

# AAR Starling Fund

31 May 2026

## FUND OVERVIEW

The **Adaptive Alpha Research (AAR) Starling Fund** is offered to wholesale investors and applies a systematic, market timing approach to global equities, incorporating hedging to manage market and currency exposures. The strategy seeks to deploy capital more aggressively during favourable market regimes, which may result in periods of elevated or episodic volatility, followed by lower volatility environments as exposure is reduced when conditions are less supportive. This Report covers the A unit class, which is denominated in AUD.

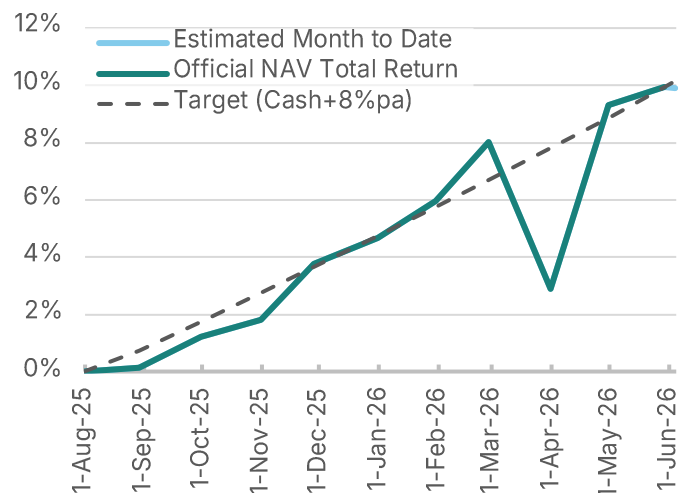
## FUND PERFORMANCE

After all fees, as at 31-May-2026				Actual	Target
<b>Returns</b>					
Last Month %				<b>0.59</b>	
3 Months %				<b>1.78</b>	
Year to Date %				<b>5.02</b>	
Since Inception (4-Aug-2025) %				<b>9.94</b>	9.93
Current Month to 4-Jun-2026 % <sup>1</sup>				<b>-0.04</b>	
<b>Statistics</b>					
Unit Price (AUD)				<b>1.0994</b>	
Sharpe Ratio <sup>2</sup>				<b>0.88</b>	0.67
Standard Deviation (%pa) <sup>3</sup>				<b>9.2</b>	12.0
Maximum Drawdown % <sup>4</sup>				<b>-11.3</b>	
Beta to Equities <sup>5</sup>				<b>0.62</b>	0 - 0.3
Frequency of Positive Months (%)				<b>90.0</b>	

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2025								0.16	1.07	0.59	1.90	0.89	<b>4.68</b>	2025
2026	1.23	1.93	-4.75	6.23	0.59	*-0.04							<b>*4.99</b>	2026

\* Estimated up to 4-Jun-26



## COMMENTARY

The Fund again reached a high water mark at the end of May, it's 9<sup>th</sup> positive month out of 10 since inception. Above its return target with lower than expected monthly volatility.

The equities market marched ahead again, with the SPY ETF returning +5.3%, with the largest pullback being under -2%. This presented few opportunities for the models, and the portfolio positioning and daily volatility was consequently very low during May.

### Notes to Fund Performance Calculations

1. Estimated return for the current month-to-date when this report was created. All other returns and statistics are calculated as at the date of this report, as shown in the top-right corner of Page 1.
2. Sharpe Ratio is calculated using monthly returns. The numerator is the monthly return of the unit class over the RBA Cash rate. The denominator is the standard deviation from Note 3 below.
3. Standard Deviation uses the monthly return of the unit class, multiplied by the square root of 12 to annualise it.
4. Maximum Drawdown uses the compounded estimated daily return series, from each peak to the next trough.
5. Beta to Equities is the slope of the line of best fit in a linear regression equation with the monthly return of the unit class over the RBA cash rate versus the monthly return of the SPY ETF over the Fed Funds rate

## INVESTMENT STRATEGY

The AAR Starling Fund uses a strategy that applies a structured, rules-based framework to dynamically allocate capital in response to changing market conditions.

The portfolio is structured to maintain a positive beta to equities markets, so it will suffer initial losses during sudden market downturns. However, unlike traditional long-only equities approaches that rely on stock selection within markets to generate returns, the strategy instead relies on its market timing. For a given market cycle, the strategy will complete several sets of trades in stages, aiming to emerge with lower risk statistics and a much higher return than market indices. Thus, the market exposure is highly variable depending on market conditions.

The Manager has developed the strategy since 2008 and has deployed live capital to versions of it since 2022. The strategy is being continuously refined, including the development of more advanced portfolio allocation and risk management techniques to enhance diversification and reduce drawdowns.

The strategy is currently deployed in predominantly major equities markets and US sectors using ETFs and futures. The addition of new markets into the strategy is the subject of ongoing research by the Manager. These must be very liquid instruments, supporting efficient execution and flexibility.

Available on request: backtest statistics of the current strategy settings, the current list of allowable instruments, the track record of historic live accounts since 2022, the Information Memorandum of the Fund.

### Systematic Framework

Multiple complementary strategies in a unified, rules-based framework.

### Dynamic Market Exposure

Exposure actively adjusted as market conditions evolve.

### Auto Allocation Rules

Within strategies to maximise return per unit of risk, between strategies to enforce diversification.

### Risk-Aware Design

Volatility and drawdown-focused construction.

### Risk Management

Absolute limits on position sizes to block rogue trades.

### Highly Liquid Opportunity Set

For scalability and flexibility.

### Evidence of Robustness

Backtested through market cycles.

## INVESTMENT OBJECTIVE

The singular focus is on maximising the return given the Targets for Risk and Equities Beta.

- **Expected returns:** RBA Cash Rate + 8%pa (after fees)
- **Target volatility:** ~12% p.a. over the long term
- **Target equity beta:** Low to moderate (typically 0.0–0.3 over a full cycle)

## FUND INFORMATION

<b>Structure</b>	Australian wholesale managed investment scheme (unit trust) Mandates are available on request.
<b>Investment Manager</b>	Adaptive Alpha Research Pty Ltd (AFSL 554884)
<b>Inception Date</b>	4 <sup>th</sup> August 2025
<b>Liquidity</b>	Monthly
<b>Management Fee</b>	1.25% p.a. ('A' Class)
<b>Performance Fee</b>	20% of returns above the Performance Benchmark
<b>Hurdle</b>	RBA Cash Rate (accumulation of %pa rate on payable-monthly basis)
<b>High Water Mark</b>	Yes
<b>Minimum Investment</b>	\$100,000
<b>Minimum Withdrawal</b>	\$25,000
<b>Buy/Sell Spread</b>	+/- 0.25%
<b>Distributions</b>	Annual (typically reinvested unless elected)
<b>Auditor</b>	Hall Chadwick (Melbourne)
<b>Administrator</b>	Ascent Group
<b>Legal Advisor</b>	Mingdao Law / Tecne Lawyers
<b>Website</b>	<a href="http://adaptivealpharesearch.com">adaptivealpharesearch.com</a>
<b>Contact</b>	<b>Tom Surman</b> , Managing Director <a href="mailto:tom@adaptivealpharesearch.com">tom@adaptivealpharesearch.com</a>

## Important Disclosures

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