RECENT MARKET UPDATES

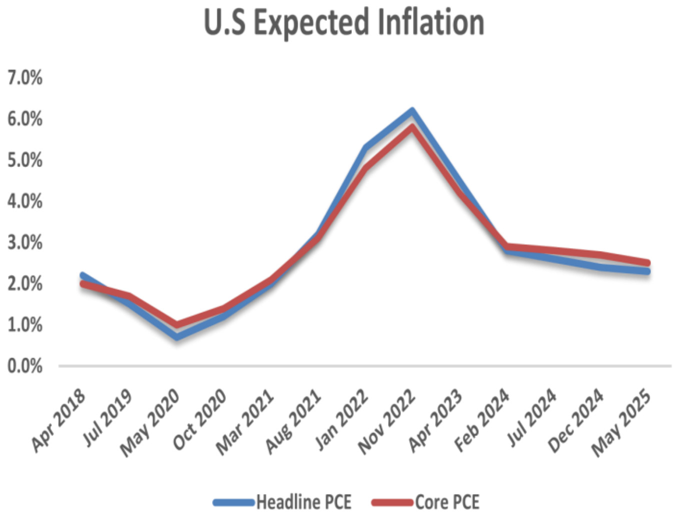
The global economy has remained surprisingly resilient in recent months, however **tariff policies** have clouded expectations for the second half of **2025**, with potential for heightened volatility. Market sentiments reflect a mix of optimism and uncertainty. The **S&P 500** and the **Nasdaq Composite** is on track to close at **record highs**, driven by optimistic investor sentiment and bullish technical momentum. The **US stock market** was trading at a **3% discount to fair value as of May 30, 2025**, with investors preferring more margin of safety due to higher downside risks. Much of this optimism stems from a growing belief among investors that recent **tariff increases** are being used mainly as a negotiation tactic, and that a breakthrough in **international trade negotiations** could be on the horizon. Notably, the **U.S. President** has signaled a softer approach to tariffs, having already signed trade deals with the **UK** and **Vietnam** and delaying the implementation of new tariffs until **August 1st**. Meanwhile, the **U.S. and EU** appear to be nearing an agreement on a **10% tariff for EU exports**, though nothing is set in stone yet. By **August 1**, **President Trump** is threatening to impose a **35% tariff** on all **Canadian imports** on top of the existing **50% duties on aluminum and steel** and **25% on cars and spare parts**. He has issued a similar warning to the **EU** and **Mexico**, saying he will slap **30% tariffs** on their goods unless they finalize deals with the **U.S.** by that date, though he might reconsider if they open their markets to **American products** and **Mexico** curbs the flow of **fentanyl**. Beyond these broad measures, he's announced **25% levies** on imports from **South Korea** and **Japan**, varied tariffs on **South Africa**, **Thailand**, and **Malaysia**, and a planned increase of **Brazil's tariff to 50%** amid legal disputes over former **President Bolsonaro**. Finally, **Trump** unveiled a forthcoming **50% tariff on copper**, which immediately sent **U.S. copper futures** sharply higher. Higher **tariffs** are reducing imports and exports, contributing to stagflationary pressures. Real imports are projected to fall **7.1%** in **2026**, with immediate impacts already visible in slowing trade activity, as noted in the **World Bank Global Economic Prospects**. Markets are closely watching **July 9th**, when the current suspension of retaliatory duties is set to expire, adding a new layer of suspense to the months ahead. **Geopolitical tensions**, including ongoing conflicts in the **Middle East**, continue to act as wildcards that can trigger short-term sell-offs.

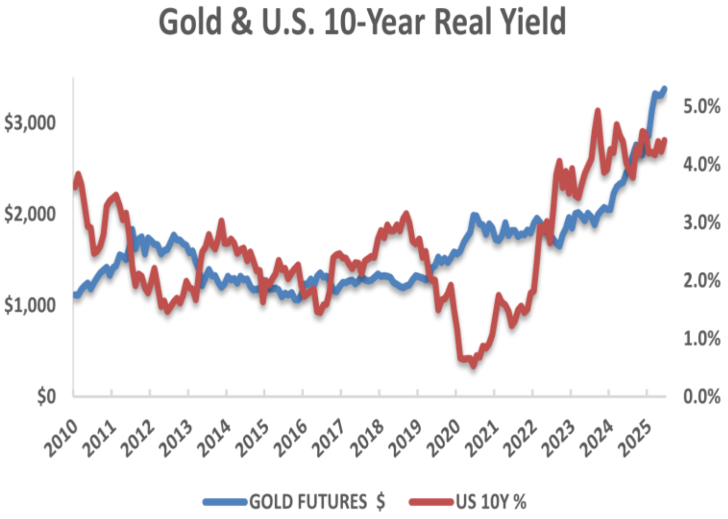
TRUMPS DEALS SO FAR

Region	Effective Date	Goods Targeted	Tariff Rate	Affected Trade (USD B)	Avg. Eff. Tariff ↑	GDP Impact ↓	Inflation Impact ↑
EU	08/01/2025	All except some sectors	50%	337.9	+4.14%	−0.60%	+0.35%
China	05/14/2025	All except some sectors	10%	278.9	+0.85%	−0.12%	+0.07%
World (ex-UK)	06/04/2025	Steel & aluminum (new lines from 06/23)	+25%	205.9	+1.01%	−0.15%	+0.09%
Vietnam	08/01/2025	All except some sectors	20%	90.5	+0.28%	−0.04%	+0.02%
Japan	08/01/2025	All except some sectors	25%	80.7	+0.37%	−0.05%	+0.03%

U.S .FISCAL HEADWINGS

Concerns about the **U.S. fiscal outlook** have really intensified lately, with the **budget deficit climbing to 6.9% of GDP in 2024**. What's even more eye-opening is that the government spent **$1.2 trillion** on **interest payments** last year,making it the **second-largest expense after Social Security**. It's not surprising that **Moody's** recently **downgraded the U.S. credit rating from Aaa to Aa**, pointing to the high and unsustainable deficit .**Trump administration** is pushing for **lower interest rates**, a**1% drop could save the government about $300 billion** in annual interest payments and potentially bring the deficit below **6% of GDP**. But recent **tariff announcements** have made investors more cautious, and many are now moving their money into **non-U.S., non-dollar assets**, making it even harder to keep **Treasury yields** low. Despite all these challenges, a **default isn't really expected** since the **Fed** can step in.At the same time, **fiscal policy** is shifting in a big way with the **"One Big Beautiful Bill" (OBBB)**, which is set to become law on **Independence Day**. The **OBBB** extends **Trump-era tax cuts** for both individuals and businesses, **raises the standard deduction through 2028**, and **boosts the child tax credit**. It also brings in targeted tax relief on **tips, overtime, and some retirement income**, and **temporarily lifts the cap on state and local tax deductions**. Lawmakers have had to **raise the debt ceiling by $5 trillion** to make it all work, even though the **national debt is already above $36 trillion**. The **Congressional Budget Office** expects the **OBBB to add $3.3 trillion to the debt over the next decade**. **Tariff revenues**, projected at **$200 billion per year**, and **$180 billion** in savings from the new government efficiency program, it s a drop in the ocean compared to the overall deficit. With the midterm elections coming up in 2026, there's a lot of pressure for these reforms to deliver results quickly so that their impact can be felt by the average American.





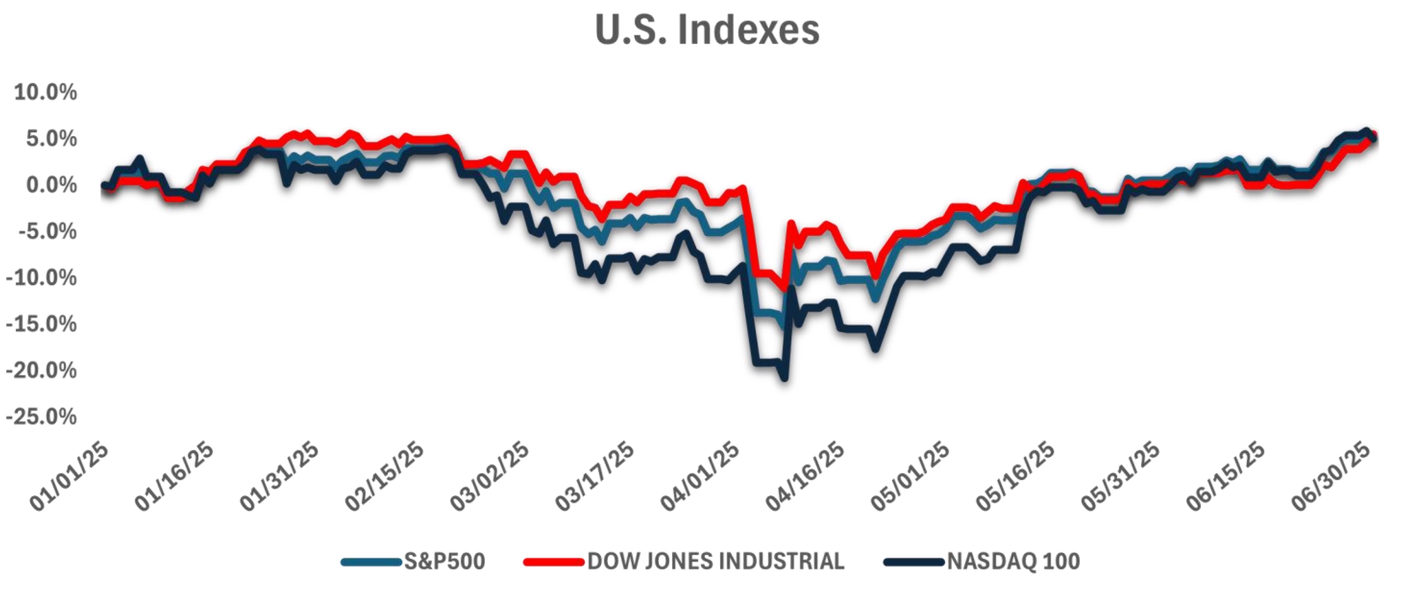
RESTRAINT MONETARY POLICY

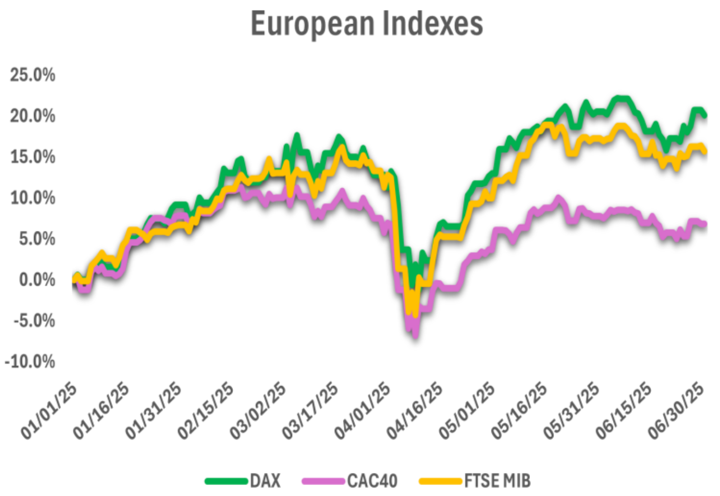
So far in **2025**, the **Federal Reserve** has chosen to keep its policy rate steady at **4.25%–4.50%** across all three meetings, balancing mixed economic signals with clear political pressure. While inflation eased a bit earlier this year, it's expected to pick up again due to new tariffs, and the Fed is under growing pressure from the **U.S. President** to cut rates and help weaken the dollar for trade competitiveness. Despite this, policymakers seem determined not to repeat the mistakes of the past, especially the inflation spirals of the **1970s**. At the most recent meeting, the Fed kept rates unchanged for a fourth straight time, citing that the full effects of tariffs haven't materialized yet. Their updated forecasts reflect renewed caution: officials now expect real **GDP growth** of just **1.4%** for **2025** (down from **1.7%** in March), and see **unemployment** rising to **4.5%**, above both the current **4.2%** rate and prior projections. On the inflation front, the Fed lifted its year-end **core inflation** forecast to **3.1%** (up from **2.8%** in March). Looking ahead, The Federal Reserve is expected to maintain the federal funds rate at 4.25%–4.50% until September 2025, reflecting caution amid trade and fiscal uncertainties. Potential rate cuts of 25 basis points are anticipated in September and another in December, totaling 100 basis points in 2026.while keeping the longer-run **"neutral rate"** at **3%**. **Futures markets** are pricing in **two cuts** as well.

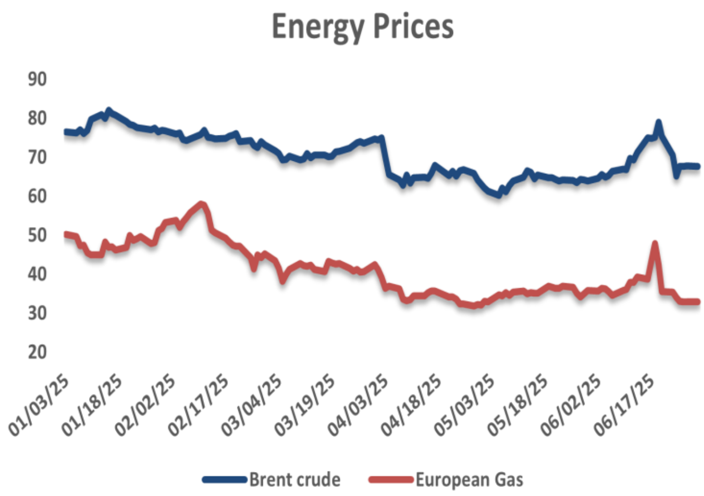
EUROPE GROWTH

Euro-area growth surprised on the upside in **Q1**, with **GDP** revised up by **0.3 pp** to **0.6% QoQ** following a **0.3%** expansion in **Q4 2024**. That jump, however, was almost entirely driven by front-loaded exports, especially **Irish pharmaceutical shipments to the U.S. Private consumption** eked out just a **0.1% QoQ** gain, its weakest pace since **late 2022** (**down from 0.4% in Q4**), and **April** data showed **extra-euro-area exports plunging 13.3% MoM** (**versus a 4% drop in imports**), led by a **34.9% fall in U.S.-bound shipments**. **Industrial production** fell **2.4% MoM** after **Q1 output grew 1.9% QoQ**—underscoring that the **Q1 bounce will prove hard to sustain**. We now expect **Q2 GDP to hover around 0–0.1% QoQ**, full-year growth of about **1.0% in 2025** (and **1.1% in 2026**), partly underpinned by a projected **0.3–0.6% lift from defence and investment spending by 2028**.

On **inflation**, the disinflationary trend remains intact: **headline HICP** ticked up slightly to **2.0% YoY in June** (on higher energy prices), while **core inflation** held steady at **2.3% YoY**. A firmer **euro** and recent **de-escalation in the Middle East** should help cooling continue, but the **ECB** is proceeding with caution. At its **5 June** meeting, policymakers left all **key rates unchanged (deposit rate at 4.00%, main refinancing at 4.50%)**, signalling a pause ahead of a potential **July decision** and hinting at the possibility of easing in **autumn** if growth disappoints. The unresolved outcome of **EU–U.S. trade talks** and persistent **tariff uncertainty** will keep the region's recovery on a tightrope in the months ahead.







STRATEGY

Our investment strategy diversifies beyond traditional **tech** and **European** exposures to mitigate risk and capture global growth. Rather than a broad tech basket, it selectively invests in companies like **NVIDIA**, **Amazon**, and **Netflix**, benefiting from trends like **AI** and **cloud adoption** while offering resilience against specific economic headwinds like **tariffs**. For instance, **NVIDIA's semiconductor focus** and **Netflix's service model** offer different risk profiles than **Amazon's retail segment**. In Europe, companies like **BBVA** and **Metlen** provide exposure to **global emerging markets**, aiming for higher growth than mature **European economies** alone, while still offering defensive characteristics through diversified revenue streams and critical infrastructure.

The strategy also entails a multi-layered defensive approach, incorporating **gold (Newmont)** as a hedge against **inflation** and **geopolitical risk**, and **consumer staples (Coca-Cola, Kroger)** for stability during economic downturns due to non-discretionary spending. This comprehensive approach aims to create a **resilient portfolio** that can navigate short-term market volatility and geopolitical shifts, while strategically positioning for long-term value creation through **innovation** and **global growth engines.**

In an environment defined by unpredictable **trade tensions**, **Middle East** flare-ups and the ongoing **Ukraine conflict**, our portfolio's **dividend stream** has proven to be a reliable income cushion. Between **November 11, 2024** and **July 1, 2025**, we collected a total of **$20,119.05** in **dividends** demonstrating that **high-quality, income-generating assets** can provide stability and support overall returns even amid heightened **market volatility**.

Macro Factor	Impacted Portfolio Sector/Company	Nature of Impact	Explanation
US Tariffs on Goods (overall 18.0% effective rate)	Consumer Discretionary (Amazon's retail)	Negative	Higher consumer prices (e.g., 39% for shoes, 37% for apparel, 13.5% for vehicles) reduce purchasing power and GDP growth.
Global Supply Chain Disruptions	Highly integrated sectors (electronics, transport, Tsakos)	Negative	Tariffs trigger sharp trade contractions (5.5-8.5%) and major disruptions, impacting global trade volumes and shipping.
Geopolitical Conflicts & Uncertainty	Global operations, all sectors	Negative	"Fluid conflicts" and "gray zone threats" lead to ongoing escalation risks, supply chain threats, and increased operational costs.
Tariff Exemptions (semiconductors, pharma, energy)	Tech (NVIDIA), Healthcare (Pfizer, J&J, McKesson), Energy (Williams, Metlen)	Positive/Neutral	Specific sectors are temporarily or permanently exempt from certain tariffs, providing insulation from direct adverse effects.
Europe's "Pivot Year"	European Firms (Metlen, Allianz, BBVA)	Mixed	Europe faces a complex geopolitical landscape, but selected firms have diversified revenue bases or critical infrastructure roles.
De-escalation of Tensions	High-Growth Tech, Global Market Sentiment	Positive Potential	Alleviation of pressures would reduce costs, improve confidence, and support stronger global economic growth, favoring growth assets.

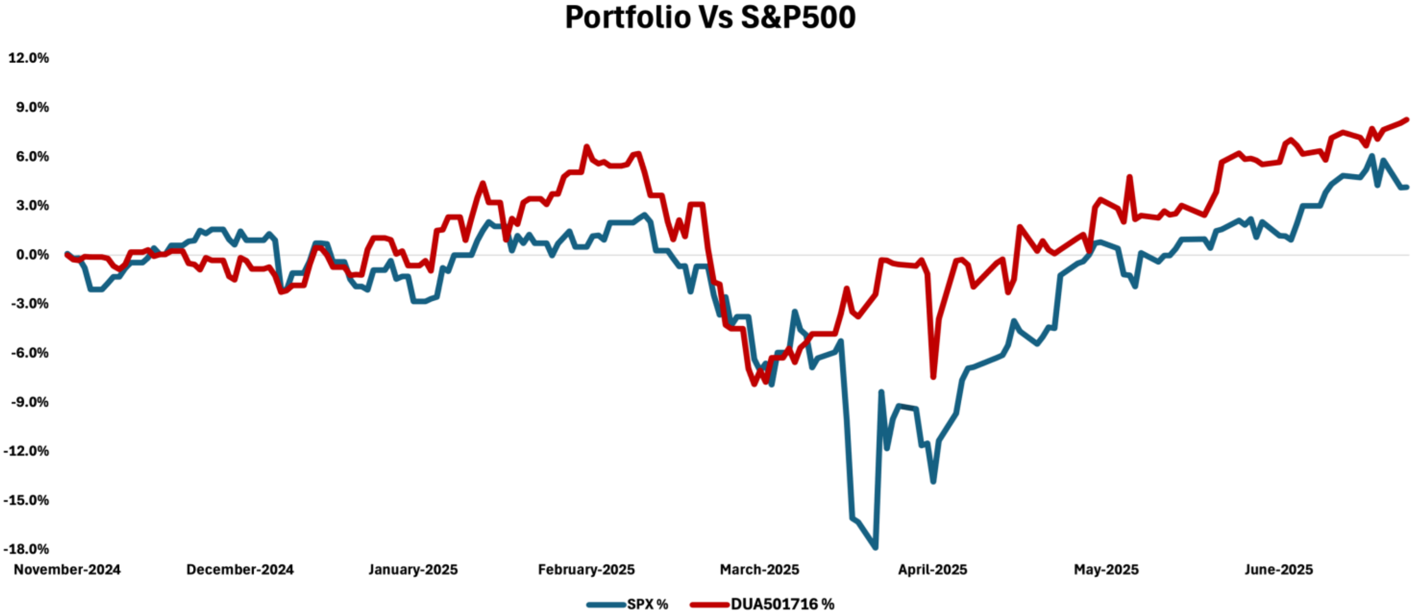
PORTFOLIO SUMMARY AS OF 30/6/2025

Symbol	Sector	Quantity	Average Price	Value ($)
ALLIANZ SE	Financials	87	$ 343.8	$ 29,910.6
ALPHABET INC.	Telecomm	306	$ 178.53	$ 54,630.18
AMAZON.COM, INC.	Consumer Cyclicals	244.3	$ 223.3	$ 54,541.63
APPLE INC	Energy	200	$ 201.08	$ 40,216
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	Financials	2500	$ 15.27	$ 38,175
BLACKROCK, INC	Financials	50.3	$ 1047.82	$ 52,706.08
JOHNSON & JOHNSON	Healthcare	177.8	$ 152.41	$ 27,094.99
MCKESSON CORP	Consumer Non-Cyc	55	$ 725.78	$ 39,917.9
META PLATFORMS INC	Telecomm	101	$ 733.63	$ 74,096.63
METLEN ENERGY & METALS S.A.	Basic Materials	1089	$ 56.95	$ 62,018.55
NETFLIX, INC.	Telecomm	63.5	$ 1323.12	$ 83,991.66
NEWMONT CORPORATION	Basic Materials	1323	$ 56.76	$ 75,093.48
NVIDIA CORPORATION	Technology	181.3	$ 157.75	$ 28,600.08
PFIZER INC.	Healthcare	1103.3	$ 24.19	$ 26689.96
THE COCA-COLA COMPANY	Energy	700	$ 70.33	$ 49231
THE KROGER CO.	Consumer Non-Cyc	437	$ 71.42	$ 31,210.54
THE WALT DISNEY COMPANY	Telecomm	535	$ 122.34	$ 65,451.9
THE WILLIAMS COMPANIES, INC	Energy	600	$ 62.67	$ 37,604.3
TSAKOS ENERGY NAVIGATION LIMITED	Energy	1910	$ 19.77	$ 37,760.7
UBER TECHNOLOGIES INC	Technology	670	$ 91.53	$ 61,325.1

PORTFOLIO PERFORMANCE & RISK ANALYSIS

PORTFOLIO SUMMARY

Between **November 11, 2024, and June 30, 2025**, the Portfolio, launched with an initial notional capital of **$1,000,000 USD** in a **paper trading environment via Interactive Brokers**, achieved a **Total Return of +7.52%** and a **YTD Return of +10.41%**, significantly outperforming the **S&P 500**, which returned **+3.39%** and **+5.50%**, respectively over the same period. This relative outperformance is further supported by a **positive Jensen's Alpha of +4.10%**, highlighting the Portfolio's ability to generate **excess risk-adjusted returns** relative to the benchmark. The strategy followed a **high-conviction, actively managed approach**, rotating across a total of **28 unique equity positions**, while maintaining **12 to 17 holdings** on average throughout the period. Positioning was driven by bottom-up stock selection, complemented by top-down macroeconomic and thematic views. From a **geographic allocation** standpoint, the Portfolio was predominantly U.S.-focused, with **88.07%** of capital invested in **U.S.-listed equities**. The remaining **11.93%** was allocated internationally, with a larger concentration in **European markets (9.13%)** and a selective exposure to **Asian equities (2.80%)**, providing strategic diversification and access to non-U.S. growth drivers.



The Portfolio navigated a complex macroeconomic backdrop marked by high interest rates, persistent inflation, and geopolitical uncertainty. Despite these headwinds, the investment strategy delivered **strong absolute and relative returns**, benefiting from tactical sector rotation, disciplined risk management, and dynamic international exposure.

PERFORMANCE

During this period, the Portfolio's return profile was shaped by a combination of **sector allocation decisions**, **security selection**, and **dividend income contribution**. The strategy achieved a **total return of +7.52%**, materially outperforming the **S&P 500 benchmark**, which returned **+3.39%** over the same time frame. This outperformance reflects not only directional positioning but also tactical rotation into sectors with favorable risk-reward dynamics.

Positive Contributors

•Telecommunications (+4.38%)

Gains were driven by timely entries in Meta and Netflix amid digital ad and streaming momentum. Disney added value ahead of strategic content moves, while Alphabet offered steady support.

•Technology (+1.92%)

Uber led sector gains as mobility trends improved. Exposure to NVIDIA captured AI-related upside, offsetting weakness in TSM. Apple remained neutral.

Telecomm	4.38%
Meta Platforms, Inc. (META)	1.54%
NETFLIX, INC. (NFLX)	1.31%
THE WALT DISNEY COMPANY (DIS)	1.07%
ALPHABET INC. (GOOGL)	0.46%
Technology	1.92%
UBER TECHNOLOGIES, INC. (XNYS:UBER)	2.13%
NVIDIA CORPORATION (NVDA)	0.45%
APPLE INC. (AAPL)	0.00%
Taiwan Semiconductor Manufacturing Co., Ltd. (TSM)	-0.66%
Basic Materials	0.51%
NEWMONT CORPORATION (NEM)	0.51%
Energy	0.46%
METLEN Energy & Metals S.A. (MYTHY)	1.20%
THE WILLIAMS COMPANIES, INC. (WMB)	-0.09%
TSAKOS ENERGY NAVIGATION LIMITED (TEN)	-0.22%
BAKER HUGHES COMPANY (BKR)	-0.43%
Financials	0.43%
Banco Bilbao Vizcaya Argentaria SA (BBVA)	1.78%
Allianz SE (ALV)	0.08%
BERKSHIRE HATHAWAY INC. (BRK.B)	-0.31%
MASTERCARD INCORPORATED. (MA)	-0.36%
BLACKROCK, INC. (BLK)	-0.76%
Consumer Non-Cyc	0.23%
THE PROCTER & GAMBLE COMPANY (PG)	0.22%
THE KROGER CO. (KR)	0.12%
THE COCA-COLA COMPANY (KO)	-0.11%
Industrials	-0.11%
NORTHROP GRUMMAN CORPORATION (NOC)	-0.11%
Utilities	-0.48%
NEXTERA ENERGY, INC. (NEE)	-0.48%
Healthcare	-0.60%
MCKESSON CORPORATION (MCK)	0.02%
JOHNSON & JOHNSON (JNJ)	-0.29%
PFIZER INC. (PFE)	-0.33%
Consumer Cyclicals	-0.97%
AMAZON.COM, INC. (AMZN)	-0.97%
Dividends	2.02%
Dividends	2.02%
Fee's	-0.28%
Broker Fee's	-0.28%

- **Basic Materials (+0.51%)**
  Newmont was the sole contributor, benefiting from gold strength in a risk-off backdrop.
- **Energy (+0.46%)**
  Metlen drove performance amid strong metal pricing. Smaller positions in Baker Hughes, Tsakos, and Williams were rotated after weaker-than-expected earnings.
- **Financials (+0.43%)**
  Positive returns came from BBVA and Allianz on rate tailwinds. U.S. financial names underperformed, with positioning adjusted accordingly.
- **Consumer Non-Cyclicals (+0.23%)**
  Primarily used as downside protection, holdings like Procter & Gamble and Kroger provided stability. Coca-Cola slightly lagged due to FX headwinds.

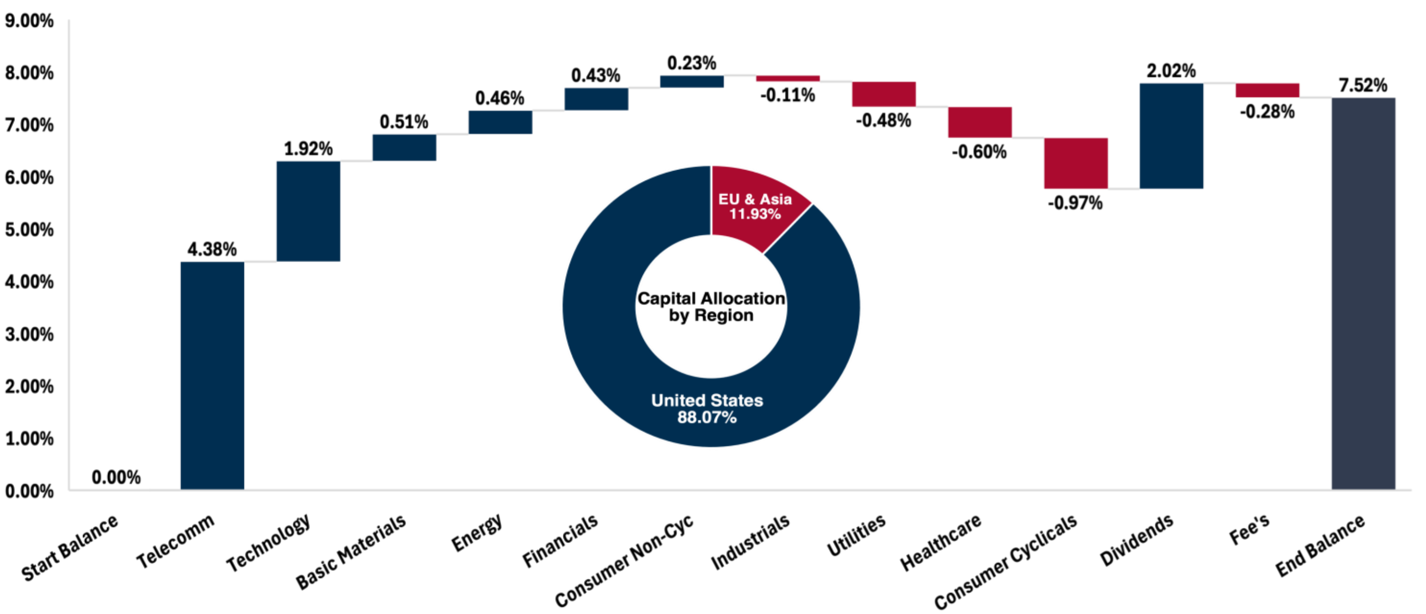
Negative Contributors

- **Consumer Cyclicals (−0.97%)**
  Mainly held as a hedge against economic volatility, Amazon underperformed due to inflation and weak discretionary demand. Exposure was reduced accordingly.
- **Healthcare (−0.60%)**
  Primarily held as a hedge, Johnson & Johnson and Pfizer faced regulatory and earnings pressure. McKesson was stable but didn't offset losses.
- **Utilities (−0.48%)**
  NextEra underperformed due to rate sensitivity and capex pressures. Exposure was kept limited.
- **Industrials (−0.11%)**
  Northrop Grumman declined on weaker defense spend visibility. Position size minimized impact.

Income & Fees

- **Dividend Yield Impact (+2.02%)**
  Dividend income from core holdings provided consistent return stability during market volatility.
- **Simulated Broker Fees (−0.28%)**
  A standardized management fee was applied, slightly reducing net performance.

Return Breakdown



RISK ANALYSIS

During this period, the Portfolio exhibited a **notably elevated risk profile** compared to its historical behavior, driven largely by heightened market volatility and increased exposure to cyclical sectors.

Systematic Risk: Market Sensitivity

The Portfolio's **Average Beta stood at 1.36**, indicating a **36% higher sensitivity** to market movements relative to the **S&P 500 Benchmark**. In contrast, the **Historical Beta of 1.14** suggests that the strategy is typically more aligned with general market risk. This increase reflects a **pro-cyclical tilt** during the reporting window and a greater allocation to high-beta equities in sectors such as Technology and Industrials.

The elevated beta also coincided with episodes of macro-driven volatility, particularly in the first quarter of 2025, as monetary policy expectations and geopolitical uncertainty added to systemic risk. The Portfolio's responsiveness to market fluctuations remained intentional, reflecting a tactical allocation approach rather than a structural leverage bias.

Tail Risk & Downside Risk Measures

To quantify potential losses under extreme market conditions, a **Monte Carlo simulation** was employed using **10,000 iterations** over a **one-month horizon** at a **99.9% confidence level**:

•Value at Risk (VaR): $96,453

This figure represents the **maximum expected portfolio loss** under normal market conditions with a 99.9% level of confidence.

•Conditional Value at Risk (CVaR): $114,273

The CVaR — which measures the **average loss in the worst 0.1% of cases** — was higher, emphasizing the Portfolio's exposure to **extreme tail events.** This reinforces the importance of diversification and defensive hedging, especially in volatile macro environments.

Risk-Adjusted Return: Sharpe Ratio

The **Sharpe Ratio** for the reporting period was **+1.08**, reflecting a **positive risk-adjusted return** in excess of the **4.40% risk-free rate** (proxied by the 10-Year U.S. Treasury yield). This level indicates that, despite a higher volatility regime, the Portfolio was able to deliver sufficient returns per unit of risk, a sign of **effective capital deployment** and **disciplined position sizing**.

While the historical Sharpe Ratio has been higher, the maintenance of a positive figure amid market turbulence affirms the Portfolio's resilience and the robustness of its risk management framework.

Benchmarking the Portfolio Against Quantitative Hedge Fund Leaders

When measured on a Year-to-Date (YTD) basis, the Portfolio has delivered a **robust return of +10.41%**, placing it competitively among leading hedge funds globally, as reported by Bloomberg. This return exceeds the performance of several prominent quantitative and systematic strategies, including **Two Sigma Spectrum (+7.6%)**, **Renaissance Institutional Diversified Alpha (-7.6%)**, and **Systematica Bluetrend (-17.0%)**.

While top performers such as **Man Numeric Quantitative Alpha (+15.5%)**, **Voleon Composite (+11.0%)**, **AQR Adaptive Equity (+12.8%)**, and **AQR Delphi Long-Short Equity (+11.5%)** posted slightly higher nominal returns, the Portfolio's result of **+10.41%** remains firmly within the upper decile of the peer group. Moreover, the Portfolio's **positive Sharpe Ratio (+1.08)** and disciplined risk controls, including a **Value at Risk (VaR) of $96,453**, demonstrate that these returns were not achieved through excessive volatility or exposure to tail events.

Unlike certain strategies that experienced significant drawdowns—such as **Transtrend (-17.5%)** or **Man AHL Alpha (-17.0%)**—the Portfolio managed to generate double-digit returns while maintaining a conservative and diversified exposure framework. Its **geographic diversification** (88.07% U.S., 9.13% EU, 2.8% Asia) and **dynamic stock rotation** across 28 unique positions contributed to both return generation and downside protection.

In summary, the Portfolio's **10.41% YTD return** not only reflects strong alpha generation but also highlights its ability to deliver competitive, risk-adjusted performance relative to some of the most sophisticated hedge funds in the industry.

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