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

JUNE 2026

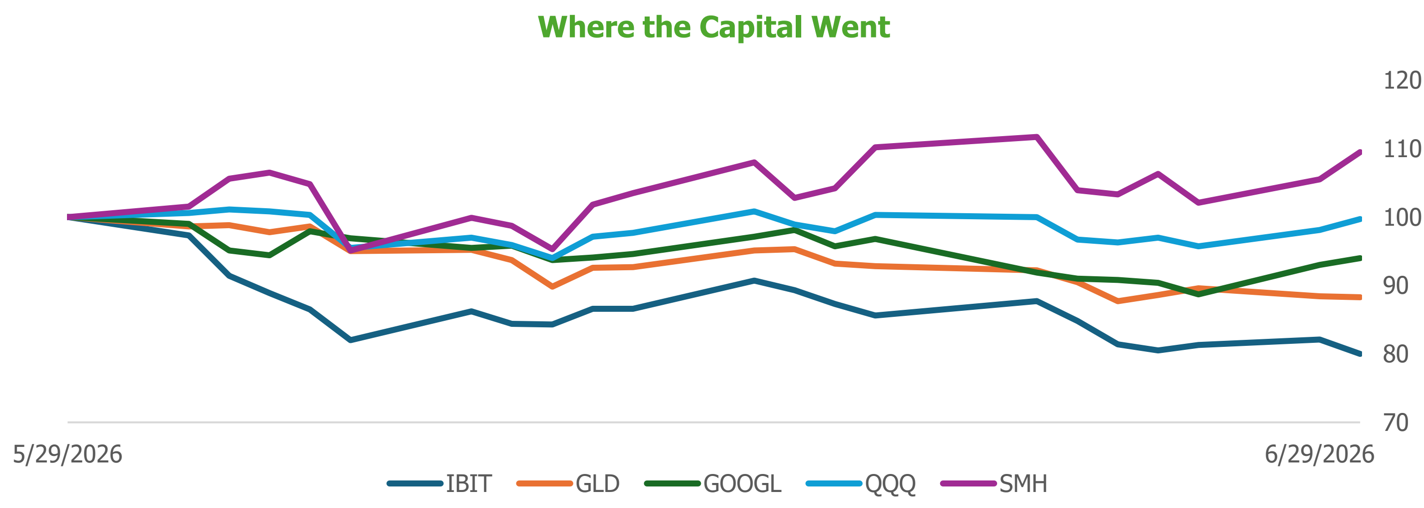
The fund returned −0.07% in June — essentially flat, short of the "stronger month" we called for in May. Context matters: Bitcoin fell over 20% during the month, weathering two separate liquidation cascades, while the Fed's newly hawkish pivot rattled broader markets. That the strategy barely moved through it is itself the point — delta-neutral means independence from market direction.

Feeding the Machine

Alphabet priced an ~$85 billion equity raise on June 2, upsized from an initial $80 billion, combining common stock, mandatory convertible preferred, a $40 billion at-the-market program, and a $10 billion private placement from Berkshire Hathaway, explicitly to fund AI infrastructure capex, with FY26 guidance now raised to as much as $190 billion.

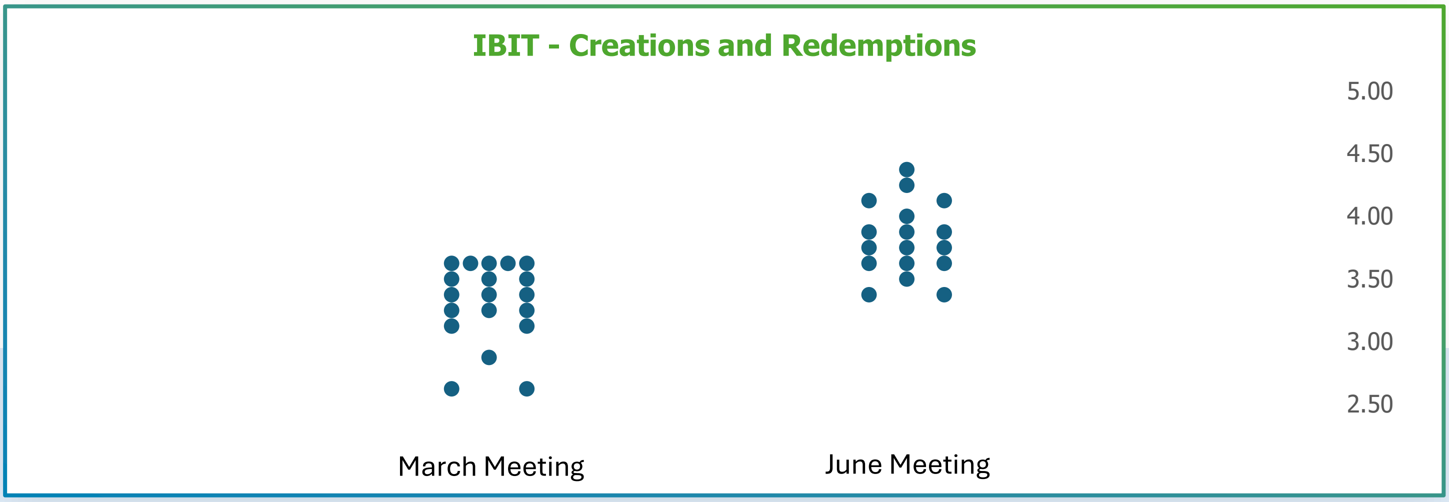
It ranks among the largest capital raises in history and a marker of how much money is flowing into the AI buildout, not via venture rounds or IPOs but through the balance sheets of the largest companies on earth. That Berkshire, historically wary of unproven technology, took a $10 billion stake in the raise, a bet that this capex looks more like infrastructure than speculation.

Google's own stock fell on the news anyway, a reminder that even the current winners of this cycle aren't immune to the cost of financing it.



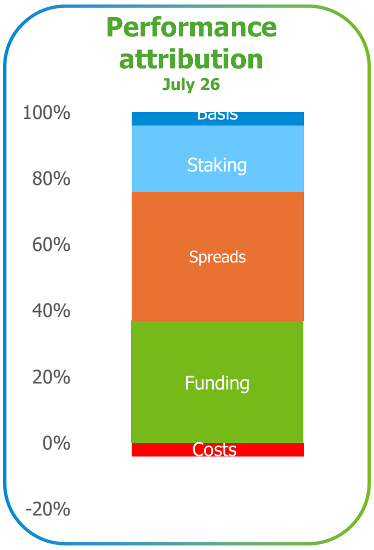
Five assets, indexed to their May 29 close, tell a more specific story than "risk-off": Bitcoin (via IBIT) fell 20.0% and gold (GLD) fell 11.7%, i.e., both stores of value sold off together, while semiconductors (SMH) rose 9.5%. The Nasdaq-100 (QQQ) itself barely moved, down 0.3%. This was not a broad decline; it was a rotation, with capital leaving stores of value and concentrating narrowly in the chips powering the AI buildout. Spot BTC ETFs saw $4.29 billion in June outflows (a record $4.67 billion for the quarter); semiconductor ETFs drew roughly $20 billion since April. Alphabet (GOOGL, −6.0%) sat oddly inside this trend: the company raising the capital fell even as the sector it funded rallied, likely on near-term dilution.

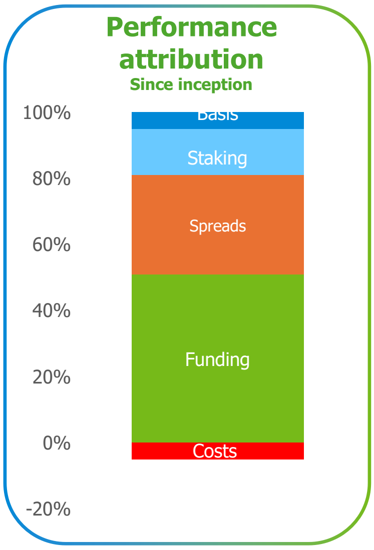
June also brought the largest IPO ever: SpaceX priced at $135 on June 12 (a $1.77 trillion valuation) and closed day one up 19% at a $2.1 trillion market cap — proof risk appetite for capital-intensive tech stayed strong even as capital elsewhere rotated away from speculation. By late June the AI trade itself was showing signs of "overheating" and partially reversing — worth watching, not yet a reversal of the broader rotation.



Kevin Warsh was nominated in January specifically to cut rates and was sworn in as Fed Chair on May 22 after Powell's term ended. His first meeting as Chair, on June 17, delivered the opposite: the FOMC held the funds rate at 3.50%–3.75%, and the dot plot flipped sharply hawkish — the median 2026 projection rose a full point, from 3.4% in March to 3.8% in June, with 9 of 17 participants now projecting the rate at or above the top of its current range by year-end, versus zero in March.

The driver is inflation: tariffs and a re-escalated Iran war — fighting resumed June 7, and peace wasn't brokered until June 17, the same day as the Fed meeting (the same conflict April's letter called "stabilizing" — it wasn't) — pushed the Fed's year-end PCE projection up to 3.6%, from 2.7% in March. Markets had bet on a dovish surprise from Warsh given falling oil prices; instead, stocks reversed earlier gains and short-end Treasury yields spiked. For a strategy that lives on the cost of carry, a Fed that stays higher for longer — even reluctantly — keeps the a favorable setup for our strategy.





This month was one of the most challenging periods for the digital asset market in recent years, with the broader cryptocurrency index falling by around 30% as the market entered into its capitulation phase.

The large increase in volatility created negative mark-to-market movements across our portfolio. During the first week of the month we also rebalanced parts of the portfolio to better reflect the altered market conditions. These both resulted in drag to performance but has left the strategy in a stronger position going forward especially considering we are entering the summer lull.

As we noted in last month's newsletter, the portfolio was positioned to perform across a range of market conditions. Viewed in isolation, this month's return is disappointing. However, against a market that declined by around 30%, we believe the results demonstrate one of our core objectives: delivering uncorrelated returns that are as independent from the direction of the broader market as possible. While no strategy is immune during periods of extreme stress, we believe our approach has shown resilience.

Looking ahead, we still remain as optimistic as ever. It is difficult to imagine a more difficult market environment in which to trade and if this months performance represents close to the lower end of what our strategy can produce, we are encourage by the opportunities that lay ahead.

Our current positioning does not require a strong bull market to generate attractive returns. Even a modest improvement from today's deeply bearish conditions could have a meaningful impact on performance. For example, just a broadly neutral market environment has the potential to support annualised returns in the region of 20% to 30%.

Finally, we would like to thank all of our investors for your continued trust, patience and support. Challenging periods like these often create the opportunities that drive future returns. We remain confident in our process, optimistic about the months ahead and committed to managing your capital with discipline and care.

E-mail : dns@518am.io

Schedule a meeting with your manager