Freddie Mac Valuation Analysis

Why Freddie deserves no lower earnings multiple than Fannie

Pershing's own framework points to parity.
Freddie's recent performance may support more.

Companion analysis to Oksenholt Capital's Freddie Mac shareholder-fairness release • August 14, 2026

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Pershing's relative valuation changed dramatically

JANUARY 2025	NOVEMBER 2025	SPREAD
15.0× / 14.5×	**16.0× / 13.0×**	**0.5× → 3.0×**
FNMA / FMCC	FNMA / FMCC	sixfold widening

Fannie's multiple rose.
Freddie's fell.

The multiple choice alone is worth ~$33 billion

PERSHING FMCC	SAME 16×	DIFFERENCE
$44.13	**$54.31**	**+$10.18**
13× implied value	same implied earnings	per FMCC share

Same Freddie earnings. Same other assumptions.
Only the P/E changes.

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These are exceptionally comparable businesses

Factor	**Fannie Mae**	**Freddie Mac**
Regulator	FHFA	FHFA
Core mission	U.S. mortgage finance	U.S. mortgage finance
Conservatorship	Same framework	Same framework
Treasury structure	Parallel	Parallel
Single-family MBS market	UMBS	UMBS
Securitization platform	U.S. Fin Tech	U.S. Fin Tech

Same framework = same starting multiple.

2026 earnings are already close, before normalizing either company

FANNIE H1 2026	FREDDIE H1 2026	FREDDIE / FANNIE
$7.7B	**$7.4B**	**96%**
net income	net income	headline H1 earnings

Yet 13× values each Freddie earnings dollar at only 81¢ for every $1 at 16× Fannie.

Source note: Fannie Mae and Freddie Mac Q1/Q2 2026 results.

Reserve movements do not explain a permanent valuation gap

Freddie benefited from credit reserve releases in 2026. Those should not be treated as permanent earnings.

Fannie recorded credit-loss provisions. Those should not be treated as permanent weakness either.

The fair comparison is to normalize both companies over a cycle.

Even then, quarterly reserve movements do not explain a three-turn P/E gap.

The accounting moves from quarter to quarter.
The relative valuation should rest on something more durable.

The regulatory-capital efficiency test favors Freddie

FANNIE	FREDDIE	FREDDIE EDGE
10.4%	**~12.3%**	**~190 bps**
Q1 2026 illustrative return on avg. required CET1	Oksenholt Capital comparable Q1 calculation	illustrative capital-efficiency advantage

On this measure, Freddie appears to earn more on required capital even though Pershing assigns it the lower multiple.

Oksenholt calculation: $3.558B Q1 net income × 4 ÷ $115.5B average required CET1 = 12.32% (12.3% rounded). Average required CET1 uses Freddie's $114B at Dec. 31, 2025 and $117B at Mar. 31, 2026, each including the applicable capital buffer. Not a Freddie-reported return metric. Sources: Freddie Mac 1Q 2026 Form 10-Q, Tables 1 and 37; Fannie Mae 1Q 2026 results. Illustrative only; not investment advice.

Freddie's recent performance supports parity, and perhaps more

Q1 FREDDIE NII	Q2 FREDDIE NII	2026 DEEMED ISSUANCE
+10%	**+13%**	**52%**
year over year	year over year	Freddie share

Freddie is producing strong net-interest-income growth, greater capital efficiency and a leading share of deemed issuance. That does not support a three-turn discount.

A valuable shared fintech asset

U.S. FINANCIAL TECHNOLOGY, LLC
(FORMERLY COMMON SECURITIZATION SOLUTIONS)

FANNIE MAE
50%

FREDDIE MAC
50%

The enterprises jointly own the company that operates the common securitization platform supporting UMBS.

The shared infrastructure reinforces how economically comparable Fannie and Freddie are. Freddie has materially fewer legacy common shares outstanding, so any value attributable to the platform may be more meaningful per legacy FMCC share.

Actual per-share value will depend on Treasury warrants, preferred claims, new capital and the final capital structure.

These are scarce, utility-like mortgage franchises

The bigger question may be whether 16× is high enough for either company.

The administration’s stated interest in relisting the companies and resolving conservatorship creates real upside if policy turns into action. A cleaner capital structure, exchange listing, continued retained earnings and broader investor access could support higher values over time. None of that is assured. Our narrower point is that Freddie should not begin the analysis three turns below Fannie.

Source note: Fannie Mae business-model disclosures; FHFA / Freddie Mac Single Security materials. 'Utility-like' is Oksenholt Capital characterization.

Fannie’s larger size does not justify a second valuation premium

Fannie’s larger earnings base already produces a larger total value.
It does not, by itself, make each dollar of Fannie earnings worth more.

A higher P/E needs a separate economic reason:
faster growth, better returns, lower risk or more durable earnings.

The 2026 evidence reviewed here does not establish a structural disadvantage at Freddie.

The usual arguments for a Freddie discount do not hold up

Potential counterargument	Our conclusion
Freddie's earnings include reserve releases	Normalize both. It does not explain a permanent 3-turn gap.
Fannie is larger	Size belongs in earnings; do not double-count it in the multiple.
Fannie deserves a franchise / liquidity premium	UMBS unified the market; Freddie leads 2026 deemed issuance.
The Pershing models use different periods	True. The widening relative valuation still requires economic support.
Freddie is riskier / lower quality	Comparable framework; a structural discount needs measurable evidence.
Freddie needs too much capital	Current required-CET1 return evidence points toward Freddie efficiency.

Source note: Oksenholt Capital analysis based on public filings, FHFA and Pershing materials.

Our conclusion

MINIMUM
Fannie multiple
no Freddie discount

CURRENT EVIDENCE
Parity to premium
ROE + growth + issuance

PERSHING
13× vs. 16×
not economically supported

Freddie’s normalized earnings deserve at least the same multiple as Fannie’s

Any future combination must protect Freddie's standalone value

IF SEPARATE
Let them compete
market price discovery

IF COMBINED
Value first
exchange ratio second

SYNERGIES
Add afterward
grow the combined pie

A merger is only a possibility. If considered, value Freddie fairly first.

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Why we disagree with Pershing Square

Bill Ackman and Pershing Square are highly accomplished investors.
That does not make this relative valuation persuasive.

We believe the 13× Freddie multiple is wrong and should be reconsidered.

This is an economic disagreement, not an allegation about motive or conduct. Based on the evidence reviewed here, Freddie warrants at least parity and may deserve a premium.

Source note: Historical public ownership disclosures; exact current economic exposure may differ.

The bottom line

Freddie does not deserve 13× while Fannie gets 16×.

The evidence supports parity. Freddie’s recent performance makes a premium credible.

If relisting and capital reform move forward, 16× may ultimately prove conservative for both companies.

Disclosure: Oksenholt Capital Management LLC and/or its affiliates hold positions in GSE securities, including Freddie Mac common shares and Fannie Mae and Freddie Mac junior preferred securities, and may change those positions without notice.

The enterprises are moving while the market waits

The businesses are changing, and that matters to valuation.

FHFA has emphasized efficiency, accountability and support for the mortgage market while reducing waste and fraud.

It has also pursued material market changes, including greater credit-score competition.

Freddie continues to focus on risk reduction, lower costs, technology and mortgage execution.

We are not predicting the policy outcome. The valuation should reflect where these businesses may be headed, not only the structure they inherited.

Public statements create optionality, but do not settle the outcome

The policy interest is real. The timing and terms are not known.

President Trump has publicly said he is working on taking Fannie and Freddie public.

In his 2021 letter to Senator Rand Paul, he wrote that he would have directed FHFA to release the companies from conservatorship.

Those statements make future public-company value worth analyzing. They do not guarantee timing, structure or treatment of any security.

We therefore treat policy as upside potential, not a completed transaction.

The next chapter may be larger than 13× versus 16×

Relisting or capital reform could change the entire valuation discussion.

If Fannie and Freddie remain separate, improved operations and public-market price discovery could support higher standalone values.

Ackman proposed combining them in August 2025. No transaction has been announced, and one may never occur.

If a combination is considered, Freddie must first receive fair credit for its standalone value. Only then should merger synergies be allocated.

For now, the conclusion is straightforward: Freddie deserves at least Fannie's multiple, and 16× may prove conservative for both.