



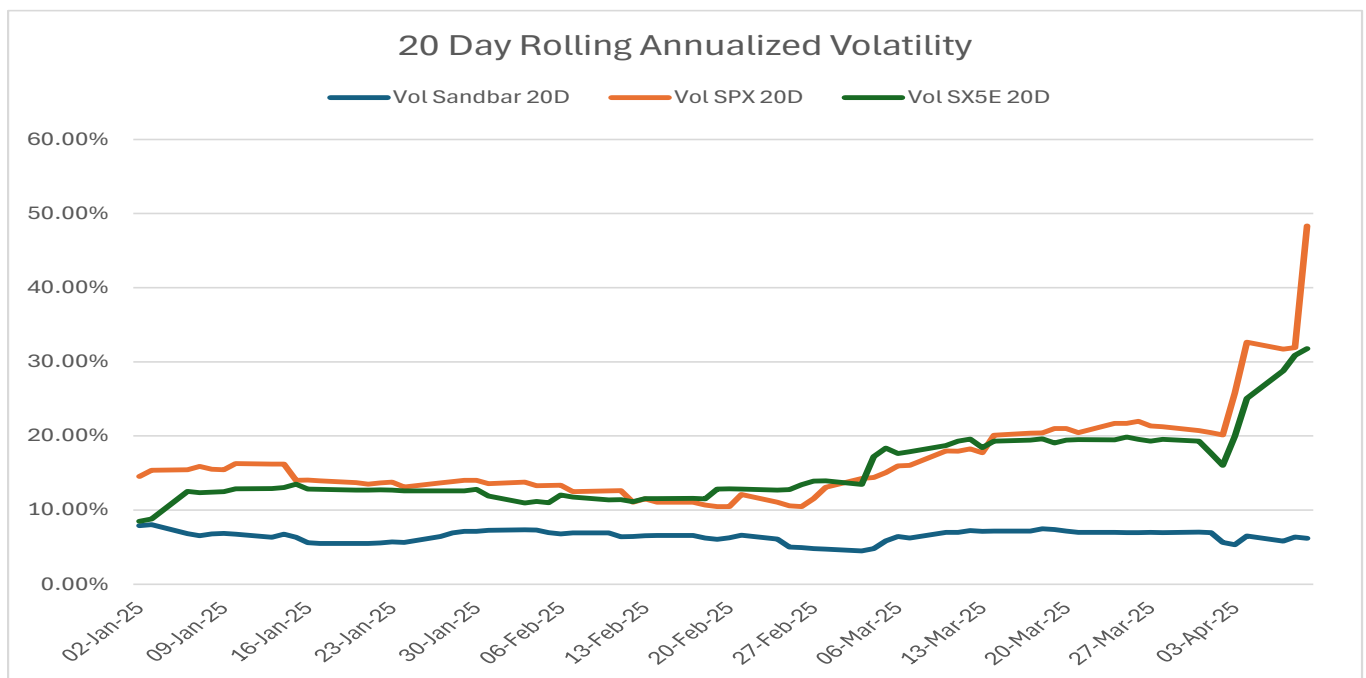
**Alpha Insights: Wax On, Wax Off and Volatility Control; April MTD performance of strategy (+0.32%, YTD +9.17%),**

***Wax On, Wax Off; Muscle memory matters in volatile market conditions***

April has so far seen no let-up from the heightened levels of volatility we saw in March, and as per our recent commentary, we have amassed a plethora of new market statistics for the record books in the first few days of the new month. They include the biggest single day move up in the S&P500 since 2008 (and 3<sup>rd</sup> biggest ever), the largest 3 day move in 10 yr yields since 1982 and the largest ever number of shares traded in the US in a single day. Having invested through both 2008 and 2020 volatility, it is fair to say the moves we have seen in markets of late would fit right in with those periods in terms of volatility.

Regarding our strategy, this backdrop provides a timely opportunity for us to make two observations to investors. First, we are delighted to see that some of the enhancements we have made to our process coming into 2025 are showing their mettle in the first period of market crisis we have encountered. For those unaware of these changes, we would be happy to send over our presentation (please contact) or direct you to a few of our recent alpha insights (see link <https://sandbaram.com>), where we address them in detail.

In a nutshell, our enhancements put an even greater control of risk in the portfolio by further limiting our exposure to residuals (through systematic factor hedging) and ensuring as ever that idiosyncratic risk remains the primary driver of our returns (in March our average daily idiosyncratic risk was 92%). The chart below plots the 20-day rolling annualised daily volatility of Sandbar returns since the start of 2025 (in green) versus both the S&P500 and EURO STOXX 50 indices. What should really stick out from this chart is our ability to retain full control of our volatility within our target range despite market volatility more than trebling in both the US and EU. Put differently, despite running a leveraged portfolio of positions across the US and Europe, even though we started the year with a similar 20-day realized volatility than the benchmark European index, our own volatility is no higher now despite the latter increasing 4x since early January.



Source: Sandbar Risk Team, Bloomberg

The second point is that in these periods where market volatility is unleashed, we find a level of 'relative calm of process'. Just like Mr Miyagi tried to teach Daniel-san the serenity of process, we find these same benefits running our rigorously controlled investment and risk models and carrying out a process built on repeating the same actions and controls day in day out. It is this strongly engrained muscle memory (along with our strong belief in the tenants of our process) that have allowed us to achieve the volatility control you see above.

If you have any questions or would like to drill down into any of the points we made above, feel free to reach out to the team.

The Sandbar Team

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