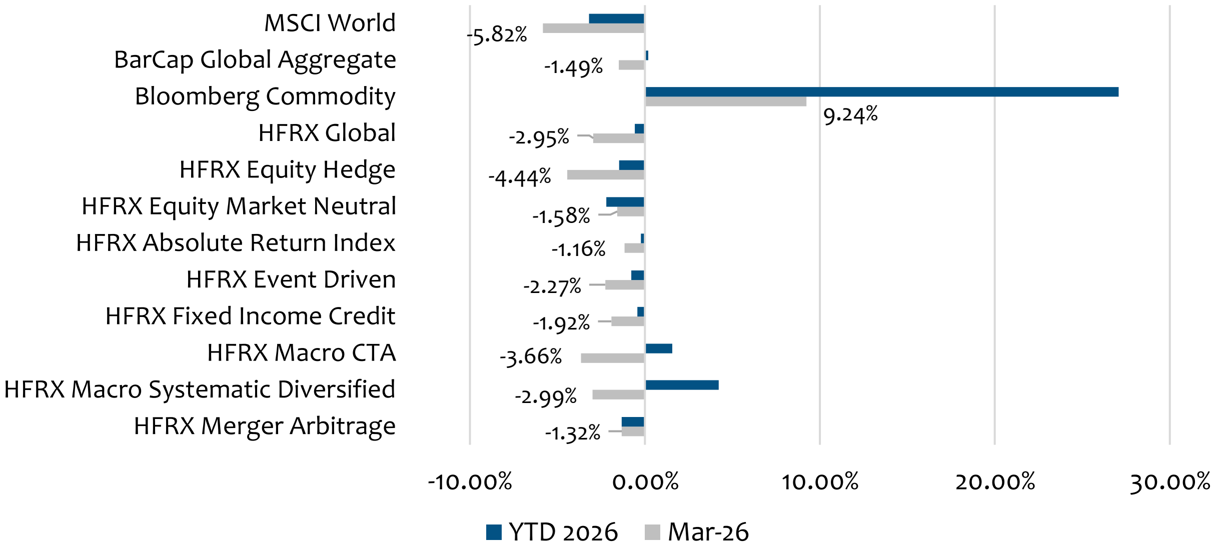
AQUIS Hedge Funds Solutions – March 2026 Comments

Performance of Traditional Indices and Hedge Fund Strategies



Source: Bloomberg, AQUIS Capital, data as of March 31st, 2026, in USD

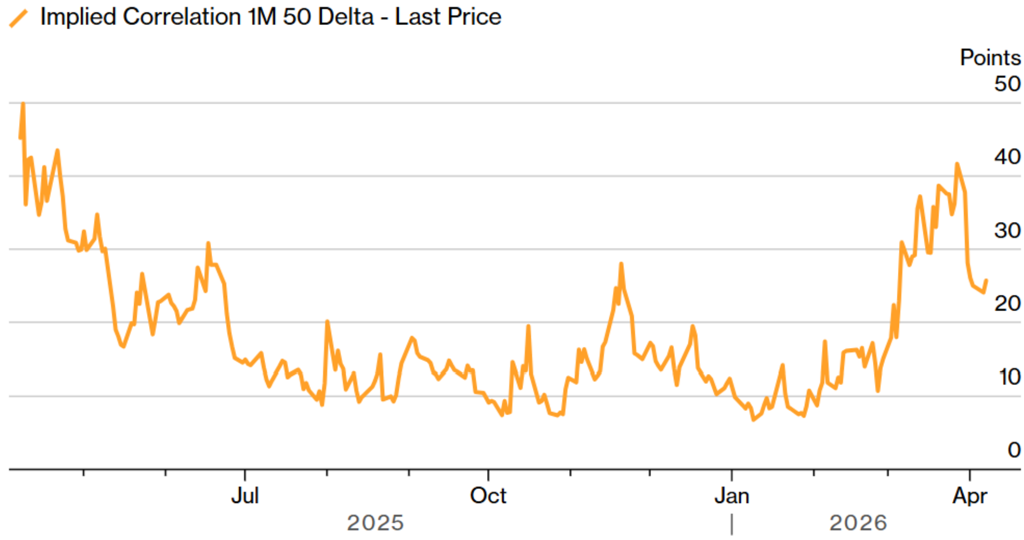
AltAlpha Abacorum Fund: -1.20% in USD Class A, YTD 2026: +1.22%

- The AltAlpha Abacorum Fund returned an estimated -1.20% in March 2026, with a positive YTD performance of +1.22%. The HFRX Index posted a negative return of -2.95% during the month and -0.57% YTD.
- March was characterised by a **sharp decline in risk asset and an unusual high cross-asset correlation environment**, as the escalation of the Iran conflict and the effective shutdown of the Strait of Hormuz triggered forced deleveraging across global markets. Equities, interest rates, FX and commodities were impacted simultaneously, driving elevated volatility, weaker liquidity conditions and painful correlations. By month-end, global equities had recorded their sharpest monthly drop since 2022, while traditional diversification mechanisms proved unreliable.
- A defining feature of the month was markets' **repeated oscillation between hopes of de-escalation and fears of a prolonged energy shock.** Early rallies were driven by expectations that the conflict might be short-lived, only to fade as clarity on oil flows and an off-ramp failed to materialise. This "relief-rally followed by retracement" pattern recurred throughout the month, reinforcing a trading environment dominated by headline-driven swings rather than durable fundamental trends.
- **The duration of the oil shock emerged as the central variable shaping market behaviour.** Markets largely continued to price a relatively contained disruption, as reflected in forward curves implying a deceleration in oil prices later in the year. However, the absence of a clear timeline for reopening the Hormuz Strait kept volatility elevated, lifted inflation expectations in the near term, and increased the risk of non-linear outcomes should disruption persist. This uncertainty proved particularly destabilising for equity beta and duration exposures.
- Against this backdrop, the Abacorum portfolio navigated the month with **controlled drawdowns**, supported by **early derisking and disciplined exposure management**. As volatility rose sharply in the first half of the month, many underlying hedge funds reduced risk, cushioning the impact of later geopolitical escalations. This approach helped stabilise performance during a period when hedge funds globally experienced one of their most

challenging months in over four years, as widespread deleveraging and factor reversals weighed on returns.

- **Contrary to broader Global Macro industry positioning, the portfolio's macro-oriented strategies entered March with a risk balanced posture**, which proved important in a month that was unusually difficult for discretionary macro strategies. The escalation of the Middle East conflict abruptly reversed the prevailing disinflation and rate-cut narrative, driving sharp repricing of inflation expectations, disorderly moves in energy markets, and historic volatility in rates, particularly in Europe. Conflicting signals around the duration and breadth of the shock made it difficult to express clean macro views, while headline-driven price action amplified intraday whipsaws and punished leverage and conviction trades. Within this environment, managers actively reset FX exposure, tactically added duration in selected markets where growth risks became more pronounced, and managed US dollar positioning amid unstable cross-asset correlations. These adjustments favored flexibility and optionality over directional conviction, helping avoid excessive participation in the forced deleveraging, crowded positioning unwind, and abrupt regime shifts that weighed heavily on much of the discretionary macro universe during the month.
- **Equity long/short strategies were the most pressured strategies during the month**, reflecting broad-based equity weakness and abrupt style reversals. The March's rapid escalation in the Iran conflict created an exceptionally difficult, highly volatile backdrop for Asian risk assets. Asian equities suffered a historic sell-off, with the MSCI Asia Index down -13.3% for the month and giving up year-to-date gains. Against this, our holdings managed to contain the losses and preserved strong first-quarter performance. Risk was reduced quickly as stop-loss thresholds were hit, with gross exposure reductions cut already end of February. Overall performance was pressured by the long book while the short book provided an offset, and the process emphasized disciplined, non-directional risk control. Sector focused books faced drawdowns in cyclically sensitive areas such as banks, mining, shipping and selected industrials. These pressures were partially offset by energy-linked exposures, defensive positioning and active use of hedges, while risk was trimmed in segments experiencing disorderly unwinds.

Correlation Spike: The largest S&P 500 stocks moved in tandem amid Iran war shock

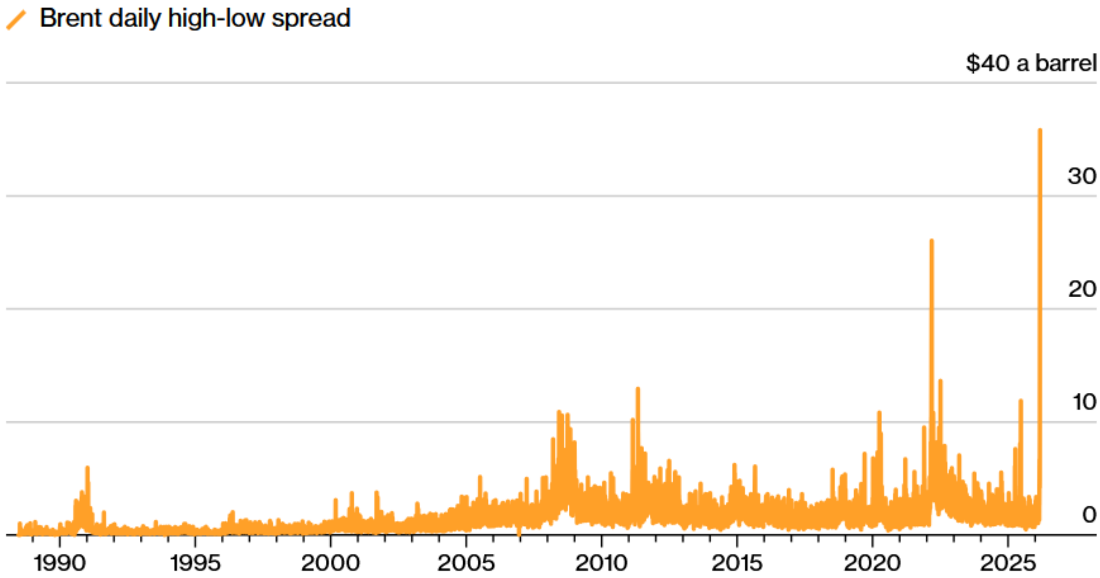


Source: Bloomberg

- **Event-driven strategies faced widening deal spreads as volatility increased and financing conditions became less predictable.** In response, managers tilted toward higher-quality transactions, shorter durations and reduced gross exposure modestly, preserving resilience without materially sacrificing opportunity capture. The emphasis remained on liquidity and downside control rather than aggressive spread monetisation in an uncertain backdrop.

- **Systematic and trend-following strategies encountered a difficult transition**, as reversals in equity indices, precious metals, FX and emerging-market rates disrupted established trends. Long energy exposure provided an important offset, while built-in diversification and automatic risk scaling helped temper drawdowns. Positioning adjusted materially into quarter-end, with reduced equity exposure and greater emphasis on commodities and defensive signals.
- **Energy markets sat at the centre of cross-asset stress.** Prices initially surged on supply concerns but became increasingly unstable as liquidity deteriorated and trading turned highly headline-sensitive. Convex energy exposure proved more effective than linear positions, serving both as a hedge and a source of asymmetry, even as outright futures trading was challenged by violent intraday reversals.

Brent crude futures experienced historic volatility



Source: Bloomberg, ICE

- From a macro perspective, economic resilience is being tested rather than eroded. While higher energy prices raised near-term inflation and complicated the policy outlook, underlying growth, particularly in the US, entered this shock from a position of relative strength. Central banks remained constrained by a difficult trade-off between inflation and growth, adding to uncertainty around reaction functions and contributing to sustained volatility.
- Overall, this month highlighted the **importance of active risk management, flexibility and dispersion-driven alpha.** Early derisking, selective hedging and controlled gross exposure helped the portfolio navigate a month dominated by forced deleveraging and unstable correlations. As the quarter closed, positioning remained cautious, with an emphasis on liquidity and optionality as markets continued to balance de-escalation hopes against the risk of a more persistent energy shock.

Abacorum Fund – Portfolio Outlook and Positioning

Hedge Funds Outlook - Why Hedge Funds Are Attractive Right Now

1. A Renewed Wave of Investor Confidence: The hedge fund industry enters 2026 with notably strong momentum. Investor sentiment toward the asset class has strengthened considerably, reflecting a broad sense that hedge funds have delivered what they were expected to achieve, and in many cases, more. Over the past few years, many allocators have seen their hedge fund exposures meet or exceed return expectations, reinforcing confidence in the role of active, risk-managed strategies. As a result, hedge funds have become one of the most preferred destinations for capital compared with other traditional or alternative investments. Interest in competing asset classes has softened, while demand for hedge fund allocations continues to expand.

2. Why the Environment Is Turning Supportive Again: After years where unusually accommodative monetary policy and passive market dynamics limited the payoff to active management, conditions have shifted. Economic signals are mixed, forward-looking indicators have softened, and equity valuations in some segments look stretched. At the same time, markets display a pronounced split between large companies driving index gains and smaller companies facing more challenges. This uneven backdrop makes stock selection and tactical positioning more valuable. Interest rates have normalized, market volatility sits above pre-pandemic norms, and dispersion across securities has widened. Markets have also become more reactive to new information, creating opportunities for managers who can move quickly and rely on research depth and advanced technology.

3. How Hedge Funds Performed in Recent Years: Hedge funds have delivered competitive returns relative to cash and broad equity benchmarks in recent years, while maintaining lower sensitivity to overall market moves. The industry's performance in 2025 reinforced the idea that hedge funds offer attractive and consistent sources of alpha even in complex environments. Flows into hedge funds have risen, driven by the need for diversification, liquidity, and return sources that do not depend solely on broad market direction.

4. Outlook for 2026: Several factors support a constructive outlook for hedge funds:

- Macro uncertainty plays to their strengths, as diverging central bank policies create opportunities across rates, currencies, and macro themes.
- The need for diversification is higher as investors question the benefits of concentrated exposures.
- Elevated dispersion and idiosyncratic events reward active approaches.
- Liquidity and flexibility have become more important as private markets experience slower cycles.

5. Conclusion: For the first time in many years, the market environment is structurally aligned with the strengths of active, flexible hedge fund strategies. Performance trends, improving dispersion, macro uncertainty, and evolving investor preferences all point toward a supportive setting for hedge fund allocations in 2026.

Portfolio Positioning

The Fund is positioned with a well diversified portfolio across multiple hedge fund strategies and geographies. A meaningful share is allocated to established managers with over USD 1 billion in AuM. The portfolio also offers rare access to soft-closed and hard-closed funds, reflecting a focus on capacity-constrained, niche managers. Diversification is maintained through investments in approximately 15–20 underlying funds.

Selected Opportunity Sets in the Abacorum Fund

- **Long/Short Equity:** Wide valuation dispersions and improving sector fundamentals continue to support selective equity positioning. Cyclicals benefiting from stronger macro data, along with structural winners from technological and industrial transitions, offer compelling long opportunities. Meanwhile, pockets of retail-driven excess and fragile business models create attractive shorts. Elevated single-stock volatility enhances the opportunity set for managers with disciplined risk control and differentiated research, supporting alpha from both fundamental and factor-aware stock selection.

- **Event Driven:** The pickup in global M&A, supported by stronger balance sheets, favorable financing, and renewed consolidation, is expanding opportunities across announcement and pre-announcement trades. Improving governance in regions such as Asia and parts of Europe is driving restructurings, spin-offs, asset sales and capital-return initiatives. These trends strengthen the backdrop for catalyst-driven investments, with spreads aided by rising deal certainty and clearer regulatory paths. Managers skilled in cross-border, contested, or complex transactions are well positioned.

- **Global Macro:** Diverging monetary policies, uneven disinflation, and differentiated growth trends continue to favor discretionary macro strategies. Central bank trade-offs between inflation control and political or fiscal pressures create opportunities across rates, FX and commodities. Ongoing currency adjustments, energy-supply uncertainties, and varied geopolitical sensitivities sustain tradable ranges for tactical positioning. The environment rewards managers able to rotate quickly and combine top-down views with timely catalysts.

- **Relative Value:** Dislocations between implied and realized volatility, along with regional and sector divergences, are creating appealing relative-value setups. Increased convertible-bond issuance, driven by corporate funding needs and attractive issuance terms, broadens opportunities in convertible arbitrage. With higher dispersion and frequent factor rotations, relative-value strategies can monetize micro-level mispricing while maintaining diversified risk.