

## Tycho Arete Macro Fund



### 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

#### January Review

January forcefully extended the defining macro trends of 2025. Amid this intensity, a fascinating interplay of convergence and divergence has unfolded across global financial markets.

On the convergence front, the dominant theme has been the unwinding of U.S. exceptionalism. The U.S. dollar, having breached critical technical levels, now sits near multi-year lows. Meanwhile, the S&P 500's modest ~1% return in January was overshadowed by standout performances in Asian and emerging markets. This rebalancing signals a broader democratization of growth, with capital flows diversifying beyond U.S. borders.

This convergence is also evident within U.S. markets through a pronounced rotation from mega-cap tech toward cyclical and value sectors. Materials, energy, industrials, and consumer staples have led the S&P, revealing a clear pro-cyclical bias.

Yet, amid this convergence, divergence reigns in China, painting a portrait of an economy in transition. The vibrant, innovative private sector—represented by the CSI 1000 small-cap index's +8.7% YTD gain—starkly outperforms the lagging "old economy," as seen in the XIN9I's -2% decline. Financials are a notable exception, thriving amid regulatory reforms and renewed capital market activity.

Our strategy successfully capitalized on these structural shifts in January. Top PnL drivers included our long Chinese small-caps versus short large-caps positions, which monetized the divergence between old and new economies. Sectoral bets such as long financials, AI hardware, and internet also yielded positive returns. Finally, long commodity and short USD positions contributed positively as U.S. exceptionalism continued to unwind.

#### Current Outlook

Looking ahead, the market story and risk landscape will be shaped by the interplay of three complex narratives:

**First, the great fiscal awakening.** Trump 2.0 has not only elevated baseline realized volatility but also ignited a profound cyclical impulse to spend. Across developed economies, a strategic pivot toward security and reindustrialization is unlocking waves of government spending. While this acts as a powerful tailwind for global growth and corporate earnings—potentially sparking a broader economic boom—it also carries a cost: structurally higher capital costs in a hotter economy. We anticipate bond market volatility to become a recurring feature rather than an anomaly. This erodes the traditional 60/40 portfolio cushion, driving investors toward creative hedges and explaining the surge in demand for alternatives such as gold.

Commentary continued overleaf

### Fund Details

<b>Launch Date:</b>	5 <sup>th</sup> July 2018	
<b>Fund Size:</b>	\$820m	
<b>Ocean Arete AUM:</b>	\$1.4bn	
<b>Fund Structure:</b>	UCITS	
<b>Domicile:</b>	Ireland	
<b>Min Investment:</b>	Class SI: \$50,000,000 Class I: \$1,000,000 Class R: \$10,000	
<b>Currencies:</b>	USD (base); GBP, CHF, EUR, JPY, SEK, (all hedged)	
<b>Management Fee:</b>	Class SI: 1.05% Class I: 1.25% Class R: 1.75%	
<b>Pricing:</b>	Daily	
<b>Liquidity:</b>	Daily	
<b>Performance Fee:</b>	All share classes: 20% with a high watermark	
<b>Manager:</b>	Waystone Management Company (IE) Limited	
<b>Investment Manager:</b>	Kepler Partners LLP	
<b>Sub Inv. Manager:</b>	Ocean Arete Limited	
<b>Portfolio Manager:</b>	Will Li	
<b>Inv. Universe:</b>	Global	
<b>UK Reporting Status:</b>	Yes	
<b>Country Registrations:</b>	Ireland UK Austria Belgium Denmark Finland France Germany	Italy (Inst.) Luxembourg Norway Spain Sweden Switzerland Singapore (Res.)



Commentary Continued

**Second, the AI narrative may be entering its next, more democratic chapter.** For years, it has been dominated by staggering capital expenditures and the ascent of a few tech titans. The plot is thickening: as technology advances with each new model release, we may be approaching a tipping point of more widespread adoption, unlocking substantial investment and productivity gains. This broadening suggests the next wave of winners could include a diverse set of companies embracing AI, spreading equity gains beyond a handful of sectors. Notably, this highlights divergent paths between the U.S. and China. While the U.S. leads in foundational models, China is aggressively integrating AI into its vast commercial ecosystem. Breakthroughs in applied, agentic AI—such as Alibaba's latest Qwen update—signal a near-term roadmap where productivity surges and monetization could exceed expectations, even under constraints.

**Finally, we're watching China navigate its own great divergence.** The energy in its new economy is palpable. Yet, it operates in the long shadow of the old economy's slowdown. What's new this year is the presence of an additional headwinds. We've long watched the weakness in consumer demand, but now pressure is also emerging from the supply side: cautious stimulus, strained local government finances, and shifting regulatory goals are collectively tightening the tap on investment capacity. The irony is that China may finally see producer prices rise, an escape from the deflationary trap, but not for the reasons markets hoped; it could be the result of a constrained supply base and higher costs rather than hoped-for

vibrant demand. The outcome would be thinner corporate profits alongside modest inflation—a mix that poses a risk not just domestically, but could also export a subtle, supply-driven inflationary pressure to the world, complicating the already delicate task of central bankers globally.

We are navigating a world where fiscal policy is resurgent, technological promise meets practical application, and new inflationary risks loom. The thriving portfolio will connect these narratives and balance their tensions. Accordingly, we remain positioned for long-term structural opportunities: a rise in the cost of capital, expressed through U.S. curve steepeners and short duration; robust demand for AI infrastructure, via a basket of cloud service providers (CSPs) and AI hardware; and the institutionalization of Chinese equity markets amid household wealth reallocation through financials and small caps. Meanwhile, we stay vigilant on short-term cyclical factors that could amplify volatility. Agility and selectivity remain paramount, as always.

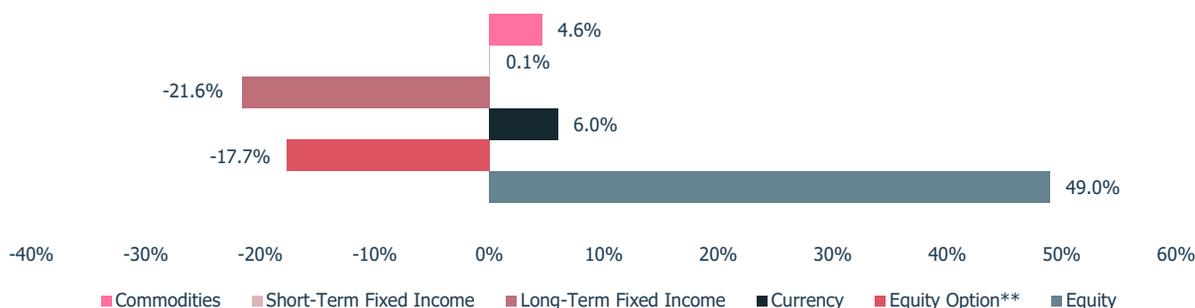
Performance\*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD (%)
2026	5.2%												<b>5.2%</b>
2025	-3.9%	2.9%	0.6%	-9.3%	2.8%	6.2%	4.8%	6.8%	4.0%	-4.6%	-3.7%	2.3%	<b>7.6%</b>
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%	<b>19.3%</b>
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%	<b>11.5%</b>
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%	<b>-8.5%</b>
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%	<b>8.2%</b>
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%	<b>11.3%</b>
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%	<b>9.8%</b>
2018							0.5%	0.9%	-0.3%	0.1%	0.4%	-2.4%	<b>-0.8%</b>

\*Class F USD Net Total Return. Performance period is since inception 5<sup>th</sup> 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		COMMODITIES		LONG-TERM FIXED INCOME		SHORT-TERM FIXED INCOME	
China	7.5%	China	67.6%	China	3.9%	United States	4.6%	United States	-21.6%	United States	0.1%
Europe	-3.2%	France	-1.0%	Hong Kong	-17.3%						
Japan	1.9%	Germany	0.6%	United States	-4.3%						
United States	-0.2%	Hong Kong	-6.7%								
		South Korea	2.8%								
		United States	-14.3%								
<b>Total</b>	<b>6.0%</b>	<b>Total</b>	<b>49.0%</b>	<b>Total</b>	<b>-17.7%</b>	<b>Total</b>	<b>4.6%</b>	<b>Total</b>	<b>-21.6%</b>	<b>Total</b>	<b>0.1%</b>

\*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
<b>Equity Indices</b>	2.1%												<b>2.1%</b>
<b>Equity Sectors</b>	3.7%												<b>3.7%</b>
<b>Commodities</b>	0.2%												<b>0.2%</b>
<b>FX</b>	0.3%												<b>0.3%</b>
<b>Fixed Income</b>	0.0%												<b>0.0%</b>
<b>Multi Asset</b>	-0.1%												<b>-0.1%</b>
<b>Total</b>	<b>6.2%</b>												<b>6.2%</b>

\*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	2026**
<b>Equity Indices</b>	-2.6%	18.2%	11.1%	13.9%	-6.8%	8.6%	12.6%	3.2%	2.1%
<b>Equity Sectors</b>	1.8%	-4.6%	1.9%	-3.6%	-5.6%	-5.8%	0.6%	8.7%	3.7%
<b>Commodities</b>	-	0.3%	1.0%	-0.2%	-0.1%	0.2%	0.1%	0.1%	0.2%
<b>FX</b>	-0.0%	-0.4%	-0.7%	-0.3%	2.2%	4.7%	-1.1%	0.2%	0.3%
<b>Fixed Income</b>	0.1%	1.0%	1.2%	1.3%	3.1%	5.6%	5.4%	2.6%	0.0%
<b>Multi Asset</b>	-	-	-	-	-	-	5.3%	-2.5%	-0.1%
<b>Total</b>	-0.7%	14.6%	15.0%	11.1%	-7.2%	13.3%	25.2%	11.1%	6.2%

\*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 5<sup>th</sup> July 2018. Past performance is not a reliable indicator of future results.

\*\* YTD as at 30<sup>th</sup> January 2026

Source: Ocean Arete Limited.

## Share Classes

	NAV PER SHARE	ISIN	INCEPTION DATE
F USD	180.70	IE00BDRV1V45	05/07/2018
F GBP	172.73	IE00BDRV1X68	05/07/2018
SI USD	172.11	IE00BFZ11G51	05/07/2018
SI USD Distributing	144.91	IE0001H8RIR5	14/11/2022
SI EUR	155.93	IE00BFZ11H68	21/09/2018
SI EUR Distributing	138.47	IE000IM5NMO2	14/11/2022
SI GBP	166.50	IE00BFZ11J82	05/07/2018
SI GBP Distributing	143.33	IE000TMH67A9	14/11/2022
SI CHF	139.38	IE00BFZ11K97	14/05/2020
SI SEK	1,413.27	IE00BFZ11L05	15/07/2020
I USD	169.82	IE00BFZ11431	04/10/2018
I EUR	151.37	IE00BFZ11548	18/10/2018
I EUR Distributing	127.90	IE00BKKFT524	30/09/2021
I GBP	163.24	IE00BFZ11654	10/05/2019
I GBP Distributing	160.16	IE00BKKFT631	17/02/2020
I CHF	121.39	IE00BFZ11761	12/04/2021
R USD	152.97	IE00BFZ11985	31/03/2020
R EUR	127.63	IE00BFZ11B07	09/03/2021
R CHF	96.43	IE00BFZ11D21	08/10/2025

All data as at 30<sup>th</sup> January 2026 unless otherwise stated.

Source: Tycho Capital unless otherwise stated.



## Disclaimer

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