



518am
Reliable yield

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

MAY 2026



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The fund returned +0.71% in May, as rates continued to firm and price action remained sideways — a regime that historically favors our strategy. As we predicted in prior letters, this inflection is now confirming. With volatility compressed and funding normalizing, the carry setup is the strongest it has been all year, if not longer. We remain constructive on the months ahead.



Doors Closing, Not Opening

On May 18, the SEC was expected to release its "innovation exemption" — a framework allowing platforms to trade tokenized versions of publicly listed stocks under a lighter regulatory structure. This would have been a watershed moment for on-chain equities, potentially unlocking a multi-trillion-dollar market and accelerating Wall Street's migration to blockchain rails. Instead, four days later, the Commission indefinitely shelved the plan, citing unresolved

concerns around investor protection and market integrity. Commissioner Hester Peirce further dampened expectations, explicitly pushing back on speculation that the rule would permit synthetic tokenized securities — instruments that track stock prices without representing actual ownership. The reversal leaves tokenized equities in regulatory limbo and underscores a frustrating pattern: even under an ostensibly pro-crypto administration, the gap between rhetoric and rulemaking remains.

HYPEUSDT Price

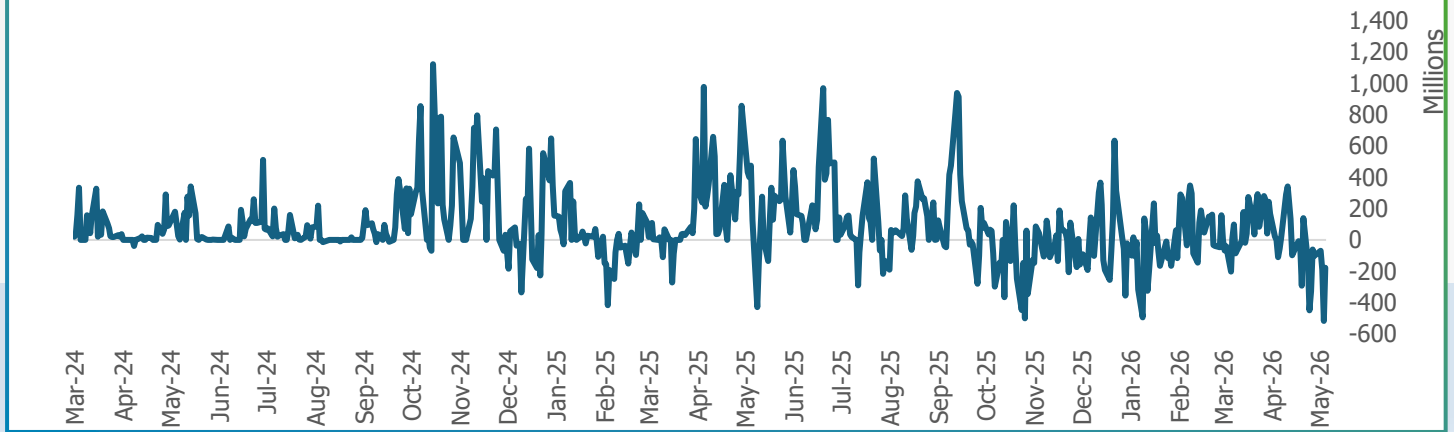


Hyperliquid is a decentralized perpetual-futures exchange built on its own Layer 1 blockchain — meaning it offers the trading experience of a centralized venue like Binance, but without custodial risk. Users trade directly from their wallets, and the protocol settles orders on-chain in under a second. What makes HYPE, its native token, structurally distinctive is its economic model: 97% of all trading fees are funneled into a buyback-and-burn mechanism, creating a direct, deflationary link between platform usage and token supply.

In May, that flywheel caught fire. HYPE surged roughly 75%, from ~\$44 to an all-time high near \$70, briefly flipping Dogecoin to become the 9th-largest crypto asset by market capitalization at ~\$17 billion. The launch of a HYPE ETF — with early inflows proving positive — added further fuel to the rally. What makes the run remarkable is its persistence: HYPE has been ripping all year, even as most major crypto benchmarks have declined and market volumes have thinned considerably.



IBIT - Creations and Redemptions

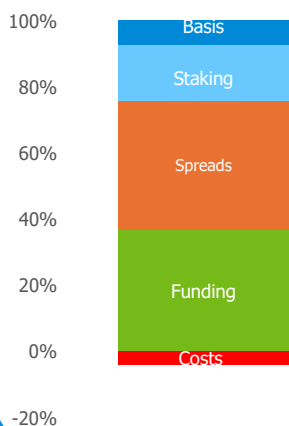


Bitcoin suffered multiple liquidation cascades in May. On May 18, BTC crashed below \$77,000, triggering \$657 million in liquidations over 24 hours amid Middle East turmoil and risk-off sentiment. The month's earlier sessions (May 8–10) had already seen \$109.7 million in longs wiped. Then on May 28, Iran-related tensions near the Strait of Hormuz drove another \$270 million in liquidations in a single hour. Compounding the pressure, U.S. spot Bitcoin ETFs (represented above by IBIT) recorded a record nine-day outflow streak totaling roughly \$2.8 billion. BlackRock's IBIT alone saw its second-largest daily outflow ever — \$527.84 million — alongside a \$1.29 billion dark pool block trade whose motive remains unclear. Net YTD ETF inflows have dwindled to just \$536 million.

Yet here is what matters: for all the apocalyptic headlines, Bitcoin ended the month down only mid-single digits. Record-breaking outflows and cascading liquidations that would have once triggered a double-digit plunge were absorbed with surprising composure — a sign, perhaps, that this market is deeper than it used to be.

Performance attribution

June 26



Despite another unremarkable month for crypto asset prices, we have continued to see an improvement across several key indicators that support our strategy. Open interest has continued to recover, while funding rates have begun reverting following an extended period of volatility. This recovery is broad based and visible across the assets within our investment universe.

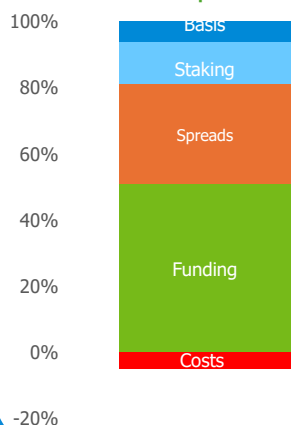
As discussed in previous newsletters, the portfolio has been structured to generate yield across a wide range of market environments, which is reflected in our ability to produce returns during another largely sideways month for crypto markets. While headline performance may appear modest, we place significant emphasis on the underlying quality and source of the returns. Yields have shown gradual but consistent improvement on a weekly basis, further evidence that conditions are becoming increasingly favourable for our strategy.

The persistence of yield has materially improved and represents the most significant shift we have observed since the market dislocation of October 10th. This sustained improvement in market structure is particularly encouraging and provides a strong basis for future performance.

We believe the portfolio is well positioned to benefit from the ongoing recovery, with diversified exposure across assets, exchanges and spread types. As these market dynamics continue to normalise, we remain highly confident that June will represent a stronger month for the strategy and that the underlying drivers of performance will continue to strengthen.

Performance attribution

Since inception



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