adaptive alpha.

AAR Starling Fund

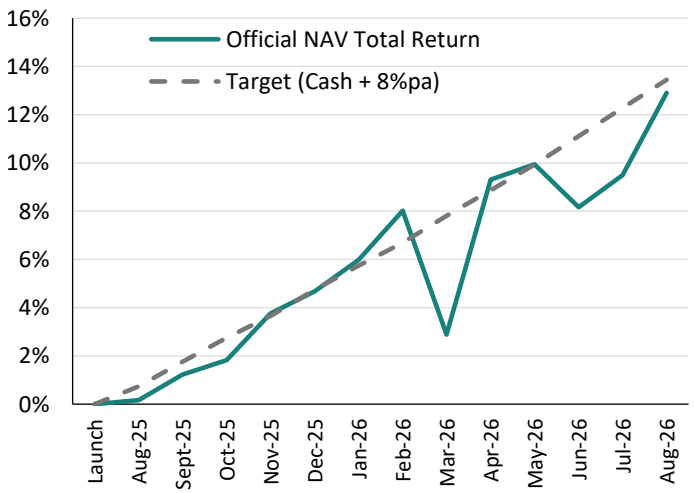
31 August 2026

FUND OVERVIEW

The **Adaptive Alpha Research (AAR) Starling Fund** is offered to wholesale investors and applies a systematic, market timing approach to global equities, incorporating hedging to manage market and currency exposures. The strategy seeks to deploy capital more aggressively during favourable market regimes, which may result in periods of elevated or episodic volatility, followed by lower volatility environments as exposure is reduced when conditions are less supportive. This Report covers the A unit class, which is denominated in AUD.

FUND PERFORMANCE

After all fees, as at 31-Aug-2026	Actual	Target
Returns		
Last Month %	**3.11**	1.04
3 Months %	**2.69**	3.20
Year to Date %	**7.85**	8.31
Since Inception (4-Aug-2025) %	**12.90**	13.44
Statistics		
Unit Price (AUD)	**0.9845**	-
Sharpe Ratio	**0.89**	0.67
Standard Deviation (%pa)	**8.7**	12.0
Maximum Drawdown %	**−11.3**	-
Beta to Equities	**0.54**	0.0 - 0.3
Frequency of Positive Months (%)	**84.6**	-



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**	
2025	-	-	-	-	-	-	-	0.16	1.07	0.59	1.90	0.89	**4.68**	2025
2026	1.23	1.93	−4.75	6.23	0.59	−1.62	1.23	3.11	-	-	-	-	**7.85**	2026

COMMENTARY

The Fund had a strong month, outperforming its monthly target as market conditions were broadly supportive. US equities rose, gold was up strongly in USD terms, and easing rate expectations provided a constructive backdrop.

Gold was the dominant contributor to returns, with additional gains from Emerging Markets, Consumer Staples, Japan and Materials. Utilities was the only meaningful detractor.

Notes to Fund Performance Calculations

1. Official after-fee AUD month-end returns. Distributions reinvested; weekly estimates excluded. N/A means unavailable.
2. Sharpe: mean monthly excess return over RBA cash / sample SD of monthly excess returns x square root of 12.
3. Standard deviation: sample SD of monthly excess returns x square root of 12 (David workbook basis).
4. Maximum drawdown: peak to trough of the daily series through 31-Jul-2026; control dated 2026-03-27.
5. Beta: regression of monthly fund excess returns over RBA cash against SPY excess returns over Fed Funds. MTD excluded.
6. Past performance is not indicative of future results. Bracketed commentary references link to market sources.

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INVESTMENT STRATEGY

The AAR Starling Fund uses a strategy that applies a structured, rules-based framework to dynamically allocate capital in response to changing market conditions.

The portfolio is structured to maintain a positive beta to equities markets, so it will suffer initial losses during sudden market downturns. However, unlike traditional long-only equities approaches that rely on stock selection within markets to generate returns, the strategy instead relies on its market timing. For a given market cycle, the strategy will complete several sets of trades in stages, aiming to emerge with lower risk statistics and a much higher return than market indices. Thus, the market exposure is highly variable depending on market conditions.

The Manager has developed the strategy since 2008 and has deployed live capital to versions of it since 2022. The strategy is being continuously refined, including the development of more advanced portfolio allocation and risk management techniques to enhance diversification and reduce drawdowns.

The strategy is currently deployed in predominantly major equities markets and US sectors using ETFs and futures. The addition of new markets into the strategy is the subject of ongoing research by the Manager. These must be very liquid instruments, supporting efficient execution and flexibility.

Available on request: backtest statistics of the current strategy settings, the current list of allowable instruments, the track record of historic live accounts since 2022, the Information Memorandum of the Fund.

Systematic Framework
Multiple complementary strategies in a unified, rules-based framework.

Dynamic Market Exposure
Exposure actively adjusted as market conditions evolve.

Auto Allocation Rules
Within strategies to maximise return per unit of risk, between strategies to enforce diversification.

Risk-Aware Design
Volatility and drawdown-focused construction.

Risk Management
Absolute limits on position sizes to block rogue trades.

Highly Liquid Opportunity Set
For scalability and flexibility.

Evidence of Robustness
Backtested through market cycles.

INVESTMENT OBJECTIVE

The singular focus is on maximising the return given the Targets for Risk and Equities Beta.

- **Expected returns:** RBA Cash Rate + 8%pa (after fees)
- **Target volatility:** ~12% p.a. over the long term
- **Target equity beta:** Low to moderate (typically 0.0–0.3 over a full cycle)

FUND INFORMATION

Structure	Australian wholesale managed investment scheme (unit trust) Mandates are available on request.
Investment Manager	Adaptive Alpha Research Pty Ltd (AFSL 554884)
Inception Date	4th August 2025
Liquidity	Monthly
Management Fee	1.25% p.a. ('A' Class)
Performance Fee	20% of returns above the Performance Benchmark
Hurdle	RBA Cash Rate (accumulation of %pa rate on payable-monthly basis)
High Water Mark	Yes
Minimum Investment	$100,000
Minimum Withdrawal	$25,000
Buy/Sell Spread	+/- 0.25%
Distributions	Annual (typically reinvested unless elected)
Auditor	Hall Chadwick (Melbourne)
Administrator	Ascent Group
Legal Advisor	Mingdao Law / Tecne Lawyers
Website	adaptivealpharesearch.com
Contact	**Tom Surman**, Managing Director tom@adaptivealpharesearch.com

Important Disclosures

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