

## Insights October 2025: Friday Sell-off + AI Craze

**Performance MTD: -0.73%**

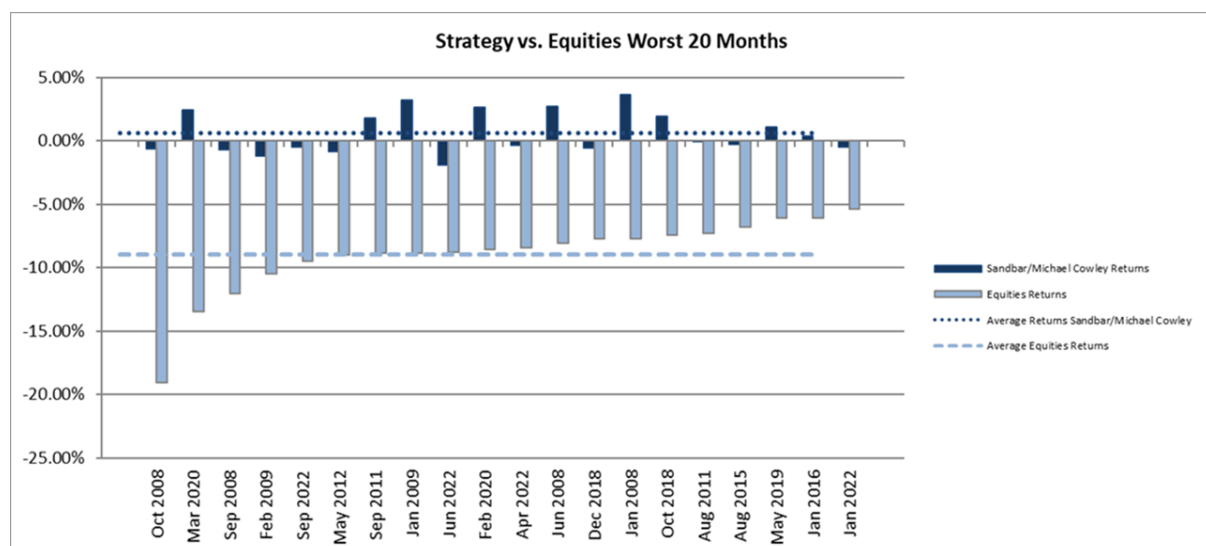
**Performance YTD: +13.65%**

### Friday Sell-off

Friday's market moves lower (the worst day in US markets since April) have generated a lot of inbound questions relating to the performance we observed on the day.

In the desire to be transparent, we felt it easier to communicate to the broader audience; Performance was +4bps on Friday for the strategy. This is a result we would expect to see for the strategy given our risk framework with focus on high idio risk and low market / factor correlations. Regular readers will be familiar with the chart below that displays our strategy performance in the largest monthly market drawdowns – see March Insights piece for latest.

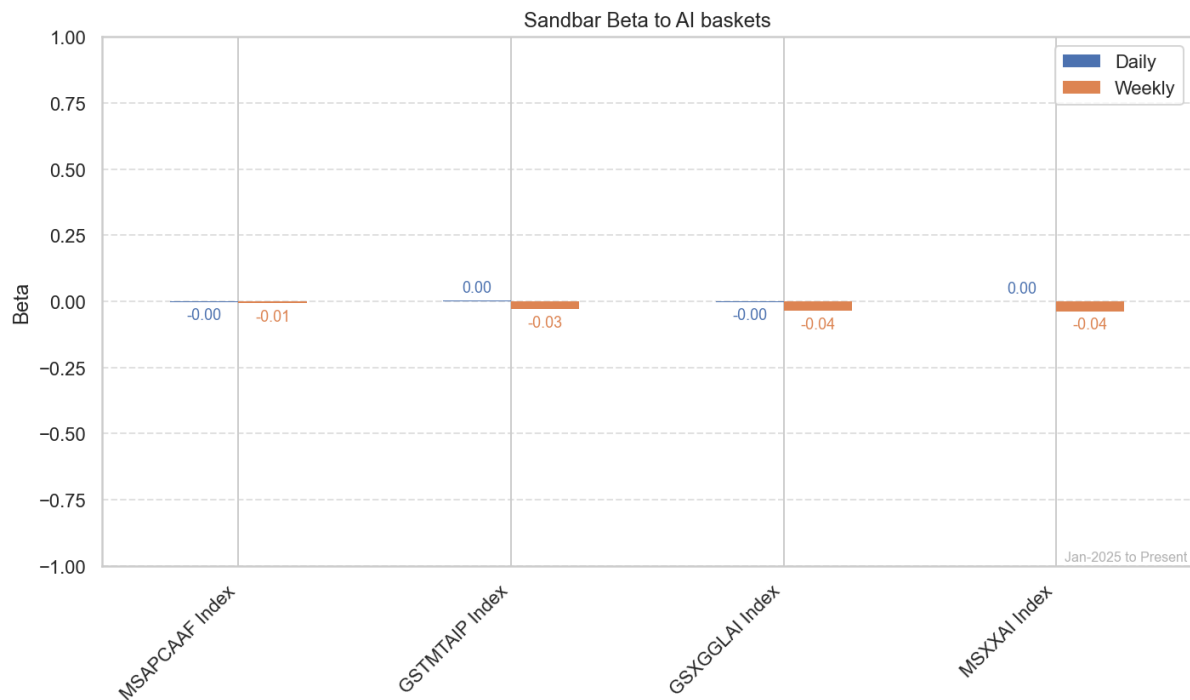
***“We don’t care if the market is up, down or doing backflips, our sole focus is always on constructing portfolios with little or no correlation to markets, peers or any systematic risk factor. Those who have been regular readers of our newsletters and/or have met us during presentations will have seen the below chart – our performance in the worst 20 monthly market drawdowns. The correlation is near zero... The swing factor and primary determinant of our returns should always be stock alpha, good or bad.”***



Source: Bloomberg, Sandbar Risk Team.

## AI Craze

Conversations in recent weeks have been getting increasingly nervous in relation to exposures to net length in the AI theme within portfolios and de-facto risk of correlation to this factor across portfolios in the event of an unwind. We create our own AI factors, betas and correlation back tests. When we look at the beta of our portfolio returns with the GS and MS AI baskets YTD results are:



Source: Bloomberg, Sandbar Risk Team.

As you can see, even in this simple check the beta of our book is in effect ZERO to these baskets. We don't want the book to be directly or indirectly exposed to traditional factors in a major way (value, momentum, industry) and the same is true of custom/thematic factors. Part of our job is identifying and measuring these factors to control overall risk profile where possible.

If you would like more detail or to discuss any of the above, please contact the team.

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The investment performance displayed represents the results of Sandbar Strategy Performance data for this time period. The performance data represents unaudited performance and presented gross of all fees. The Strategy may incur expenses that had not been previously applicable and such expenses may impact the Strategies performance. The performance results presented herein assume the reinvestment of all principal, dividends, interest and profits in the Strategy.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

## ADDITIONAL RIDERS

Indices:

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets. For further information on the index, please see [www.msci.com/world](http://www.msci.com/world).

Equity Market Neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Factor-based investment strategies include strategies in which the investment thesis is predicated on the systematic analysis of common relationships between securities. In many but not all cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical Arbitrage/Trading strategies consist of strategies in which the investment thesis is predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices; high frequency techniques may be employed and trading strategies may also be employed on the basis of technical analysis or opportunistically to exploit new information the investment manager believes has not been fully, completely or accurately discounted into current security prices. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

The Indices are presented as Sandbar feel that they serve as a useful point of comparison with aspects of the Fund's portfolio management and composition. The Fund's portfolio will not replicate any Index and no guarantee is given that performance will match the Indices; it is not possible to invest in any index.

There are significant differences between the Strategies investments and the Indices. For instance, the Fund may use short sales and leverage and may invest in securities that have a greater degree of risk and volatility, as well as less liquidity, than those securities contained in the Indices. Moreover, the Indices are not subject to any of the management fees or expenses that the Strategy must pay. It should not be assumed that the Strategy will invest in any specific securities that comprise the Index, nor should it be understood to mean that there is a correlation between the Fund's returns and the Indices' performance. Each Index is included for informational purposes only.