



**518am**  
Reliable yield

**MONTHLY LETTER TO THE SHAREHOLDERS  
OF 518AM DELTA-NEUTRAL STRATEGIES SP**

August 2025



**518am**  
Reliable yield

The investment strategy performed well in August, printing slightly above 1.0%. With four months of the year still to run, we note that Q4 has historically offered seasonal anomalies in funding rates. Our positioning is bullish, and we expect the improved backdrop to contribute positively to performance as the year closes.



### Brazil's tentative BTC foray

Brazil matters. Despite its emerging market status, the country hosts B3—ranked sixth-largest exchange globally—as well as central-bank technocrats who piloted instant PIX payments years before FedNow. This month a Senate committee held the first hearing on a proposal to carve up to R\$110 billion (US\$19 billion) from international reserves for a strategic Bitcoin allocation. The odds of passage remain low—our on-the-ground assessment puts them at sub 10%.

But the symbolism is powerful. If Brasília even flirts with the idea, it offers cover for Mexico, Turkey and other large emerging economies to follow suit. A U\$19 billion bid would be the largest sovereign crypto tender to date, significantly upgrading Bitcoin's diplomatic status. As diligent stewards of your capital, we are not adjusting models for legislative green-lights; but the optics will echo far beyond Brasília. The process must be closely monitored to see which dominoes wobble first.

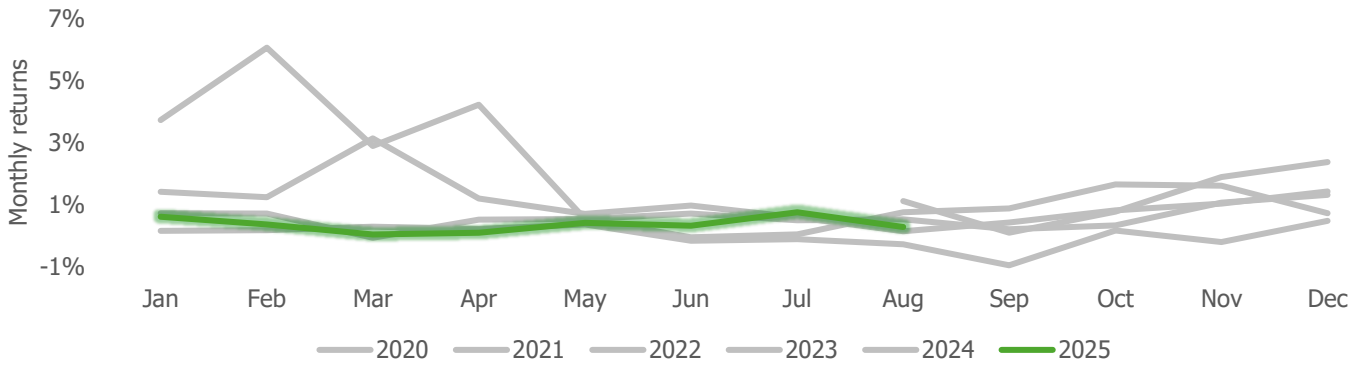
### ETH Open Interest on the CME (number of contracts)



Since May, CME open interest in Ethereum has risen with metronomic patience, having clearly escaped the spring lull that started after last year's ETF approvals. Back then, the new instruments arrived amid blaring headlines yet left behind orderly trade and muted flow. Months passed before the next catalyst emerged—not from regulators, but from corporate balance sheets. A vanguard of software groups, cash-rich unicorns and even consumer brands began rotating idle treasuries into digital assets (we have written about DATs in previous letters). Crucially for us, their zero overnight-funding tolerance removed substantial demand for yield, distributing conviction evenly across maturities. The shift is still modest by 2021 standards, yet the signal is familiar: investor enthusiasm in BTC and ETH rarely stays bottled. Historically, the next phase pushes buying into L1s, L2 governance tokens, and liquid-staking derivatives—widening cash-and-carry gaps and consequently benefitting our strategy.



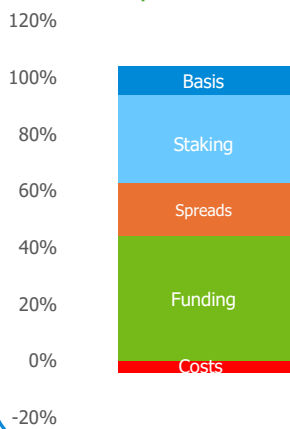
## Seasonality of the monthly returns of an equal-weight BTC and ETH portfolio



The provided chart illustrates the monthly returns for an equal-weighted BTC and ETH portfolio, revealing potential seasonal anomalies. The time-series data, spanning from 2020 through 2024, indicates a recurring pattern of improved performance in the fourth quarter (Q4) when compared to the third quarter (Q3).

Visually, the returns in October, November, and December are consistently higher than those recorded during the preceding quarter in most of the observed years, particularly 2020, 2021, and 2023. While 2022 presents a notable exception, likely influenced by the FTX collapse, the general tendency points towards a positive Q4 effect. This pattern suggests a potential end-of-year rally phenomenon within the rate-harvesting portfolio, possibly driven by further DAT demand, institutional portfolio rebalancing or increased retail investor activity. While not as pronounced as the volatility sometimes observed in Q1, this recurring Q4 trend reinforces our optimistic outlook for a strong finish to the year.

### Performance attribution September 25



We are through a seasonally quiet month with more than acceptable results. There was unseasonal volatility around weaker employment data in the US, that has significantly increased the probability of a September rate cut which was all set against a general risk-off environment in Crypto assets.

One development that has caught our eye recently has been the changing leverage costs across venues. Some that were once more calm are becoming more volatile and vice versa. This reversal is slightly unusual and something we are monitoring closely. Venue selection is a critical component of performance, and if these anomalies persist, they could begin to have a material impact on how and where we trade. This month's trading activity, albeit minimal, was mainly focused around making small adjustments to the book to reflect these observations.

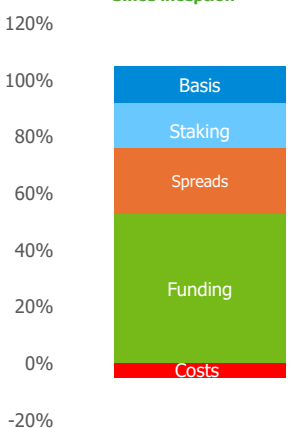
The quieter month has allowed us to focus on the team's ultimate aim of becoming fully systematic. Building upon and complementing last month's successful risk system upgrades, we've been developing code to systematically manage the entire trading book at the account and position level. By dynamically adjusting each individual positions size, we not only manage leverage in line with market conditions, but also continually and consistently maximise collateral efficiency to extract greater net profits. Just as important, the approach scales: we can manage a growing book far more efficiently, with redundancies and failsafes ensuring no new risks are introduced.

E-mail : [dns@518am.io](mailto:dns@518am.io)

**Schedule** a meeting with your manager



### Performance attribution Since inception



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. PLEASE SEE THIS LINK FOR A FULL DISCLAIMER: <https://518am.io/disclaimer>.

518AM (UK) LIMITED is registered in England and Wales under Company number 15513296 and with the FCA as an Appointed Representative with FRN 1011132. 518AM (UK) LIMITED is an Appointed Representative of Finex LLP which is authorized and regulated in the UK by the Financial Conduct Authority ("FCA") with firm reference number 507537.

This Monthly Letter is being sent to you on the basis that you are a certified High Net Worth or Sophisticated investor. It is not intended as and should not be construed as financial, investment, tax, legal, regulatory or other advice. None of the contents of this Monthly Letter is an offer to sell or the solicitation of any offer to buy securities. This Monthly Letter is exempt from the general restriction on the communication of invitations or inducements to engage in investment activity set out in section 21 of the Financial Services and Markets Act 2000 ("FSMA") and amended as order 2023 on the 31st of January 2024. It is not an offer or sale of securities in the United States or to, or for the account or benefit of, any US person (as defined in relevant US securities laws, including residents of the United States or partnerships or corporations organized there).

This product does not have a UK sustainable investment label. In accordance with the Sustainability Labelling and Disclosure Of Sustainability-Related Financial Information Instrument 2023 (PS23/16) this product makes no explicit sustainability objective. Whilst this product will seek to invest in assets with good governance, and may include exclusion lists and negative screening, this alone is not sufficient to qualify for a UK Sustainability Label in accordance with SDR and the Labelling Regime.

