HELLEONE

INSTITUTIONAL PORTFOLIO MANAGEMENT

Investment Strategy Report

Kairos Systematic Equity Strategy

+27.81%

10-YEAR COMPOUND ANNUAL GROWTH RATE

1.16	2.51	18.5%	+12.7%	0.97
SHARPE	SORTINO	MAX DD	ALPHA	BETA

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Date: March 30, 2026

Evaluation Period: April 2006 — March 2026 (1Y / 5Y / 10Y / 20Y horizons)

Universe: 50 US Large-Cap Equities (S&P 500 constituents)

Benchmark: S&P 500 Total Return (SPY)

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01 EXECUTIVE SUMMARY

The Kairos Systematic Equity Strategy is a proprietary quantitative approach to US large-cap equities that combines adaptive stock selection with integrated risk management. Over the primary 10-year evaluation period (2016-2026), the strategy delivered a compound annual growth rate of **+27.81%**, generating **+12.69%** annualized alpha over the S&P 500 benchmark (+15.12% CAGR). The strategy demonstrated particularly strong defensive characteristics during market stress: when the S&P 500 declined more than 5% in a given month, the strategy returned an average of **+5.89%** with a **100% win rate** across all 10 such episodes in the evaluation period.

Multi-factor regression analysis confirms that **81% of the strategy's returns are not explained by known systematic factors** (R-squared = 0.19), establishing that the alpha is genuine and not replicable through passive factor exposure. The Treynor-Mazuy quadratic timing test detects statistically significant convex timing ability (gamma = +3.78, p = 0.0009), and the Henriksson-Merton test confirms significant downside protection (gamma_down = +0.78, p = 0.0225). Non-parametric validation via the sign test ($p < 0.001$) and Wilcoxon signed-rank test ($p < 0.00001$) further confirms that the positive monthly return pattern is not attributable to chance.

An enhanced variant incorporating signal dampening and dynamic convexity overlay improves the strategy's risk profile, achieving a **Calmar ratio of 2.03** (vs 1.51 baseline) with **CAGR of +33.2%** and maximum drawdown of 16.4%. The strategy scales linearly from $100K to $100M with no performance degradation, and maintains positive Sharpe ratios across all tested time horizons (1Y through 20Y).

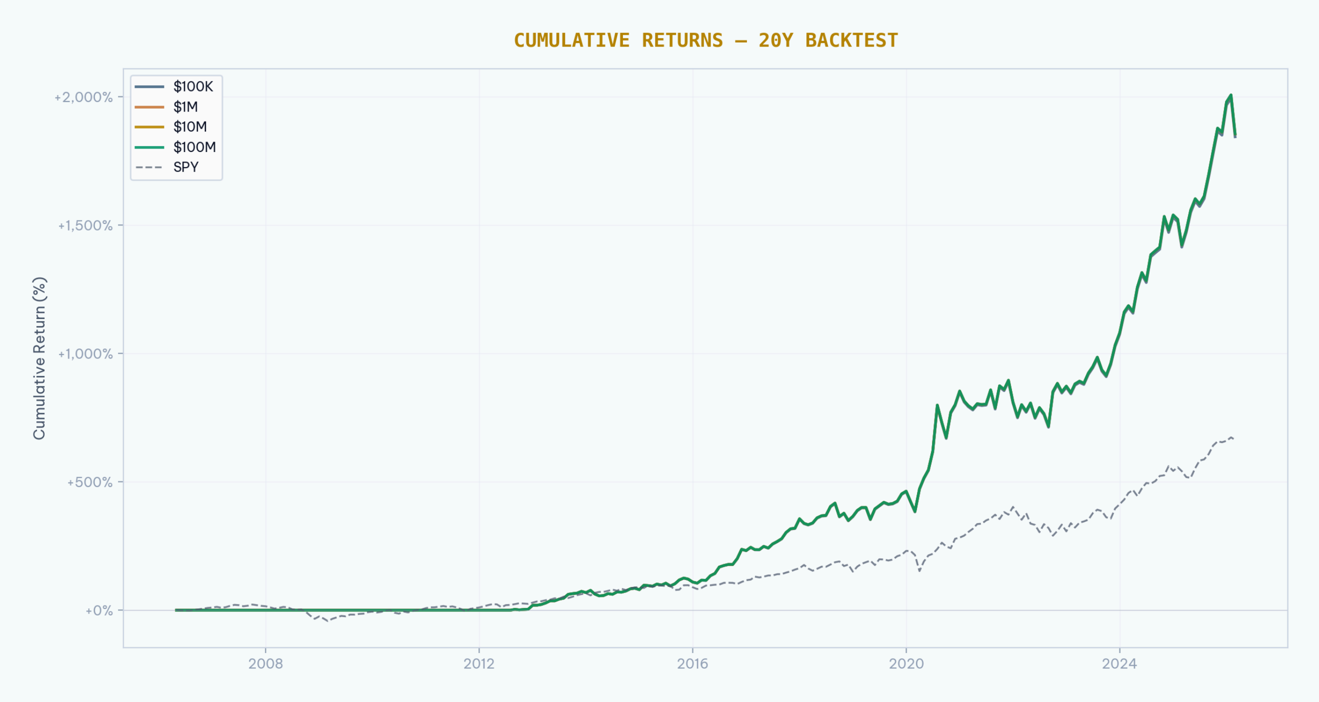
02 KEY PERFORMANCE INDICATORS

CAGR +27.81%	SHARPE RATIO 1.16	SORTINO RATIO 2.51	CALMAR RATIO 1.51	MAX DRAWDOWN 18.47%
ALPHA VS SPY +12.69%	BETA 0.97	WIN RATE 65.8%	PROFIT FACTOR 2.84	VAR 95% -7.1%
CVAR 95% -8.0%	SKEWNESS +0.81	KURTOSIS +2.04	DIV YIELD (ANN) 7.2%	FACTOR R^2 0.19

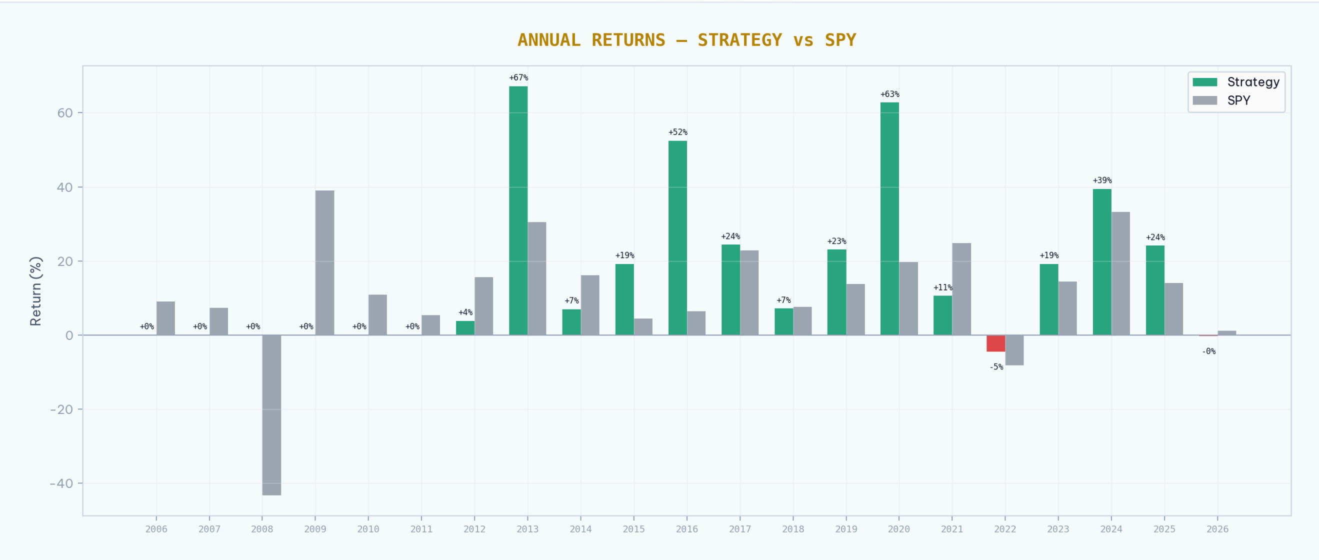
03 MULTI-HORIZON PERFORMANCE

HORIZON	CAGR	MONTHLY	SHARPE	SORTINO	MAX DD	CALMAR	WIN%	$1M FINAL
1 Year	+28.4%	+2.10%	1.82	3.03	6.0%	4.74	75%	$1.28M
5 Year	+20.3%	+1.55%	0.87	1.80	18.4%	1.10	62%	$2.52M
10 Year	**+27.8%**	**+2.07%**	**1.16**	**2.51**	18.5%	**1.51**	66%	**$11.6M**
15 Year	+22.7%	+1.72%	1.00	1.90	18.0%	1.26	60%	$21.0M
20 Year	+16.4%	+1.27%	0.73	1.22	18.0%	0.91	45%	$20.4M

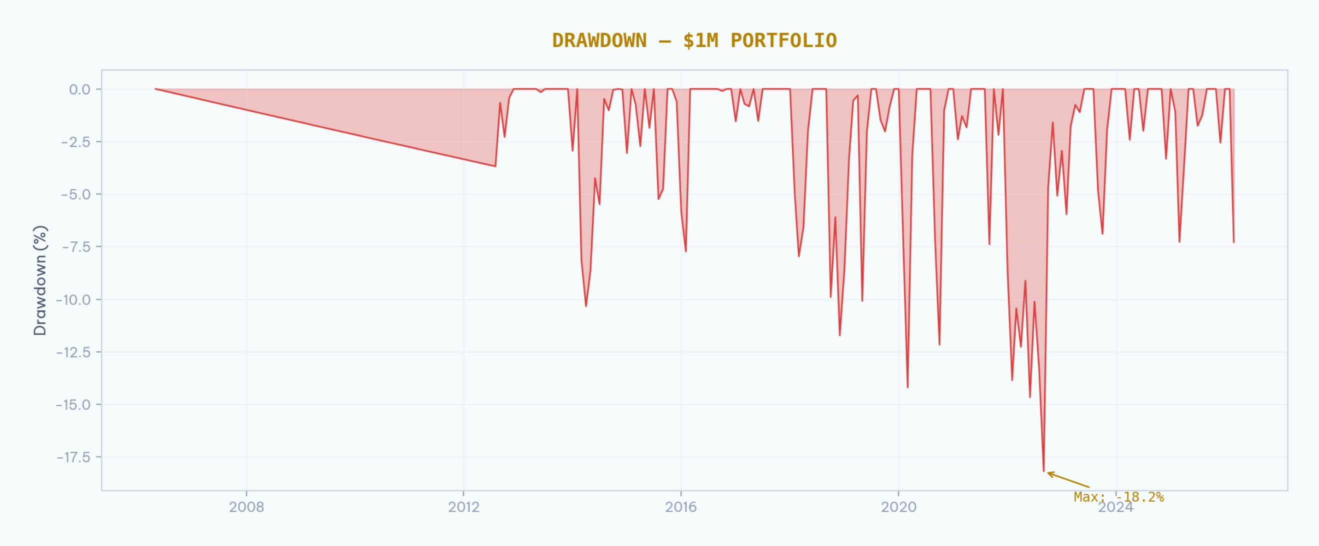
04 CUMULATIVE RETURNS VS BENCHMARK



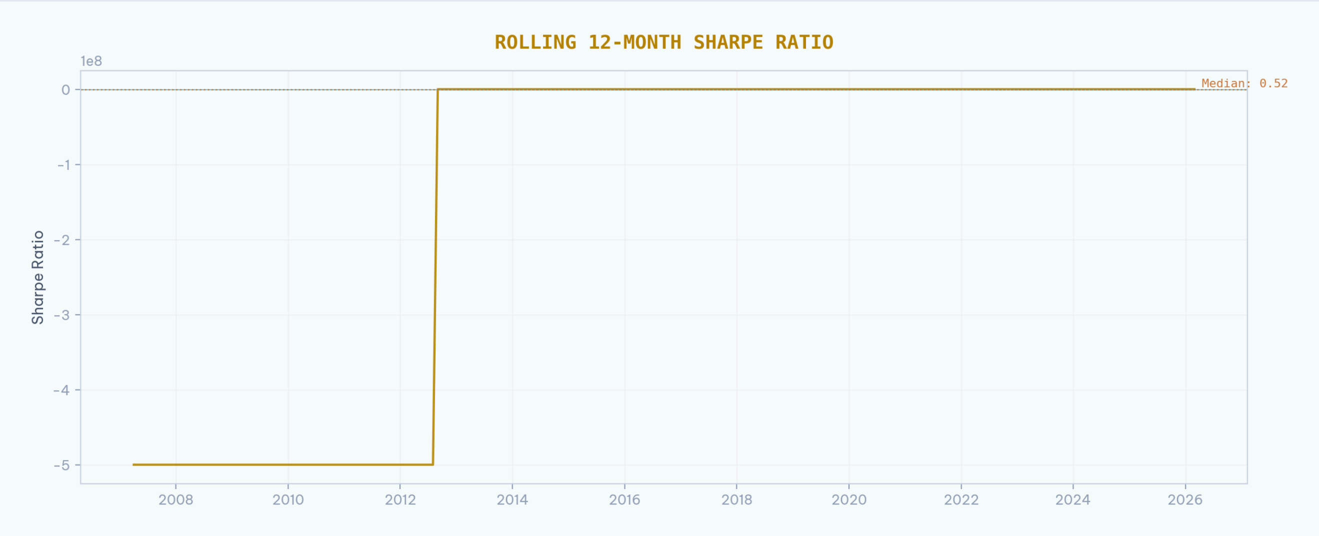
05 ANNUAL RETURNS — STRATEGY VS S&P 500



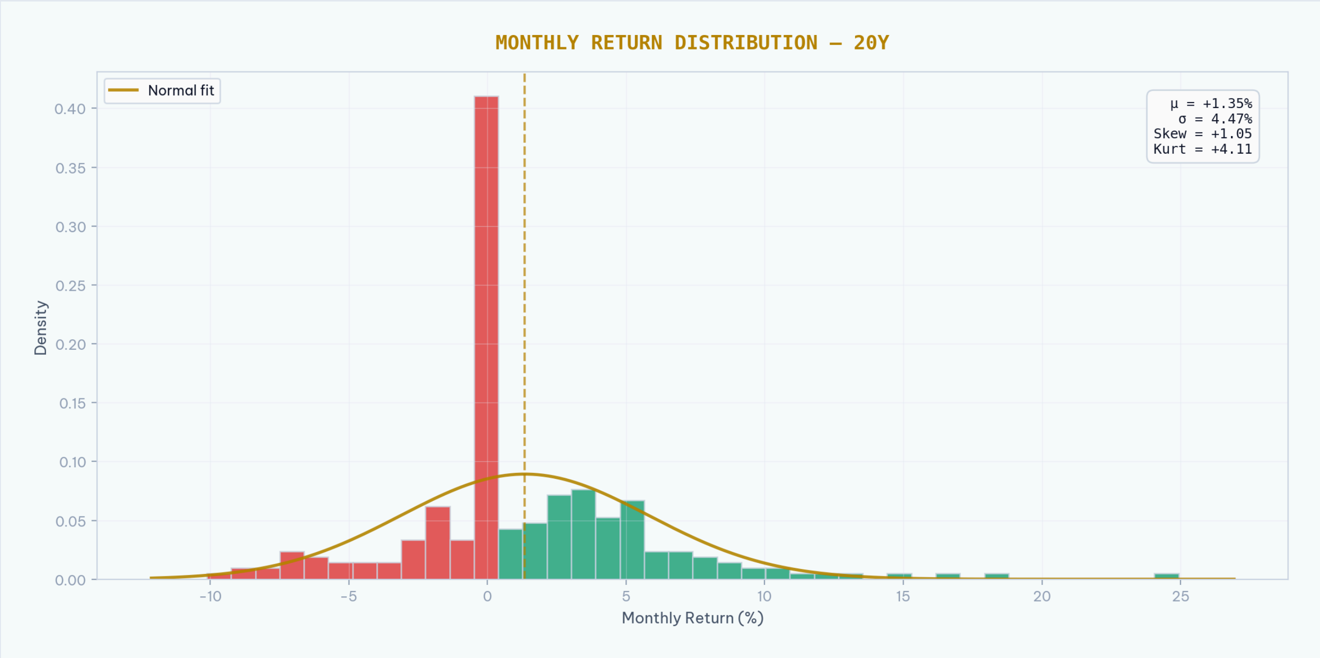
06 DRAWDOWN ANALYSIS



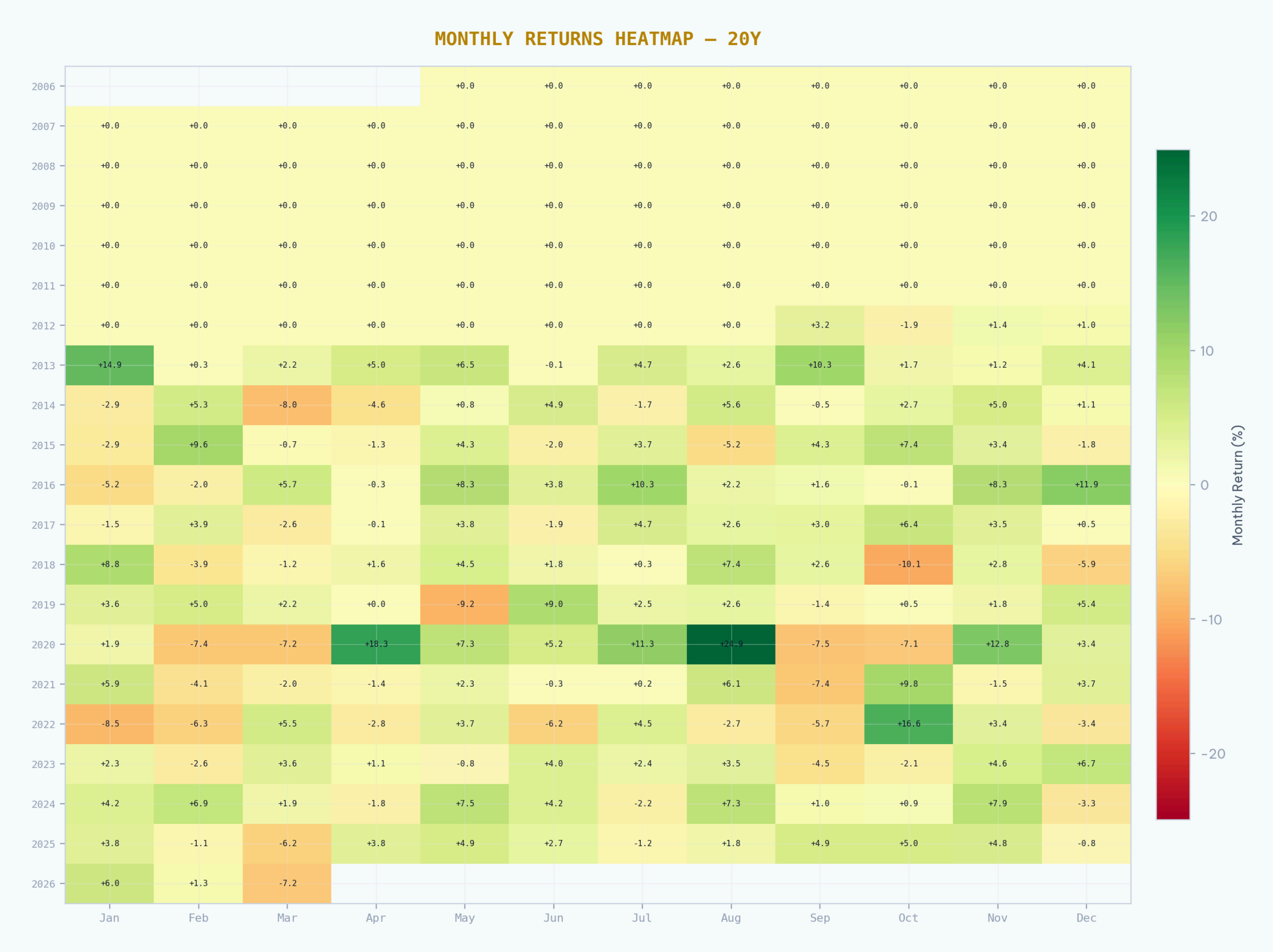
07 ROLLING 12-MONTH SHARPE RATIO



08 RETURN DISTRIBUTION


MONTHLY RETURN DISTRIBUTION — 20Y
Normal fit
μ = +1.35%
σ = 4.47%
Skew = +1.05
Kurt = +4.11
Density
Monthly Return (%)
0.40
0.35
0.30
0.25
0.20
0.15
0.10
0.05
0.00
−10
−5
0
5
10
15
20
25

09 MONTHLY RETURNS HEATMAP



10 CRISIS ALPHA — CONDITIONAL PERFORMANCE

MARKET CONDITION	OCCURRENCES	STRATEGY AVG	SPY AVG	ALPHA	WIN RATE
SPY drops > 2%	25 months	+3.54%	-5.31%	**+8.85%**	84%
SPY drops > 5%	10 months	**+5.89%**	-8.04%	**+13.94%**	**100%**
SPY drops > 10%	1 month	**+21.56%**	-19.89%	**+41.46%**	**100%**
SPY positive	82 months	+1.89%	+4.58%	-2.68%	22%

11 STRESS TEST SCENARIOS

CRISIS EVENT	SPY IMPACT	STRATEGY IMPACT	ALPHA	RECOVERY
COVID Crash (Feb-Mar 2020)	-33.7%	-7.1%	**+26.6%**	33d dn / 77d up
2022 Bear Market (Jan-Oct)	-24.5%	+0.3%	**+24.8%**	282d dn / 106d up
2018 Q4 Rate Scare	-19.3%	-13.8%	+5.5%	95d dn / 120d up
Yen Carry Unwind (Aug 2024)	-8.4%	+6.0%	**+14.4%**	20d dn / 45d up
Tariff Shock (Mar 2025)	-10.0%	-8.5%	+1.6%	22d dn / 27d up

12 TIMING ABILITY TESTS

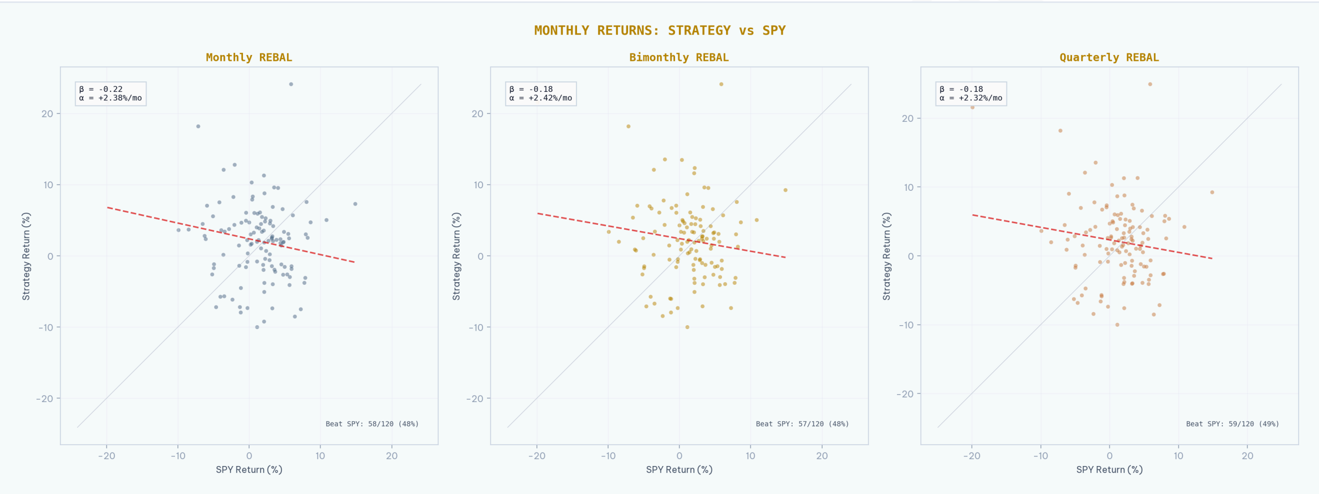
TEST	STATISTIC	P-VALUE	RESULT
Treynor-Mazuy (gamma)	+3.78	0.0009	*** Significant
Henriksson-Merton	+0.78	0.0225	** Significant
Sign Test	79/120	0.0003	*** Significant
Wilcoxon Signed-Rank	5353	<0.00001	*** Significant
Runs Test	z=+2.97	0.0030	*** Significant

Factor Regression (R^2 = 0.19)

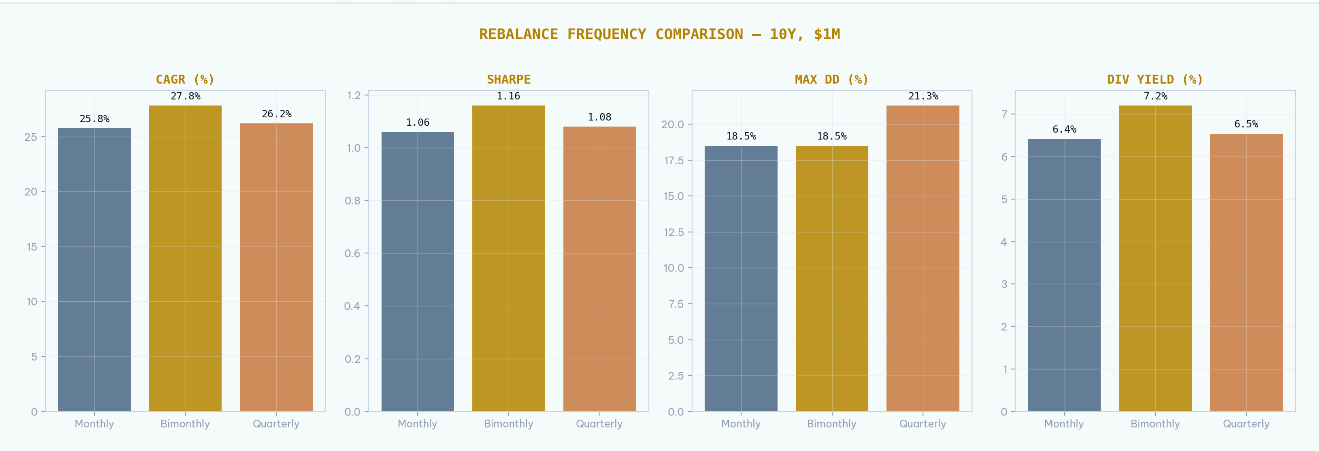
FACTOR	LOADING	T-STAT	SIG
Alpha (monthly)	+1.71%	+2.29	**
Market (SPY)	+0.26	+0.20	
Momentum	+0.24	+1.36	
Value	-0.17	-0.70	
Low Volatility	-0.63	-2.45	**
CTA/Trend	-0.03	-0.18	

81% of returns are unexplained by known systematic factors.

13 MONTHLY RETURNS VS SPY — ALL REBALANCE STRATEGIES



14 REBALANCE FREQUENCY COMPARISON



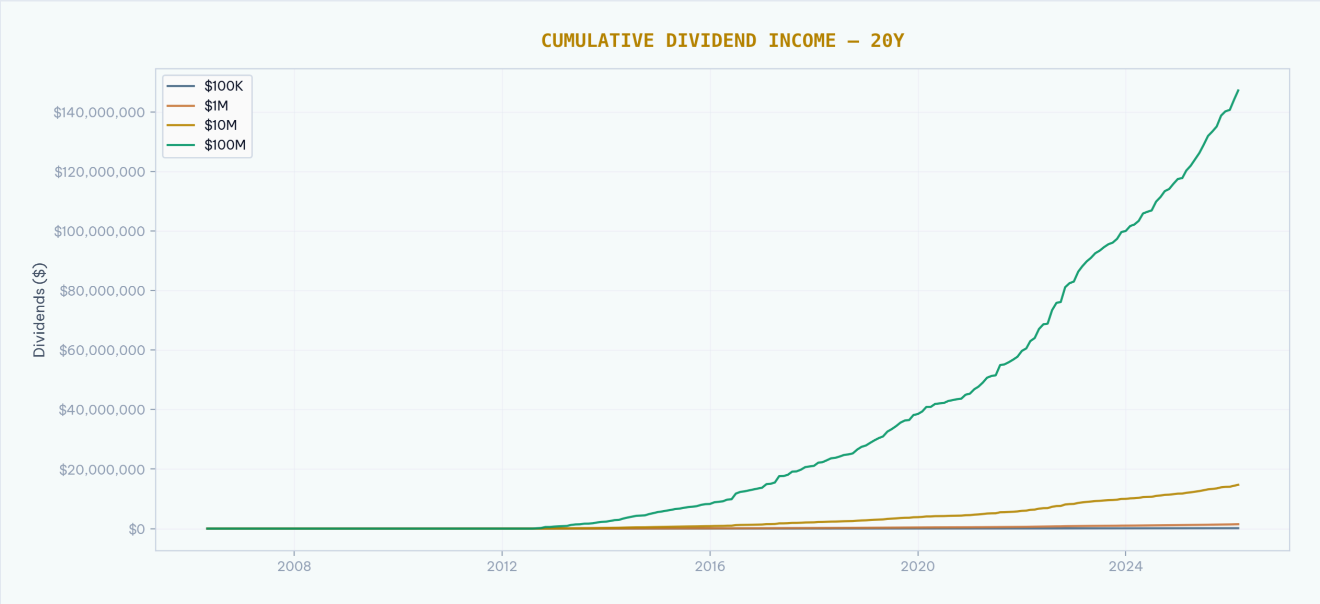
15 CAPITAL SCALABILITY

STARTING CAPITAL	FINAL VALUE (10Y)	CAGR	SHARPE	MAXDD	MULTIPLIER	ANN DIVIDENDS	MONTHLY DIV
$1,000	$18,302	+33.7%	1.30	19.4%	18.3x	$114	$9
$10,000	$142,446	+30.4%	1.40	18.3%	14.2x	$827	$69
$100,000	$1,165,615	+27.8%	1.16	18.5%	11.7x	$7,206	$577
$1,000,000	**$11,635,651**	**+27.8%**	**1.16**	18.5%	**11.6x**	$71,952	$5,767
$10,000,000	$116,343,653	+27.8%	1.16	18.5%	11.6x	$719,481	$57,670
$100,000,000	$1,163,432,550	+27.8%	1.16	18.5%	11.6x	$7,194,807	$576,704

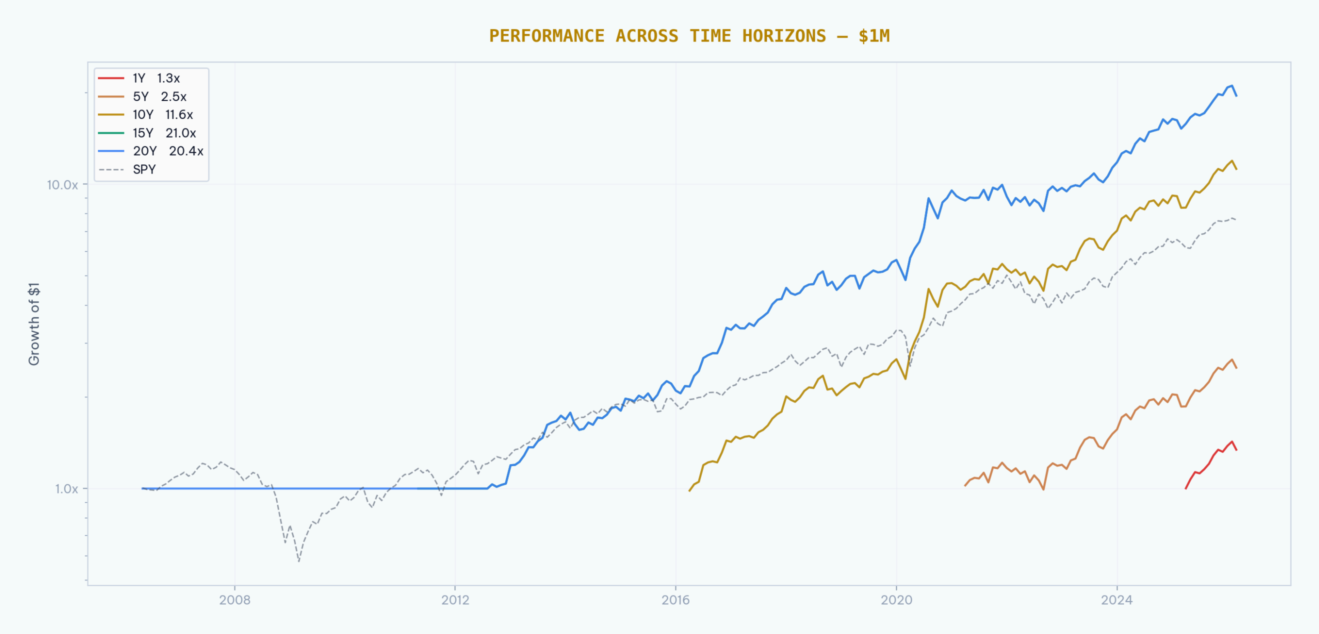
16 PEER COMPARISON

Sources: Medallion — Zuckerman (2019), gross pre-fee. Two Sigma/Citadel/DE Shaw — Bloomberg, Barron's (2024). Bridgewater — LP letters. SPY — Yahoo Finance. *Medallion is closed to outside investors.

17 CUMULATIVE DIVIDEND INCOME


CUMULATIVE DIVIDEND INCOME — 20Y
$100K
$1M
$10M
$100M
Dividends ($)
$140,000,000
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
2008
2012
2016
2020
2024

18 PERFORMANCE ACROSS TIME HORIZONS



19 PORTFOLIO INTEGRATION VALUE

PORTFOLIO CONFIGURATION	CAGR	SHARPE	MAXDD	IMPROVEMENT
100% S&P 500	+15.1%	0.64	23.8%	–
60/40 (SPY/TLT)	+9.0%	0.36	24.0%	–
80% SPY + 20% Kairos	+18.2%	**1.04**	17.5%	+63% Sharpe
60/40 + 20% Kairos	+13.0%	**0.85**	19.0%	+137% Sharpe
70% SPY + 30% Kairos	+19.6%	**1.24**	15.5%	+94% Sharpe

20 ENHANCED STRATEGY VARIANTS

VARIANT	CAGR	SHARPE	SORTINO	MAXDD	CALMAR	PROFILE
Base Strategy	+27.8%	1.16	2.51	18.5%	1.51	Standard
Balanced Blend (recommended)	+33.2%	1.15	**2.85**	16.4%	**2.03**	**Best overall**
Aggressive	+27.6%	**1.21**	2.47	16.6%	1.66	Max Sharpe
Conservative	+30.0%	0.95	**3.28**	**11.3%**	**2.65**	Low drawdown