



Tycho Arete Macro Fund

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Objective

The Tycho Arete Macro Fund is an actively managed Global Macro Strategy with strong focus on China and Developed Markets. The strategy aims to deliver competitive risk-adjusted returns while maintaining low correlation with all major asset classes. The investment process is centred around a top down macro-analytical framework to incorporate the rapidly changing economic conditions around the world, especially within China. The Fund is managed by Will Li, CIO and Arete Founder, supported by the Arete Investment team. Investments are across multiple asset classes and in liquid instruments only. The Fund is actively managed and is not managed in reference to a benchmark. This is a disciplined process and replicable strategy with a strong focus on managing risk through different market environments.

Commentary

September Review

Chinese equity markets extended their leadership in September, decisively outperforming a complex global backdrop marked by heightened volatility as central banks across the US and Eurozone grapple with the "last mile" of inflation. Our portfolio maintained its strategic long bias towards China and secured gains for a fifth consecutive month. Our sustained performance reflects an emphasis on both strategic and dynamic portfolio management as we allocated exposures to capitalize on evolving sector opportunities while remaining consistent to a broader market thesis.

Our PnL drivers reflect the dynamic evolution of our portfolio over this period: initial gains in May and June were powered by global equity indices (e.g., S&P 500) and defensive Chinese sectors such as banks. July saw our PnL rotate to growth sectors such as healthcare and "new consumption", leading in turn to a broad Chinese A-share market (e.g., CSI A500, CSI 1000) rally through August. In September our primary PnL contributors stem from sector-specific China AI/Tech exposures. The sectors were buoyed by a fresh wave of AI capex, technological breakthroughs, and monetization successes. Key contributors for the month included direct equity exposure to Chinese internet giants, AI infrastructure and software leaders, and tech-heavy indices like the HSTECH. In a largely buoyant market, our strategic hedges in the HSI and HSCEI served as the main detractors but played a crucial role in insulating the portfolio from broader market swings.

Current Outlook

Investors who have been following China from afar have likely been grappling with a seeming contradiction. On the one hand, top-down economic data continues to lose momentum, pointing to a slowdown in the third quarter. Real GDP growth reached 5.3% YoY in H1, more or less ensuring that full-year growth will be close to the target of "about 5%" growth. But monthly data in July and August point to a slowdown in Q3, probably to around 4.6-4.8%. On the other hand, the equity market has not only looked through this weakness, but has become one of the best-performing assets globally this year, with the CSI1000 index up 27% YTD and Hang Seng Tech advancing 48%.

As reflected in our recent newsletters, we believe this seemingly enigmatic price action is consistent with our evolving view since late 2024: the old paradigm of simply equating top-line GDP growth with Chinese equity performance is giving way to an environment where the quality, not quantity, of growth will serve as the fulcrum of market performance. This summer's market action dovetails with our core thesis: the dominant macroeconomic force in today's China is the pivot towards innovation-led productivity. We are witnessing a deliberate transition away from public-led investment - which, while large in scale and employment, often generated low returns - toward private-led investment in high-return sectors. This new wave of capital allocation may not fully offset the cyclical slowdown in property and infrastructure in the short term, but it is fundamentally more productive, promising stronger corporate profits and sustainable future growth. Put another way, the equity market is reflecting the gains associated with a regime shift from an era of high economic activity with low returns to one of slower economic activity with high returns.

Commentary continued overleaf

Fund Details

Launch Date:	5 th July 2018
Fund Size:	\$798m
Ocean Arete AUM:	\$1.3bn
Fund Structure:	UCITS
Domicile:	Ireland
Min Investment:	Class SI: \$50,000,000 Class I: \$1,000,000 Class R: \$10,000
Currencies:	USD (base); GBP, CHF, EUR, JPY, SEK, (all hedged)
Management Fee:	Class SI: 1.05% Class I: 1.25% Class R: 1.75%
Pricing:	Daily
Liquidity:	Daily
Performance Fee:	All share classes: 20% with a high watermark
Manager:	Waystone Management Company (IE) Limited
Investment Manager:	Kepler Partners LLP
Sub Inv. Manager:	Ocean Arete Limited
Portfolio Manager:	Will Li
Inv. Universe:	Global
UK Reporting Status:	Yes
Country Registrations:	Ireland UK Austria Belgium Denmark Finland France Germany Italy (Inst.) Luxembourg Norway Spain Sweden Switzerland Singapore (Res.)



Commentary Continued

More recently, this dynamic is being cemented by two powerful, concurrent developments. The first is the long-awaited maturation of China's artificial intelligence sector. After years of isolation from the global AI boom, there is now compelling evidence that the industry is entering a self-sustaining cycle. We see this in the sizable step-up in capital expenditure, with private giants like Alibaba, Tencent, and ByteDance collectively planning a 60% increase in spending, overwhelmingly directed toward AI and cloud computing. Crucially, this investment is already translating into revenue, as seen in the accelerated cloud growth of Alibaba and Baidu, indicating robust demand as downstream companies embed more AI functions into their products. Furthermore, supply-side bottlenecks are easing, with domestic chipmakers ramping up production and gaining market share from Nvidia—whose dominance in China has fallen to 50%—particularly in the critical area of AI inference. Crucially, the recent enthusiasm around China's AI sector is grounded in reality: This is no longer just a policy directive; it is a commercially viable industry with global linkages. The narrative that China can replicate at least part of the US AI boom no longer seems so far-fetched.

The second development reinforcing this shift is the tangible progress of China's "anti-involution" policies, which can be understood as a government-led push for "less is more." By consciously moderating the relentless (and, as a consequence, historically less margin sensitive) drive for capacity expansion in strategic industries (e.g., steel, cement, solar, lithium and EVs), the policy is curbing destructive competition and overinvestment. The results are increasingly visible in the hard data: manufacturing fixed-asset investment growth is slowing (down 1.3% YoY in August), and as this capital expenditure rationalizes, corporate profitability is improving. In August, industrial profits rose 20.4% YoY, reversing three months of declines, with a significant majority of sectors showing capex slowdown and profit gains. The most telling signal came from PPI, which held steady month-on-month for the first time since July (after a 0.2% decline), with the YoY drop narrowing to

2.9%. Although the path to reflation remains fraught, there are initial signs that suggest deflationary pressure from overcapacity is beginning to abate, allowing healthier margins to emerge across the industrial landscape.

In short, from our current vantage point we view this most recent market rally as possessing some staying power, built as it is on the solid foundation of a dual reassessment. First, we are seeing a re-rating of equity market multiples across Chinese equities as the market starts to recognize the future value created by an economy reorienting itself towards higher-return sectors. Notably, even with recent multiple expansion, Chinese equities remain cheap compared to global peers relative to long-term earnings growth and return on capital. Second, we are in the early stages of upward revisions to corporate EPS. This optimism is not speculative but rooted in demonstrable evidence: the rapid (re)creation of high-tech value chains in areas like AI and automation is now poised to drive long-term value. We are already seeing this transition bear fruit in corporate results, as evidenced by accelerating cloud revenues and improving industrial profits—concrete signs that these shifts are beginning to flow through to the bottom line.

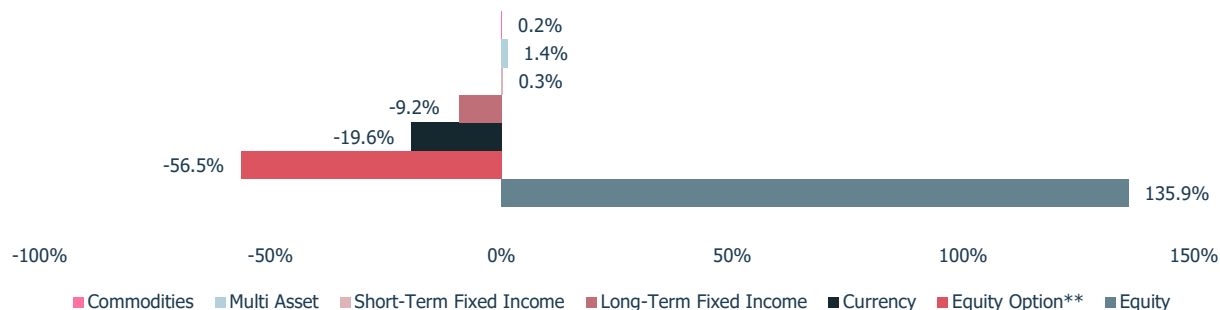
The divergence between lagging macroeconomic indicators and a forward-looking equity market is a defining feature of this great transition. The old China is slowing, but the new China—powered by innovation, rationalized competition, and higher productivity—is taking root; the resulting investment opportunity may be one that is properly measured over quarters and years rather than weeks and months.

Performance*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD (%)
2025	-3.9%	2.9%	0.6%	-9.3%	2.8%	6.2%	4.8%	6.8%	4.0%				14.6%
2024	2.2%	0.0%	1.5%	1.7%	0.0%	0.9%	0.3%	-0.9%	7.4%	3.4%	1.5%	0.1%	19.3%
2023	2.5%	-0.8%	-1.8%	-1.7%	6.0%	0.0%	-1.7%	4.3%	1.6%	1.4%	-0.0%	1.7%	11.5%
2022	-4.8%	-1.6%	1.6%	-2.8%	-0.0%	-0.1%	1.3%	1.4%	-1.0%	2.9%	-5.7%	0.5%	-8.5%
2021	1.4%	1.8%	1.2%	0.4%	-0.8%	0.4%	2.3%	1.8%	-1.2%	0.8%	-0.2%	0.2%	8.2%
2020	-4.6%	2.7%	2.2%	3.3%	1.9%	2.1%	0.2%	-0.1%	-3.2%	0.6%	4.1%	1.9%	11.3%
2019	1.7%	0.1%	0.9%	2.1%	0.0%	1.5%	-1.0%	0.0%	1.4%	0.6%	1.3%	0.9%	9.8%
2018							0.5%	0.9%	-0.3%	0.1%	0.4%	-2.4%	-0.8%

*Class F USD Net Total Return. Performance period is since inception 5th July 2018. Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise and you may not get back the amount of your original investment. The return of your investment may increase or decrease as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation.

Net Asset Type Exposure*



*Please be aware these figures report net exposure, gross exposure could be much higher.

**Equity option calculations are based on delta-adjusted exposures.

Net Regional Exposure*

CURRENCY		EQUITY		EQUITY OPTION		MULTI ASSET		COMMODITIES		LONG-TERM FIXED INCOME	
China	9.9%	Australia	-0.8%	Hong Kong	-48.5%	China	1.4%	United States	0.2%	United States	-9.2%
Hong Kong	0.3%	China	85.8%	United States	-7.9%						
		France	-3.3%							Total	-9.2%
United States	-29.7%	Hong Kong	41.6%								
		Switzerland	-0.5%							SHORT-TERM FIXED INCOME	
		United States	13.2%							United States	0.3%
Total	-19.6%	Total	135.9%	Total	-56.5%	Total	1.4%	Total	0.2%	Total	0.3%

*This table reports country exposure by asset class. Country exposure is defined by where the security is listed. Please be aware these figures report net exposure, gross exposure could be much higher.

Profit & Loss Attribution

Gross returns YTD*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Equity Indices	-1.9%	1.9%	-0.3%	-8.8%	1.7%	3.6%	2.1%	5.0%	1.5%				5.1%
Equity Sectors	-0.5%	0.9%	1.6%	-1.1%	1.2%	2.2%	2.9%	3.9%	3.0%				14.1%
Commodities	-0.1%	-0.0%	-0.1%	0.5%	-0.2%	-0.2%	-0.0%	0.0%	0.0%				-0.1%
FX	-0.1%	0.5%	-0.4%	0.1%	0.0%	0.4%	-0.5%	0.4%	-0.1%				0.2%
Fixed Income	0.2%	0.1%	0.4%	0.2%	0.2%	0.1%	0.3%	0.1%	-0.1%				1.8%
Multi Asset	-0.6%	-1.1%	-0.3%	-0.1%	-0.2%	0.1%	0.7%	-0.4%	0.5%				-1.4%
Total	-3.0%	2.2%	0.8%	-9.2%	2.7%	6.1%	5.5%	9.1%	4.9%				19.5%

*This table reports gross profit and loss, by month and before expenses and fees have been included. Returns are summarised to provide an illustration of where the profit and loss is being generated. Past performance is not a reliable indicator of future results.

Source: Ocean Arete Limited



Gross Returns Since Inception*

	2018	2019	2020	2021	2022	2023	2024	2025**
Equity Indices	-2.6%	18.2%	11.1%	13.9%	-6.8%	8.6%	12.6%	5.1%
Equity Sectors	1.8%	-4.6%	1.9%	-3.6%	-5.6%	-5.8%	0.6%	14.1%
Commodities	-	0.3%	1.0%	-0.2%	-0.1%	0.2%	0.1%	-0.1%
FX	-0.0%	-0.4%	-0.7%	-0.3%	2.2%	4.7%	-1.1%	0.2%
Fixed Income	0.1%	1.0%	1.2%	1.3%	3.1%	5.6%	5.4%	1.8%
Multi Asset	-	-	-	-	-	-	5.3%	-1.4%
Total	-0.7%	14.6%	15.0%	11.1%	-7.2%	13.3%	25.2%	19.5%

*This table reports gross profit and loss, by calendar year and before expenses and fees have been included. Returns are summarised to provide an illustration of where the profit and loss is being generated. Returns are since inception of the Tycho Arete Macro Fund on 5th July 2018. Past performance is not a reliable indicator of future results.

**YTD as at 30th September 2025.

Source: Ocean Arete Limited.

Share Classes

	NAV PER SHARE	ISIN	INCEPTION DATE
F USD	183.06	IE00BDRV1V45	05/07/2018
F GBP	175.07	IE00BDRV1X68	05/07/2018
SI USD	174.48	IE00BFZ11G51	05/07/2018
SI USD Distributing	146.90	IE0001H8RIR5	14/11/2022
SI EUR	159.07	IE00BFZ11H68	21/09/2018
SI EUR Distributing	141.27	IE000IM5NMO2	14/11/2022
SI GBP	168.93	IE00BFZ11J82	05/07/2018
SI GBP Distributing	145.39	IE000TMH67A9	14/11/2022
SI CHF	142.96	IE00BFZ11K97	14/05/2020
SI SEK	1,443.38	IE00BFZ11L05	15/07/2020
I USD	172.28	IE00BFZ11431	04/10/2018
I EUR	154.55	IE00BFZ11548	18/10/2018
I EUR Distributing	130.56	IE00BKKT524	30/09/2021
I GBP	165.65	IE00BFZ11654	10/05/2019
I GBP Distributing	162.52	IE00BKKT631	17/02/2020
I CHF	124.57	IE00BFZ11761	12/04/2021
R USD	155.36	IE00BFZ11985	31/03/2020
R EUR	130.45	IE00BFZ11B07	09/03/2021

All data as at 30th September 2025 unless otherwise stated.

Source: Tycho Capital unless otherwise stated.



Disclaimer

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