



**518am**  
Reliable yield

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

MARCH 2026



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Reliable yield

The fund returned +0.75% in March, beginning to recover from a challenging start to the year (strategy is still down -0.27% for the year). Risk suffered amid turbulence from the Iran war, with US equities plunging -5.2%. To print a positive month against a backdrop of global contagion highlights our strategy's crucial role in preserving capital as a true absolute-return vehicle.



### Bridging the gap

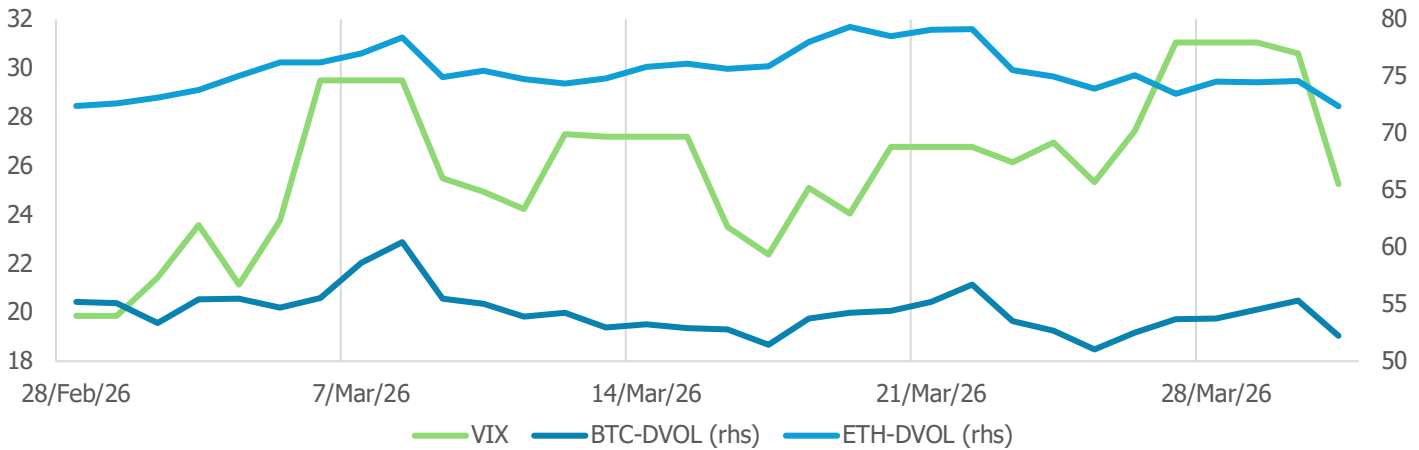
March 2026 marked a watershed month for institutional crypto integration and regulatory clarity. Traditional finance fundamentally embraced digital assets, highlighted by the SEC approving Nasdaq's tokenized stock trading pilot and the NYSE tapping Securitize to build a competing 24/7 platform. This push for continuous access was echoed by Cboe's proposed expansion to near 24/5 equities trading.

Banking saw major breakthroughs as Kraken

became the first digital asset bank to secure a Federal Reserve account for direct Fedwire access. Simultaneously, Fannie Mae partnered with Coinbase to pilot new crypto-backed mortgages using Bitcoin and USDC.

Crucially, the regulatory landscape shifted toward coordination. The SEC and CFTC signed a harmonized memo adopting a 'minimum effective dose' strategy, alongside new SEC interpretive guidance on applying securities laws.

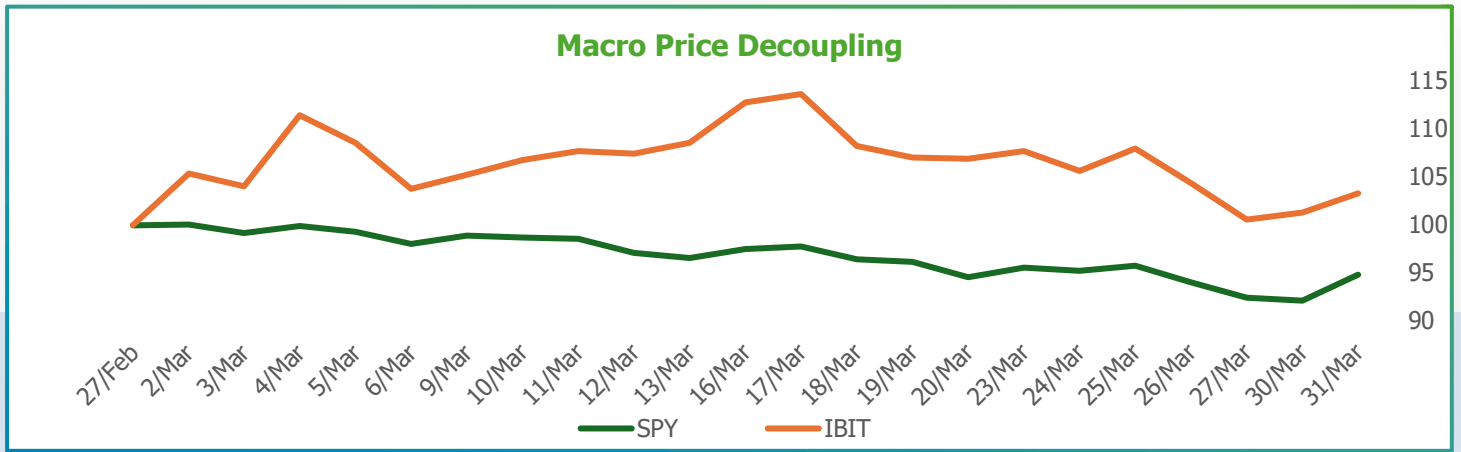
### The Decoupling of Volatility (VIX vs. Crypto Implied Volatility)



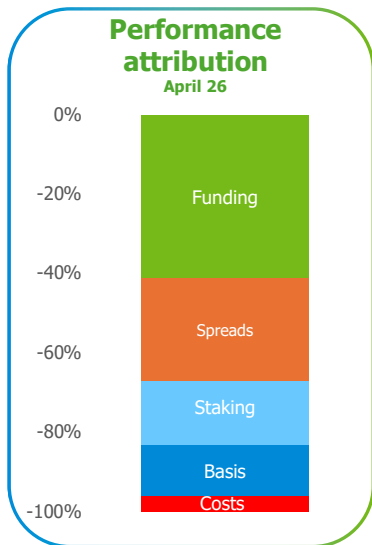
The graph above illustrates a striking divergence between traditional and digital asset volatility metrics throughout March 2026. As the geopolitical landscape deteriorated due to the Iran conflict, broader US equities suffered dramatic drawdowns. In lockstep with this fear, the S&P 500 VIX surged 56%, elevating from a late February baseline of 19.86 to a peak of 31.05 on March 27.

Conversely, the digital asset ecosystem exhibited unprecedented resilience, shrugging off the macro contagion that disrupted global markets. Over the exact same period, the Bitcoin and Ethereum implied volatility indices (DVOL) registered only modest fluctuations, rising by a mere +9.49% and +9.60% from their February closes. This profound decoupling is structurally notable. Historically, severe macroeconomic shocks trigger correlated volatility spikes across all major risk assets. However, March's data proves that digital asset volatility matrices no longer blindly follow equities into panic territory. For our delta-neutral strategy, this insulation provides ultimate validation, empowering the fund to generate positive, uncorrelated yield (+0.75%) precisely when traditional equities are suffering.





The accompanying chart illustrates a profound macro price decoupling that redefined digital assets in March 2026. Historically, traditional frameworks incorrectly categorized digital assets as highly correlated, high-beta technology risk, expecting them to suffer severe drawdowns during global crises. March's geopolitical shock definitively shattered that thesis. As the escalation of the Iran conflict triggered widespread panic, capital fled traditional equities, driving the S&P 500 down 5.2%. Conversely, sophisticated capital aggressively sought refuge in the digital asset ecosystem, propelling our underlying markets to an impressive 4.86% gain. This astonishing 10% performance divergence over a single month visually proves that digital assets have matured into a non-sovereign safe haven. It clearly explains why institutions like the NYSE, Nasdaq, Kraken, and Fannie Mae accelerated their on-chain integration this month. For our investors, this structural divergence perfectly validates our absolute-return mandate, showcasing precisely why an uncorrelated, delta-neutral framework remains the ultimate portfolio defense mechanism against traditional market contagion.

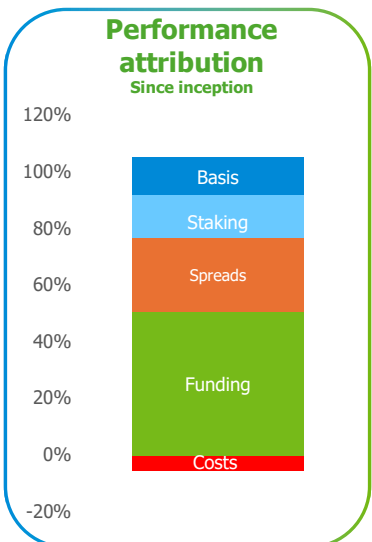


The significant restructuring of the book to perpetual spreads that we reported on last month has started to pay off. With the crypto markets continuing to trade within a very narrow range and the basis trading significantly cheaper than US treasuries, these positions have performed relatively well so we spent the last few weeks of March rebalancing more where they now make up about 30% of the book. To clarify, they are amongst the lowest risk positions we can possibly trade: highly capital efficient with low margin requirements and minimal risk of liquidation.

More excitingly, over the past month, a new category of instruments has emerged and captured our attention. All of the exchanges we trade on have started listing 'traditional finance' products, ranging from select single stocks, equity indices, commodities and forex perpetual futures.

Being brand new contracts there have been early inefficiencies which we have been successful in exploiting. It is becoming very apparent that this 'new' asset class (to crypto exchanges) is growing in popularity and is in contrast to the malaise we have seen in many altcoins, where consistent yield has been difficult to extract, volumes and in turn our focus are increasingly being drawn here.

This feels like it could be the next evolution in our strategy, exploiting exactly the same mechanisms to a new asset class using instruments that, for now, are unique to crypto exchanges. We follow these delta neutral arbitrage based opportunities wherever they arise, staying at the forefront to detect them early, adapt quickly, and allocate capital where it best serves our investors.



Gold was the first contract to gain significant volume so it is where we have been most active, trading both same and cross-exchange, low risk, delta neutral spreads as opportunities have arisen.

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**Schedule** a meeting with your manager



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