Pershing Square Holdings (PSH)

Kepler GROWTH 2026

PSH offers a unique and highly concentrated exposure.

Update
19 February 2026

Overview

Pershing Square Holdings (PSH) is a closed-ended investment vehicle with net assets of $14.2bn. It is the flagship fund of Pershing Square Capital Management (Pershing Square), a US management firm led by Bill Ackman. PSH offers exposure to what Pershing Square describe as a highly concentrated, carefully curated portfolio of companies (see **Portfolio section**).

At the time of the IPO of PSH in 2014, Pershing Square were known as a long/short activist investor, having been founded in 2004. They might be considered value investors, in that the team aim to own companies for as long as the gap between what they see as intrinsic value and the market price has room to narrow. Following a challenging period of performance from PSH's launch (see **Performance section**), in 2018 the team announced that they would no longer short companies and 'go back to their roots' in investing long-only in companies, but keeping the potential to mitigate losses from macro-shocks through forms of hedging.

As time has gone on and market dynamics have changed, mega-cap companies have come into focus for the manager. Alphabet, Amazon and most recently Meta (which PSH bought in November 2025, but only recently announced) are significant holdings in the portfolio currently.

The combined annual return of the strategy from launch of the management company to 9/02/2026 is very impressive, at 15.9% per annum versus the S&P 500's annualised return of 10.7% per annum. However, long-term performance numbers have been significantly improved by two very strong years of performance between 2019 and 2020 inclusive. Despite this, since IPO PSH is still significantly behind the S&P 500 Index.

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Analyst's View

A unique and highly concentrated portfolio will mean **Performance** will be highly idiosyncratic. In the past, during difficult periods for markets, Pershing Square's hedging activity has helped PSH deliver strong relative returns during difficult times for equity markets. As we discuss in the **Portfolio section**, transparency on the underlying holdings is poor. When married to the highly concentrated nature of the portfolio and the complexity of any hedges employed by the manager, in our view it is no wonder that the shares have traded at a wide discount to NAV for a long period (see **Discount**).

As well as significant buybacks, the board has undertaken several other steps over the years to combat the discount, including obtaining a premium listing on the London Stock Exchange and initiating a quarterly dividend (see **Dividend section**). Despite these measures, we believe that there are a number of structural reasons why the discount remains wide and is likely to remain so in the future.

Firstly, affiliates of the management company own c. 28% of the company, and as such they hold a blocking vote. Secondly, PSH has poor disclosure on the underlying portfolio, and without better disclosure, investors are likely to remain wary of a concentrated strategy that can react in very different ways to other funds. Finally, PSH pays very high fees relative to many other active equity strategies (see **Charges section**). As such, despite the attractions of the relatively wide discount, we think it remains hard to see a catalyst that will result in a significant and meaningful narrowing of the discount. That said, future share buybacks are highly accretive to shareholders, and should add to NAV growth at the margin, providing a risk-free boost for shareholders.

BULL
Wide discount to NAV results in highly accretive future buybacks
Large insider ownership, which despite the high fees results in a motivated team seeking to generate strong returns
Highly regarded manager, who has delivered a distinctive return profile on a historic means

BEAR
Portfolio disclosure is poor, and fees are high
Highly concentrated portfolio means returns can be significantly impacted by one holding
Structural gearing results in higher financial risk and NAV volatility

Portfolio

Pershing Square Holdings (PSH) is a closed-ended investment vehicle with net assets of $14.2bn. It is the flagship fund of Pershing Square Capital Management (Pershing Square), a US management firm led by Bill Ackman. PSH offers exposure to what Pershing Square describe as a highly concentrated, carefully curated portfolio of companies. They typically have a hopper of ideas at any one point, and aim to move very quickly to initiate a position when shares of a company in the hopper are trading at a level that they believe do not reflects intrinsic value. The manager believes that shares of even the best businesses can trade at almost any price for brief periods. A relatively recent example is Amazon, which the team have long admired, but took advantage of the sell-off that followed President Trump's tariff speech in April 2025 to buy shares in the company.

At the time of the IPO of PSH in 2014, Pershing Square were known as a long/short activist investor, having been founded in 2004. Following a challenging period of performance from PSH's launch, in 2018 the team announced that they would no longer short companies and 'go back to their roots' in investing long-only in companies, but keeping the potential to mitigate losses from macro-shocks through forms of hedging.

Historically, large and mid-cap companies have been the main targets for investment, but as time has gone on and market dynamics have changed, mega-cap companies have come into focus. With Alphabet, Amazon and most recently Meta (which PSH bought in November 2025) as significant holdings in the portfolio currently, PSH's proposition has undeniably changed over time. The managers believe that these three companies have uniquely strong growth potential, which is available at relatively unstretched valuations. The Pershing Square team observe that, historically, companies of this size rarely saw the sort of volatility in share price that would enable PSH to invest at an attractive entry price. However, being capable of making fast decisions and having the benefit of long-term capital, means that the team can be a provider of liquidity and buy stocks at attractive prices, when other market participants are forced sellers.

In deciding what to invest in, Pershing Square say they seek to invest in outstanding businesses with opportunities for improvement. These businesses tend to be large-cap companies that generate relatively predictable and growing free cash flows, with strong barriers to entry and a compelling value proposition at the time of investment. Pershing Square might be considered value investors, in that they aim to own companies for as long as the gap between what they see as intrinsic value and the market price has room to narrow. At this point, the managers aim to exit their investment and recycle proceeds into other attractive opportunities. However, they are also not afraid to exit an investment if they get their investment thesis wrong. An example of a sale of this sort is Nike, which the team sold after a 30% loss in 2025, with the company's turnaround proving harder to achieve than the team originally envisaged.

Disclosure on holdings is poor, but the firm is required to submit regulatory filings to the US regulator, from which one can try to deduce the portfolio. We show below an estimate, but note that up-to-date position sizes are not readily available. We understand that since 30/09/25 (the date of the analysis from Fintel, below), PSH has sold Chipotle Mexican Grill and Hilton Worldwide Holdings, and (as above) invested in Meta (which may represent c. 10% of the portfolio). In addition, we know that PSH owns shares in Freddie Mac and Fannie Mae, which are traded on OTC markets, which may be the reason they don't appear in the Fintel analysis below. All of this illustrates the point that that transparency on the underlying holdings is poor, and investors need to guess what the company holds at any one point. When married to the highly concentrated nature of the portfolio and the complexity of any hedges employed by the manager, in our view it is no wonder that the shares have traded at a wide discount to NAV for a long period (see **Discount**).

Estimated Portfolio Breakdown (Based On 13F Filings As At 30/09/2025)

Holding Name	Portfolio Weight (%)
Uber Technologies	20.3
Brookfield Corporation	19.2
Alphabet (class A & C)	18.5
Howard Hughes Holdings	10.6
Restaurant Brands International	10
Amazon	8.7
Chipotle Mexican Grill	5.8
Hilton Worldwide Holdings	5.4
Seaport Entertainment Group	0.8
Hertz Global Holdings	0.7

Source: Fintel as at 31/01/2026

Pershing Square has its origins as an activist, and whilst it now sees itself as a supportive, long-term minority investor in companies, the managers are not shy in rolling their sleeves up when required. A current example is Howard Hughes Holdings (HHH), which Pershing Square has owned for 15 years. The company is a property developer, and the shares have underperformed in absolute terms as well as relative to Pershing Square's expectations. During 2025 Pershing Square subscribed $900m for new shares as part of a strategy to turn HHH into a diversified holding company. Pershing Square's team is now in charge of the strategy, in return for management fees paid to the manager. In the spirit of Berkshire Hathaway, HHH's first acquisition is an insurance platform (Vanguard), and the combined group will benefit from Pershing Square's investment acumen and sourcing of private transactions in which the company will own between 51% and 100% of investee companies. According to the managers "PSH and HHH will pursue distinct yet synergistic investment mandates". As we discuss in the **Charges section**, PSH will benefit from a fee reduction proportionate to the fees paid to Pershing Square by HHH.

Another twist to the PSH strategy is hedging, generally employed to mitigate the effect on PSH from large sell-offs, rather than create a low volatility return stream. When the manager perceives that risks are extended, it seeks to generate extra value or protect capital by hedging. In the past, Pershing Square has generated significant gains during crisis points through credit default swaps (CDS). In 2008, Pershing Square generated significant gains from holding CDS in monoline insurers MBIA and Ambac. Again, in February 2020, Pershing Square bought CDS on corporate bonds at narrow spreads over treasuries. When the impact of the pandemic became clear, spreads widened dramatically, generating very significant gains, and largely offsetting the share price falls elsewhere in the portfolio. More recent success was achieved in January 2022, where Pershing Square crystallised significant gains in interest rate hedges.

As we discuss in the **Gearing section**, PSH also has long-term structural gearing in place, which will exacerbate NAV moves. However, it is also worth remembering that hedging (if employed) may moderate some of the effect of leverage. PSH is typically invested in between 8 and 12 core holdings at any one time, which may add to volatility given each holding can have a significant bearing on the NAV.

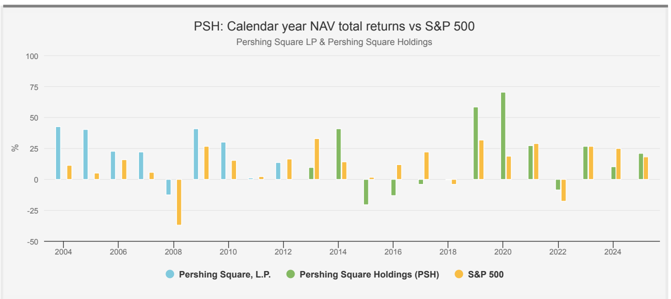
Gearing

PSH aims to be geared in the range of 15–25% of total assets at any one point in time, which equates to 18% to 33% when expressed in NAV terms. As at 31/12/25, gearing was 19.5% of total assets, or 24% of NAV. It achieves this through the use of structural gearing, through publicly and privately issued bonds. Maturities range from 2027 through to 2039, and the weighted average cost of PSH's bonds is 3.6%. The board views PSH's ability to borrow long-term capital at low rates of interest as an important competitive advantage.

Performance

PSH IPO'd on Euronext in Amsterdam in October 2014 before being listed on the main market of the London Stock Exchange in May 2017. Before this, Pershing Square ran private funds after the creation of the management company in 2004, which formed the track record before the listing. The combined annual return of the strategy from launch of the management company to 9/02/2026 is very impressive, at 15.9% per annum versus the S&P 500's annualised return of 10.7% per annum. Having said that, as highlighted by the graph below, the long-term performance numbers have been significantly improved by two very strong years of performance between 2019 and 2020 inclusive.

Fig.1: Manager Track Record

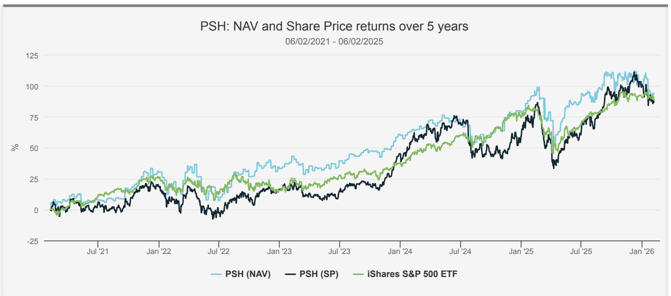


Source: Morningstar

Past performance is not a reliable indicator of future results.

The period from 2015 to 2018 inclusive were poor years for Pershing Square. As a result, since IPO PSH is still significantly behind the S&P 500 Index. However, during difficult periods for markets, as we discuss in the **Portfolio section**, Pershing Square's hedging activity has helped PSH deliver strong relative returns during very difficult times for equity markets. We highlight above 2020, in which PSH delivered NAV returns of 70% relative to the S&P 500 returns of 18.4%, and 2022 when PSH delivered a very creditable -8.8%, compared to the S&P 500 return of -18.1%. The best year of performance since the inception of the strategy was 2020, primarily driven by the purchase of credit default swaps in February 2020 and the subsequent

Fig.2: Total Returns Over Five Years



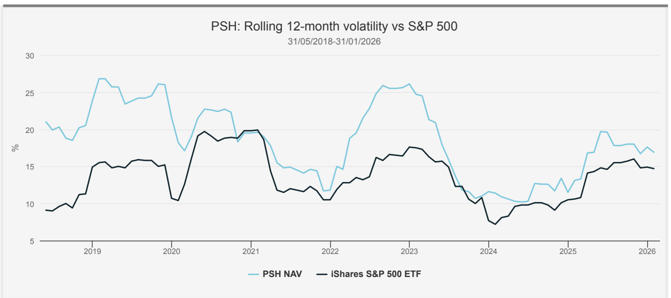
Source: Morningstar

Past performance is not a reliable indicator of future results.

unwinding of those hedges in March, but also reinvesting the proceeds from the hedges as the markets quickly recovered. The graph below shows the most recent five-year period, in which PSH has led the S&P 500 for much of the time in NAV terms, if not share price terms. We note that PSH did not protect on the downside during April 2025, which illustrates the point that PSH's downside-protection properties are not constant or guaranteed.

Pershing Square observe that their strategy has historically shown good downside protection characteristics, which they believe stems from the types of company that they own and their valuation-driven approach to investing, but also because of their hedging tactics. According to statistics published by Pershing Square, since launch PSH has broadly kept up with the S&P 500's return in up months (2.9% vs 3.3%) but captured less of the downside in down months, delivering an average return of -2.8% against the S&P 500 return of -3.6%. That said, the strategy has proved to be consistently more volatile than the S&P 500 on a 12-month rolling basis, as is shown in the graph below. As discussed in the **Portfolio section**, PSH's strategy is to deliver strong overall returns, as opposed to delivering a less volatile return profile.

Fig.3: Rolling 12-Month Volatility Vs S&P 500



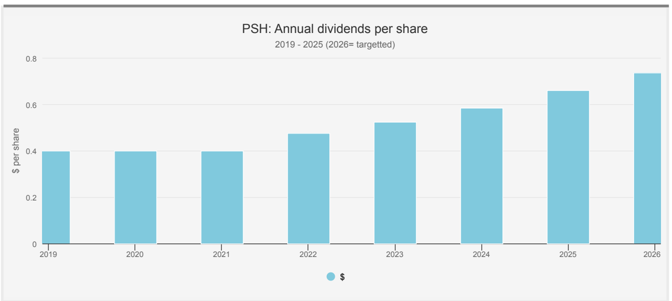
Source: Morningstar

Past performance is not a reliable indicator of future results.

Dividend

PSH's investment objective is to maximise the long-term compound annual rate of growth in intrinsic value per share. In other words, the manager aims for high total returns, and investing for dividends to generate an income is not part of the objective. However, as part of a package of measures to try to close the discount at which PSH's shares trade, PSH's board started paying a quarterly dividend in February 2019. In 2022, the company revised the dividend policy, which saw the quarterly dividend effectively set at 1% of the preceding December year end NAV, subject to a cap of 125% of the average dividend paid in the previous three financial years. Once set, the company does not intend to decrease the dividend in future years, even if the NAV was to decline. Based on the current share price, this equates to a dividend yield of c. 1.63%. Dividends are paid in USD unless the shareholder elects to be paid in GBP.

Fig.4: Dividend



Source: Pershing Square Holdings

Management

Pershing Square Capital Management (PSCM, or Pershing Square) was founded by Bill Ackman in January 2004. Currently, Pershing Square has c. 40 employees, with Bill Ackman leading the investment team of 11. Most of Pershing Square's assets under management (AUM) is PSH, with the alternative private funds no longer marketable to new investors. As at 09/02/2026, Pershing Square's AUM was $30bn, with PSH representing $19.7bn. We understand that PSCM partners own 28% of PSH's shares. PSH has a board of six individuals, five of whom are independent, and is domiciled in Guernsey.

In 2024, PSCM announced it had sold 10% of the management company for $1.05bn to a consortium of strategic investors. The company stated at the time that proceeds from the stake sale will be used to anchor new strategies or fund launches, which could benefit PSH by reducing the performance fees that it pays (see **Charges section**).

Discount

PSH is listed on the main market of the London Stock Exchange, and has shares denominated in GBP. It is a constituent of the FTSE 100 Index. As highlighted by the graph below, PSH's shares have traded at a persistently wide discount to NAV. To begin with, post IPO, the shares traded on a premium. However, the period of 2015 to 2018 inclusive was a challenging period for the manager (see **Performance section**), during which broader equity markets generally – and the S&P 500 specifically – outperformed. Demand for PSH's shares lagged during this period and resulted in a very wide discount, which at times breached the 30% mark.

Having originally been part of the AIC Hedge Funds peer group, in recent years PSH became a constituent of the AIC North America peer group. Given PSH's size relative to peers, we show the unweighted average discount below, which illustrates that PSH's discount has remained wide, and is significantly wider than the peer group. PSH's board highlights that it monitors the discount very closely and looks for opportunities to narrow it. The board is authorised to buy shares back. From the company's first buyback programme in May 2017 to 30/12/26, including the company's May 2018 tender offer, PSH has spent a total of c. $1.9bn buying shares back at an average discount of c. 30%. The board has undertaken several other steps over the years to combat the discount, including obtaining a premium listing on the London Stock Exchange and initiating a quarterly dividend (see **Dividend section**).

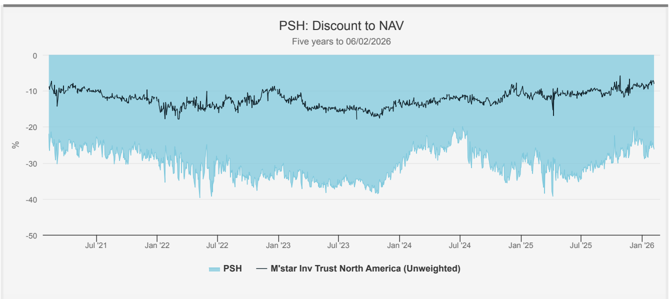
Despite these measures, and the NAV performance of PSH, the discount remains very wide. Indeed, the board has stated that it believes that the most powerful driver of LT shareholder returns (i.e. the share price) will be strong absolute and relative NAV performance, perhaps suggesting that investors should not expect the discount narrowing to be a key driver. Certainly the historic volatility of PSH's returns does suggest that over the long term, NAV returns WILL be the key driver of returns. However, despite the board's activity on buybacks, we believe that there are a number of structural reasons why the discount remains wide and is likely to remain so in the future.

Firstly, the articles of association require that a winding up or termination of the management agreement needs a 75% vote in favour of such a resolution. Given that affiliates of the management company own c. 28%, they hold a blocking vote. Secondly, PSH has poor disclosure on the underlying portfolio, and only provides weekly NAV estimates. Pershing Square is a high-profile manager, and given the very concentrated portfolio, we believe that the relatively low level of disclosure is because of fears that 'replicators' will attempt to follow the manager's investment strategy and 'free-ride' on the investment work that the Pershing Square team put in. However, in our view, without better disclosure, investors are likely to remain wary of a concentrated strategy that can react in very different ways to other funds.

Finally, PSH pays very high fees relative to many other active equity strategies (see **Charges section**). Of course, PSH offers a highly distinctive strategy that has compounded at an appealing rate, but other than an element of macro-hedging, it is a long-only strategy. Annual fees including performance fees can sometimes reach several times the already very high basic management fee. Given the large ownership by management in PSH, it seems unlikely that the fee arrangements will change. However, one of the stated strategies of Pershing Square is to launch other funds alongside PSH, and the manager has agreed that to any extent funds are launched without performance fees, these management fees will reduce the performance fees paid by PSH. So far, aside from the Howard Hughes Holdings deal, the manager has not successfully launched such new funds, but it clearly remains a prospect.

In summary, despite the attractions of the relatively wide discount, we think it remains hard to see a catalyst that will result in a significant and meaningful narrowing of the discount. That said, future share buybacks at the current discount level are highly accretive to shareholders, and should add to NAV growth at the margin, providing a risk-free boost for shareholders.

Fig.5: Discount To NAV



Source: Morningstar

Charges

Pershing Square Capital Management (Pershing Square) are paid a management fee of 1.5% per annum. Furthermore, the manager is paid a performance fee that crystallises annually, equal to 16% of the NAV appreciation above a high-water mark.

Further to the management and performance fees, PSH also pays other structure-related costs, including fees for board members and transaction costs. It is worth noting that, given the manager can employ activist strategies, these costs can at times be very significant and can include litigation. All of the costs are borne by the company, pro-rata with the other strategy assets run by Pershing Square.

Pershing Square receives management and incentive fees from Howard Hughes Holdings (HHH), a PSH portfolio company in which Pershing Square (as manager) are also invested. Any fees received by the manager from HHH will reduce the management fees payable by PSH on a dollar-for-dollar basis by the proportionate share of fees paid to PSCM by HHH. We imagine this is an attempt to minimise the double layer of management fees that would otherwise be being paid by PSH shareholders.

Pershing Square have also undertaken to reduce the performance fees payable by PSH by an amount equal to 20% of management fees earned by Pershing Square on any Pershing Square funds that invest in public securities that do not charge performance fees. Currently, there are no such funds, but the managers intend to launch new investment funds, which "could substantially reduce PSH performance fees over time".

ESG

Pershing Square analyse ESG risks as part of their due diligence process in order to understand potential key risk factors in their investments. In evaluating a potential investment, the team seek to deeply understand the business, the industry sector, and the context in which it operates. In this process, the team form an opinion about the extent to which ESG-related risks and management's approach to ESG issues potentially expose the investment to the risk of a permanent loss of capital. The team do not generally apply top-down exclusionary screens or industry or company prohibitions, unless required by applicable law.

Pershing Square has an active approach to stewardship and engagement. Their strategy is to make investments in high quality, durable growth businesses over which they often have substantial influence, and to employ that influence in a manner that is intended to generate long-term value for shareholders. Ongoing due diligence and daily monitoring of portfolio investments are part of the investment process. In certain situations, if the team believe the commitment of time, energy, and capital is justified in light of the potential for reward, they may seek to be a catalyst and realise value from an investment by taking an active role in effecting corporate change, either working alone or in conjunction with other investors.
In certain instances, Pershing Square may advocate for improvements to practices that pose material ESG risks to a business or for the adoption of new ESG practices that the team believe will create shareholder value.

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