any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.

***S&P 500 Benchmark Information***

The S&P 500 is an unmanaged capitalization-weighted index that measures the performance of the large-capitalization segment of the U.S. market. The index includes 500 leading U.S. stocks representing all major industries. The S&P 500 index is proprietary to and is calculated, distributed and marketed by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), its affiliates and/or its licensors and has been licensed for use. S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. © 2026 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.
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