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

May Review

Risk sentiment remained buoyant in May. The Trump-Xi summit mid-month — while falling short of a definitive semiconductor breakthrough — nonetheless shifted the narrative around US-China relationship from intense competition to pragmatic collaboration. This diplomatic signal arrived in the same breath as Nvidia's latest blowout quarterly earnings. With global semiconductor spending now on an incredible trajectory toward $1 trillion in 2026 — driven by insatiable demand for memory, inference infrastructure, and next-generation networking — the AI investment thesis entered the month as consensus and exited it as arguably more deeply embedded. The result was broad-based gains across the AI ecosystem.

Beneath this buoyant surface, however, the architecture of risk has grown more complex. Treasury yields moved higher through much of the month as inflation fears rekindled and pushed out rate-cut expectations for the Fed. This periodic resurgence of yields represents more than a technical headwind; it is a structural reminder that the fiscal and geopolitical forces underwriting today's macro environment are inflationary at their core, and that the market's capacity to absorb higher rates may not be unlimited. Meanwhile, the Middle East conflict remains unresolved, and the associated supply shock — though not yet fully priced as a tail risk — has the potential to disrupt the growth narrative swiftly and asymmetrically. The concentration of equity profits and positioning in a narrow band of AI-related names only amplifies this fragility: markets have been rewarding the winners of the AI race generously, but in doing so have left themselves with limited cushion against any reversal in sentiment.

This environment is as much a test of trading discipline as it is of investment conviction — the challenge being to remain meaningfully exposed to the right-tail opportunity without being caught flat-footed when the left-tail asserts itself. Our PnL drivers this month reflect this dual orientation. On the right-tail side, long exposures to memory and AI infrastructure continued to generate strong returns across both the developed market complex — including US semiconductor, Korean memory chipmakers, and Taiwanese foundry-linked equities — and the China complex, where ChiNext and STAR 50 benefited from the combination of AI re-rating and strong renewable energy demand. On the left-tail side, our short US duration positions have worked well as yields climbed globally, providing ballast against the macro volatility that equities have thus far navigated. Equally rewarding — and admittedly out of consensus — was our short gold position, which benefited from the combination of a firmer dollar, rising real rates, and the unwinding of safe-haven premium. Together, these positions illustrate the kind of asymmetric, barbell construction that we believe is most appropriate for the current moment.

Current Outlook

Frequent readers of our newsletter will be familiar with our East-West Rebalancing Framework — a structural thesis that has anchored our investment thinking since 2023. At its core, the framework describes a world in increasing flux: Western economies, long defined by consumption and services, are pivoting toward greater capital intensity, investment, and leverage — driven by re-industrialisation, defence spending, and the AI infrastructure build-out. China, meanwhile, is making the mirror journey: transitioning away from a property and infrastructure-dependent model toward one oriented around technology, innovation, and higher-return private enterprise.

Fund Details

Launch Date:	5th July 2018
Fund Size:	$940m
Ocean Arete AUM:	$1.5bn
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 Greece Iceland Italy (Inst.) Luxembourg Netherlands Norway Portugal Spain Sweden Switzerland Singapore (Res.)

Commentary Continued

This rebalancing is not a tidy, bilateral adjustment. It is inherently inflationary, disruptive and generative of new winners and losers across every asset class. The net effect is a world requiring more investment, financed at a higher cost, and organised around a structurally different set of geopolitical alignments. The old post-globalisation equilibrium, in which a single US-centric hegemon provided the anchor for trade, capital flows, and reserve assets, is giving way to a G2 construct — one in which China is rising, *not* as a challenger seeking to displace, but as an alternative ecosystem with its own gravitational pull. *Navigating this transition is, in our view, the defining macro challenge — and opportunity — of the coming decade.*

It is tempting — particularly amidst the volatility of the recent past — to spend a great deal of time and energy focusing on the sharp detail of individual events: Liberation Day, the US-Iran conflict, AI capex boom. We believe as macro investors our mandate is to work to place individual events within a broader context. Through that lens, Liberation Day in April 2025 was not merely a tariff dispute — it was a marker of the G1 system beginning to fracture under its own contradictions. The Middle East conflict is not merely a geopolitical risk — it is accelerating every government's drive for energy self-sufficiency, supply chain resilience, and military capacity, all of which require capital. The bifurcation of AI ecosystems — with the US and China developing increasingly distinct computational stacks — is not merely a technology story: it is the manifestation of a world where strategic competition, not comparative advantage, increasingly determines where investment flows and what returns it generates. Of course seeing the forest does not immunise us from sharp and sudden winds that may cause leaves to scatter or trees to fall. But it provides navigational clarity to act decisively and help separate signal from noise when the din reaches peak levels.

Rates: A Structural, Not Cyclical, Regime

Our conviction on rates has been a consistent thread across recent newsletters, and it continues to deepen. The secular rise in real yields is not a function of any single central bank decision or inflation print consequence of a world in which the demand for capital has structurally outpaced its supply. On the demand side, governments and corporations across the developed and developing world are simultaneously mobilising resources for AI infrastructure, military modernisation, energy self-sufficiency, and supply-chain reconfiguration — a simultaneous, reinforcing scramble for scarce resources that is capital-intensive almost by definition. On the supply side, central bank balance sheets are shrinking, Japan's exit from negative rates has triggered meaningful repatriation of capital, and the appetite of foreign sovereigns for US dollar-denominated assets is quietly but measurably diminishing. The collision of these forces lead to a new regime characterized by elevated real yields. We maintain our short US duration position to express this structural view.

Commodities: The Structural Case Against Gold

Perhaps our most out-of-consensus position is short gold. The conventional wisdom — that gold outperforms in environments of geopolitical volatility and inflationary pressure — is built on a regime that, we believe, no longer applies. In the old G1 world, stress was the signal to preserve capital: reduce risk, accumulate gold, and wait for resolution. But in today's G2 world, the source of volatility is precisely the fragmentation of global networks — supply chains, military alliances, technology ecosystems, energy infrastructure — and that fragmentation is itself the catalyst for *more investment, not less*. This drives up real yields, raises the opportunity cost of holding non-yielding assets, and structurally erodes gold's appeal as a store of value. Gold's role is shifting, in our view, from safe haven to structural funder — the asset that gets sold to finance the world's investment agenda. We remain short.

Equities: Earnings Visibility in the Infrastructure of the New Order

In equities, the G1-to-G2 transition becomes an active source of alpha. The world's extraordinary investment agenda is translating into tangible corporate earnings in specific sectors: AI compute infrastructure, power generation and grid modernisation, memory semiconductors, and select renewable energy. The demand certainty – underpinned by the imperatives of both technological competition and national security – are translating into identifiable order books, pricing power and visible earnings. We continue to build basket positions across both the US-DM ecosystem and the China complex, capturing what we believe will be structurally durable earnings growth environments. Within China, our conviction in the re-rating thesis remains intact. As the G2 construct solidifies and China's stability premium rises in the eyes of global allocators facing an increasingly uncertain world, we expect the discount applied to China assets to compress materially.

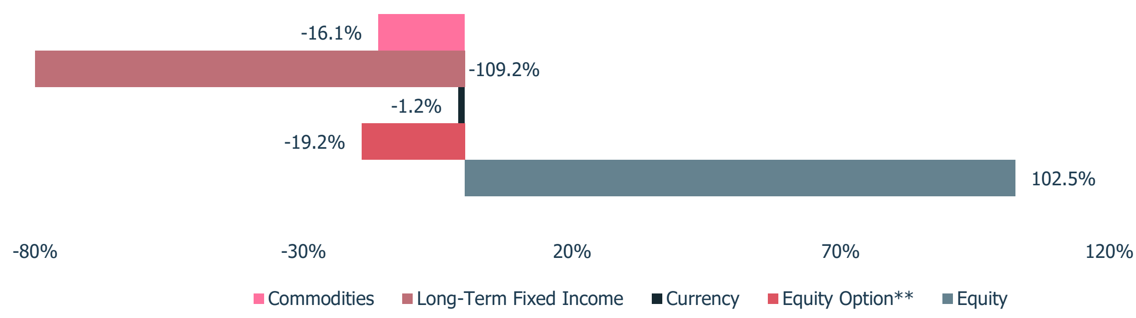
Elevated reward and elevated risk are two sides of the same coin in this environment, and we hold no illusions about the volatility ahead. Markets will continue to be tested by geopolitical escalations, yield spikes, and sentiment reversals. But we remain firmly of the view that this is precisely the environment in which active macro management earns its keep — one that rewards long-term structural vision and short-term tactical vigilance in equal measure. We feel genuinely privileged to be close observers and active participants in one of the most consequential macro transitions of our investment lifetimes, and we remain committed to generating consistent returns by navigating it with both conviction and discipline."

Performance*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD (%)
2026	5.2%	1.0%	-5.7%	5.0%	6.5%								**11.9%**
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%	**7.6%**
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	
Australia	7.9%
China	-4.7%
Europe	-4.4%
United States	0.0%
Total	**-1.2%**

EQUITY	
China	47.3%
Europe	-5.0%
France	-0.8%
Germany	1.1%
Hong Kong	3.0%
Japan	1.1%
South Korea	9.5%
Switzerland	0.0%
Taiwan	8.9%
United States	37.5%
Total	**102.5%**

EQUITY OPTION	
China	0.3%
Hong Kong	-6.0%
Japan	1.4%
United States	-14.9%
Total	**-19.2%**

COMMODITIES	
United States	-16.1%
Total	**-16.1%**

LONG-TERM FIXED INCOME	
United States	-109.2%
Total	**-109.2%**

*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	**2.1%**	**4.7%**	**-1.6%**	**0.7%**	**4.5%**								**10.8%**
Equity Sectors	**3.7%**	**-2.5%**	**-5.9%**	**5.6%**	**3.7%**								**4.2%**
Commodities	**0.2%**	**0.0%**	**0.5%**	**-0.1%**	**0.0%**								**0.8%**
FX	**0.3%**	**0.1%**	**-0.2%**	**-0.1%**	**-0.2%**								**-0.0%**
Fixed Income	**0.0%**	**-1.0%**	**0.3%**	**0.6%**	**0.1%**								**-0.1%**
Multi Asset	**-0.1%**	**0.0%**	**-0.0%**	**0.0%**	**0.0%**								**-0.1%**
Total	**6.2%**	**1.3%**	**-6.9%**	**6.6%**	**8.1%**								**15.4%**

*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**
Equity Indices	-2.6%	18.2%	11.1%	13.9%	-6.8%	8.6%	12.6%	3.2%	10.8%
Equity Sectors	1.8%	-4.6%	1.9%	-3.6%	-5.6%	-5.8%	0.6%	8.7%	4.2%
Commodities	-	0.3%	1.0%	-0.2%	-0.1%	0.2%	0.1%	0.1%	0.8%
FX	-0.0%	-0.4%	-0.7%	-0.3%	2.2%	4.7%	-1.1%	0.2%	-0.0%
Fixed Income	0.1%	1.0%	1.2%	1.3%	3.1%	5.6%	5.4%	2.6%	-0.1%
Multi Asset	-	-	-	-	-	-	5.3%	-2.5%	-0.1%
Total	-0.7%	14.6%	15.0%	11.1%	-7.2%	13.3%	25.2%	11.1%	15.4%

*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 29th May 2026

Source: Ocean Arete Limited.

Share Classes

	NAV PER SHARE	ISIN	INCEPTION DATE
F USD	192.28	IE00BDRV1V45	05/07/2018
F GBP	183.81	IE00BDRV1X68	05/07/2018
SI USD	183.02	IE00BFZ11G51	05/07/2018
SI USD Distributing	154.09	IE0001H8RIR5	14/11/2022
SI EUR	164.98	IE00BFZ11H68	21/09/2018
SI EUR Distributing	146.51	IE000IM5NMO2	14/11/2022
SI GBP	177.04	IE00BFZ11J82	05/07/2018
SI GBP Distributing	152.42	IE000TMH67A9	14/11/2022
SI CHF	146.26	IE00BFZ11K97	14/05/2020
SI SEK	1,494.56	IE00BFZ11L05	15/07/2020
I USD	180.48	IE00BFZ11431	04/10/2018
I EUR	160.07	IE00BFZ11548	18/10/2018
I EUR Distributing	135.26	IE00BKKFT524	30/09/2021
I GBP	173.51	IE00BFZ11654	10/05/2019
I GBP Distributing	170.22	IE00BKKFT631	17/02/2020
I CHF	127.54	IE00BFZ11761	12/04/2021
R USD	162.34	IE00BFZ11985	31/03/2020
R EUR	134.69	IE00BFZ11B07	09/03/2021
R CHF	100.39	IE00BFZ11D21	08/10/2025

All data as at 29th May 2026 unless otherwise stated.
Source: Tycho Capital unless otherwise stated.

Disclaimer

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