



518am
Reliable yield

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

APRIL 2026



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Despite an intensely risk-on April, marked by a stabilizing Iranian conflict and a soaring S&P 500, our delta-neutral fund returned a muted +0.3%. Following a highly unusual drawdown in February, we currently sit flat at 0.0% year-to-date. While these near-term results fall short of our standards, we remain highly optimistic as underlying rates firm up, signaling stronger months ahead.

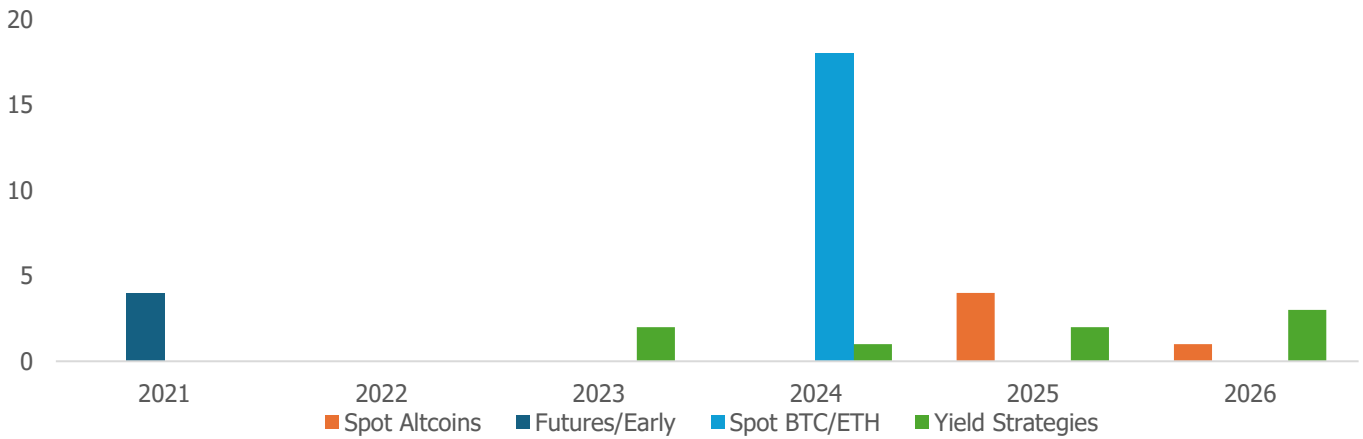


DeFi's worst hack ever

April 2026 became one of the worst months on record for crypto hacks, driven by two massive exploits orchestrated by the North Korean-linked Lazarus Group. The attacks drained \$285 million from Solana's Drift Protocol via social engineering, and \$292 million from Kelp DAO by exploiting bridge infrastructure to mint 116,500 unbacked rETH tokens. The systemic contagion was incredibly severe. Lazarus directly weaponized the worthless rETH by depositing it into Aave, borrowing nearly

\$200 million in wETH and stablecoins. Saddled with massive bad debt, Aave suffered an immediate bank run, bleeding an estimated \$10 billion in Total Value Locked (TVL) as panicked lenders fled to safety. In an emergency response, Aave swiftly froze the affected markets, while major industry players quickly formed the "DeFi United" consortium to stabilize the core protocol, painstakingly restore token backing, and coordinate necessary liquidations, narrowly avoiding a broader collapse.

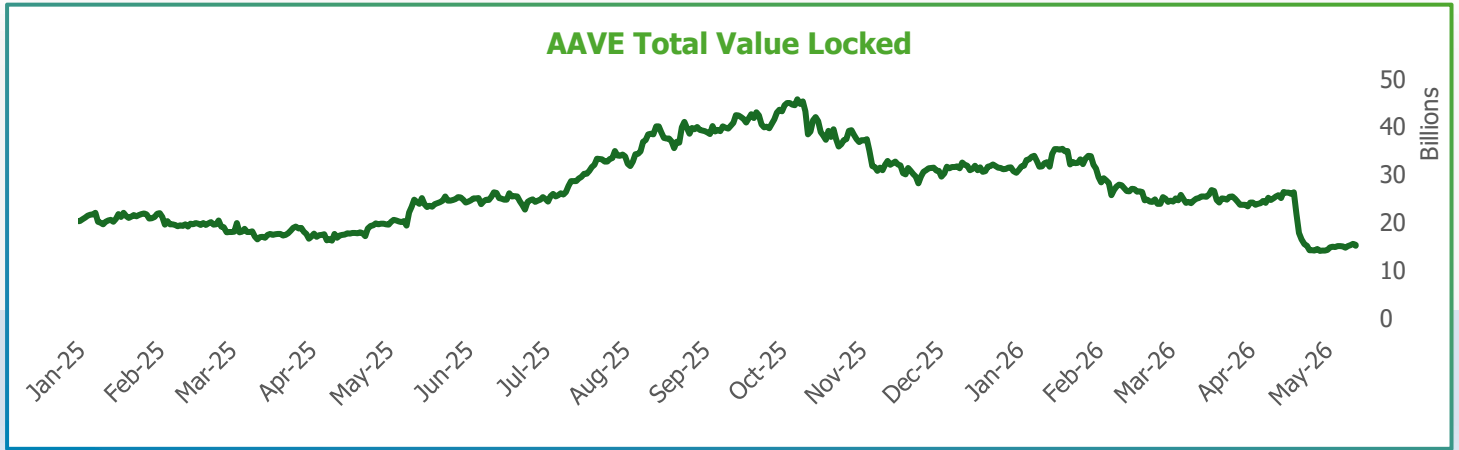
Crypto ETF Launches by Theme



A look at the historical timeline of cryptocurrency ETFs reveals a dramatic structural shift in institutional appetite. The landscape began with basic futures in 2021, flatlined completely during the 2022 crypto winter, and surged with massive spot approvals in 2024. However, the most telling trend is the recent emergence of complex yield strategies. Following the SEC's landmark clearance of a massive ETF backlog, traditional finance is frantically pivoting from passive holding to active generation. Wall Street giants are now launching intricate options-income and premium-yield products, highlighted by Goldman Sachs's recent filing for a Bitcoin-focused ETF designed to generate steady returns through covered calls and cash-secured puts.

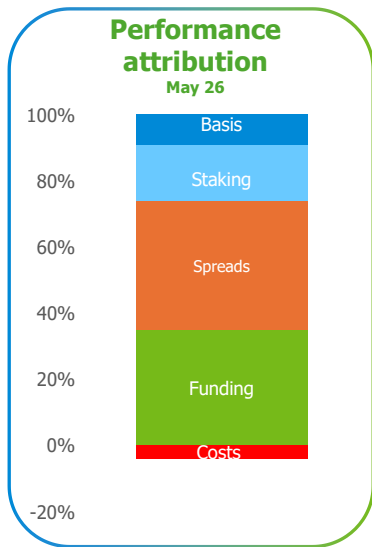
While the broader market celebrates these yield vehicles as novel breakthroughs, they serve as profound validation for 518 Asset Management. Wall Street is finally waking up to the power of delta-neutral, absolute-return methodologies in these digital assets. They are just now attempting to package the exact yield-generating infrastructure that 518 has been quietly pioneering for our investors for years.





Aave operates as the foundational liquidity layer of the decentralized finance ecosystem. As a peer-to-peer lending protocol, its health is measured by Total Value Locked (TVL)—the aggregate sum of all user deposits securing the network. Historically, a high TVL indicated robust trust. However, the catastrophic April hacks shattered this paradigm. When unbacked, exploited tokens were deposited into Aave, it triggered a devastating bank run, wiping out roughly \$10 billion in TVL within days. This systemic contagion fundamentally altered market perceptions, proving that the structural risks of deploying capital on DeFi are far more insidious than previously understood.

At 518 Asset Management, we have long recognized that while DeFi yields appear numerically identical to CeFi yields, the underlying risk profiles are vastly asymmetric. We are now profoundly vindicated in our historical reluctance to pull the DeFi lever. By avoiding these poorly understood smart-contract vulnerabilities, we have successfully protected our clients' capital while maintaining our absolute-return mandate.



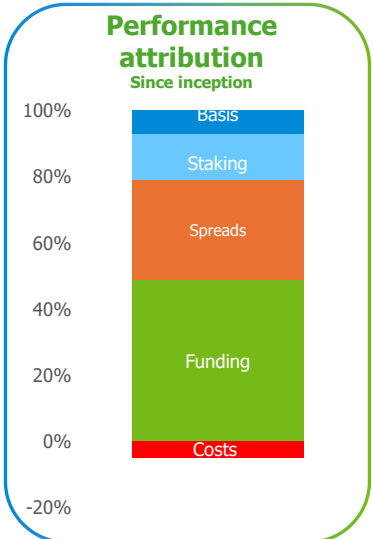
April saw a marginal recovery across crypto asset prices with markets trading back towards the top of their recent ranges. But important to note this move higher was not generally accompanied by a shift in funding rates, suggesting positioning remained largely spot driven. This changed in the final days of April however, where we saw the first meaningful shift in swap positioning since October last year.

Funding rates moved more favourably, although not across the board, but certainly towards where we have been positioning the book over the last few months. While this move remains concentrated we do see it as a very encouraging development.

From a macro markets perspective, improving sentiment around geopolitical all time highs in US equity markets and growing expectations of more supportive monetary conditions helped drive risk appetite higher.


On the crypto specific side, regulatory developments around the proposed CLARITY Act and continued large-scale Bitcoin purchases from Strategy provided additional support to the market.

We ended the month with a noticeable shift in the quality of opportunities we are monetising. While our April performance has not yet fully reflected this improving environment, we are increasingly confident that May will. We would like to thank investors for their continued support through what has been a challenging six months. For the first time in a while, we believe there is light at the end of the tunnel.



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Schedule a meeting with your manager



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