

STAKEHOLDER UPDATE

Market Update

D-Series Portfolios

Several D-Series strategies are currently in elevated drawdown. This update sets out what is driving it, how risk is being managed, and the targeted adjustments now being deployed.

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The drawdown is largely unrealized, concentrated in positions opened during the February–March market dislocation.
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Strategy- and portfolio-level risk limits remain fully in force. We are not adding exposure to accelerate recovery.
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Targeted system adjustments begin rolling out before the end of June.

SCOPE	DATE	STATUS	ADJUSTMENTS
D-Series · incl. ARES	22 June 2026	Active · limits enforced	Before 30 June

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— MARKET UPDATE

Elevated drawdowns across D-Series

Several Divitae D-Series strategies, including ARES, are currently experiencing elevated drawdowns.

These drawdowns did not arise in a single trading session. They have developed progressively over recent months, and a meaningful portion remains held in unrealized P&L, largely from positions opened during the market dislocation in February and March.

What is driving the drawdowns

Most D-Series systems incorporate mean-reversion subsystems. These are designed to benefit when statistically extended currency and commodity moves normalize. They can, however, draw down when markets continue trending beyond their expected reversion ranges, or extend repeatedly after only limited corrections. In rare cases, that trending behaviour appears across most markets at once, a correlation collapse. Such phases signal market stress or dislocation, but they do not usually persist for long.



— MARKET UPDATE

The market environment

Foreign-exchange and precious-metals markets have been shaped by shifting interest-rate expectations, volatile energy and commodity prices, geopolitical uncertainty and increasingly divergent policy conditions across major economies. Recent commentary from the Federal Reserve, the Bank of England and the Reserve Bank of Australia has consistently highlighted elevated uncertainty, while reflecting materially different inflation and policy circumstances. Currencies have become especially sensitive to changes in rate expectations and incoming macroeconomic data.

In persistent momentum regimes, strategies that are normally only loosely correlated can begin to respond to the same underlying market behaviour. Drawdowns can therefore appear across several systems at the same time, even where those systems do not hold identical positions.

We have observed similar, temporary increases in cross-strategy correlation during previous market cycles. This episode has proved more persistent because a number of positions originating from the February–March dislocation have not yet completed their normal exit. These positions continue to weigh on system equity and move some portfolios closer to their individual risk thresholds.

OUR RISK STANCE

Defined risk limits take precedence over recovery. We are not adding exposure to chase back drawdowns; capital preservation and disciplined exits come first, and each D-Series strategy stays within its own risk thresholds.

— POSITION, RISK & ADJUSTMENTS

How we are managing it

The affected D-Series systems remain subject to their existing strategy- and portfolio-level risk controls. Risk thresholds continue to take precedence over any expectation of a market reversal; we will not increase exposure simply to accelerate the recovery of existing drawdowns. It is also important to separate current equity drawdown from realized losses: because several positions remain open, their effect currently sits within unrealized P&L and may fluctuate until those trades are reduced or closed.

Immediate adjustments

Before the end of June, Divitae Assets will begin deploying targeted improvements to the systems most affected by the current environment, designed to make portfolio exposure more responsive when a mean-reversion environment transitions into sustained momentum, and to strengthen resilience across the wider book.

Regime-transition detection	Stronger identification of shifts from mean-reversion into sustained momentum.
Correlation-aware allocation	More conservative sizing when cross-system correlations begin to rise.
Aging-position controls	Tighter management of adverse positions that remain open beyond their expected horizon.
Common-factor limits	Improved caps on shared exposure across otherwise distinct systems.
Earlier de-risking	Portfolio-level de-risking that engages sooner once losses begin to correlate.

Adjustments will be applied selectively, so that the individual architecture and objectives of each D-Series strategy are preserved. Our immediate priority is to manage existing exposure responsibly, enforce defined risk limits, and use the data gathered during this episode to improve the resilience of the broader D-Series infrastructure.

— DISCLOSURES

Important information

01 Important notice

This document is a stakeholder update provided for informational purposes only. It does not constitute investment advice, a recommendation, an offer, or a solicitation to subscribe for any financial instrument. The opinions expressed are based on our current understanding of the market and are subject to change without notice. Past performance is not a guarantee of future returns.

02 Risk warning

Trading in leveraged products, currencies, commodities and crypto-assets carries a high level of risk and may lead to the loss of all invested capital. Elevated drawdowns, such as those described here, are an inherent feature of systematic strategies. Planned adjustments cannot eliminate market risk or guarantee future performance.

03 Drawdown & unrealized P&L

A meaningful portion of the current D-Series drawdown is held in unrealized P&L from open positions and may fluctuate until those trades are reduced or closed. Unrealized figures are not realized losses and can change materially with market conditions.

04 Risk limits & adjustments

Each D-Series strategy operates within defined strategy- and portfolio-level risk limits, which take precedence over recovery. The targeted adjustments are intended to improve resilience when regimes shift, but they limit rather than remove the possibility of loss.

05 Independent verification

Performance results are subject to independent verification and transparent reporting by Alpha Performance Verification Services in alignment with the Global Investment Performance Standards (GIPS®). Divitae Assets is committed to uncompromising transparency toward its institutional partners as a fundamental pillar of trust.

06 Fund custody & eligibility

Divitae Assets does not hold client funds. Capital is held in segregation with reputable, regulated custody and execution providers chosen by the client. Investment opportunities are offered solely to verified, eligible investors and are subject to approval and completion of definitive offering documentation. Seek independent financial advice where necessary.

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