QUANTSTRAT FX

QUANTSTRAT FX MONTHLY INSIGHTS

SEPTEMBER 2026

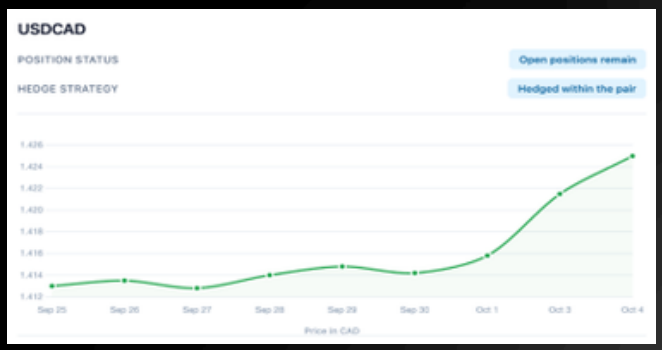
A BRIEF ON QUANTSTRAT FX

QuantStrat FX is a sophisticated, fully automated trading system designed to manage FX investments with precision and discipline. It operates on data-driven, quantitative models that dynamically adapt to changing market structures, liquidity conditions, and macroeconomic volatility. By removing emotional bias and discretionary intervention, QuantStrat FX provides a systematic and rule-based approach to navigating the complexities of the foreign exchange market, with a core focus on capital preservation and risk adjusted returns.

A NOTE FROM THE DESK

This month's message: patience. Two currency pairs—NZDUSD and USDCAD—remain open with both gains and losses, each hedged separately. We're managing our exposure carefully rather than forcing exits to meet any calendar deadline.





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PERFORMANCE REVIEW
SEPTEMBER 2026 HIGHLIGHTS

September performance: **+3.64%**
Manager-reported monthly return. A positive reported month does not mean every position is profitable or closed.

QUANTSTRAT DYNAMIC HEDGING

QuantStrat Dynamic Hedging. Rather than relying solely on the original trade returning to its entry price, we seek opportunities on either side of a hedged position. An available gain can help offset the realised loss from closing a small portion of the weaker, loss-making leg.

HEDGE
Manage directional exposure
CAPTURE
Realise an available gain
TRIM
Offset part of the weaker side
REASSESS
Review the remaining positions

September delivered 3.6% in closed profits, but our open hedged positions have an 11% drawdown. The two sides are balanced opposites—buys against sells. We're waiting for a clear trend. When the profitable side gains more, we'll capture those gains and use them to pay down the losing side. We'll repeat this trimming process gradually until the remaining loss is small enough to exit cleanly.

HOW THE HEDGE IS WORKED DOWN

Dynamic hedging works by watching both sides at the same time. We don't know in advance which side will make money—it depends on market direction. When prices go up, we look to profit from the buy side. When prices go down, we look to profit from the sell side. The steps shown below are our plan, but we stay flexible with timing and position sizing based on real market moves.





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01 **Review the pair as a whole**
Consider both legs, their sizes and entry prices, combined floating profit/loss, available margin and trading costs. A hedge does not make the existing loss disappear.

02 **Identify an available gain**
Look for a suitable opportunity to realise profit from either the buy or sell side. Movement alone is not enough: the closing price and costs determine whether a usable gain exists.

03 **Use that gain to offset a partial loss**
Close a selected portion of the weaker leg alongside the profitable closure. “Shaving off” means reducing open position size and accepting a corresponding realised loss, not erasing it.

04 **Reassess the remaining hedge**
Partial closures change the remaining exposure. Before any further adjustment, reassess hedge balance, net direction, margin and costs; closing only the profitable leg can leave the losing side more exposed.

05 **Repeat only where conditions justify it**
Further reductions may be possible as new opportunities arise. If the opportunity is unsuitable, waiting, adjusting the hedge or accepting a managed loss may be preferable to forcing another cycle.

WHAT A PARTIAL REDUCTION ACTUALLY ACHIEVES

This section shows how we gradually shrink the position by using profits from one side to offset losses on the other. The approach: When the profitable side gains $400 as an example, we close that gain completely. Then we use that $400 to close only a portion of the losing side (to shave a portion of the losing exposure). Account equity has not improved merely because part of the loss moved from floating to realised but the exposure position size is shaved to a smaller size.

The following example shows the accounting behind one reduction. It is hypothetical, uses arbitrary US-dollar amounts and is not a reference to any FX positions.

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Combined position	Starting point	After one reduction
Profitable leg contracts	2 contract	Closed → $0
Profitable leg gain	$400	Realized gain: +$400
Losing leg contracts	2 contracts	1.6 contracts
Losing leg loss	−$2,000	−$1,600
Reopen new hedge and repeat process		

PATIENCE, WITH A CLEAR UNDERSTANDING OF RISK

An equal-size, static buy-and-sell hedge on the same instrument largely locks in the existing price-driven difference before costs. It does not earn its way out simply by remaining open. Any improvement must come from subsequent market outcomes and trading decisions, and adjustments can also create new losses.

For investors, progress should therefore be assessed through the whole account: combined realised and floating profit/loss, remaining gross and net exposure, and margin available. A profitable closure alone is not evidence that the overall position has recovered.

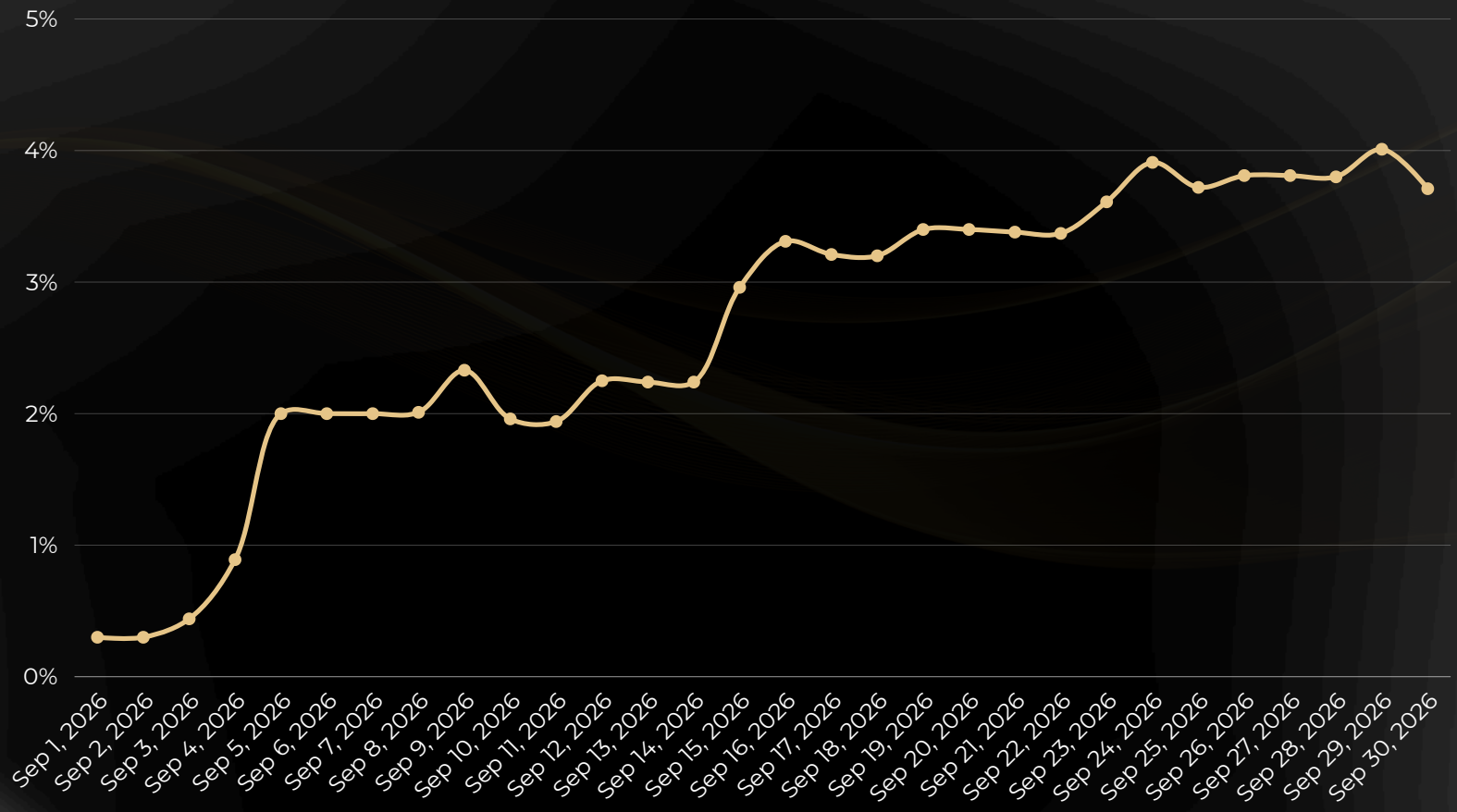
OUR MESSAGE: DISCIPLINED MANAGEMENT, NOT A RUSHED PROMISE.

We understand that floating losses and negative months can be uncomfortable. Our focus is a composed, logical response: reduce exposure when justified, avoid forcing trades to meet a monthly target, and accept losses when warranted. Positive returns every month are not a promise we make.

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SEPTEMBER 2026 PERFORMANCE HIGHLIGHTS

Balance Growth (%)



Return On Investment 3.64%	**WIN RATE** 68.75%	**PROFIT FACTOR** 2.32
Number of trades 48 (26 Long, 22 Short)	**MAX DD** 10.86%	**Trades** 48

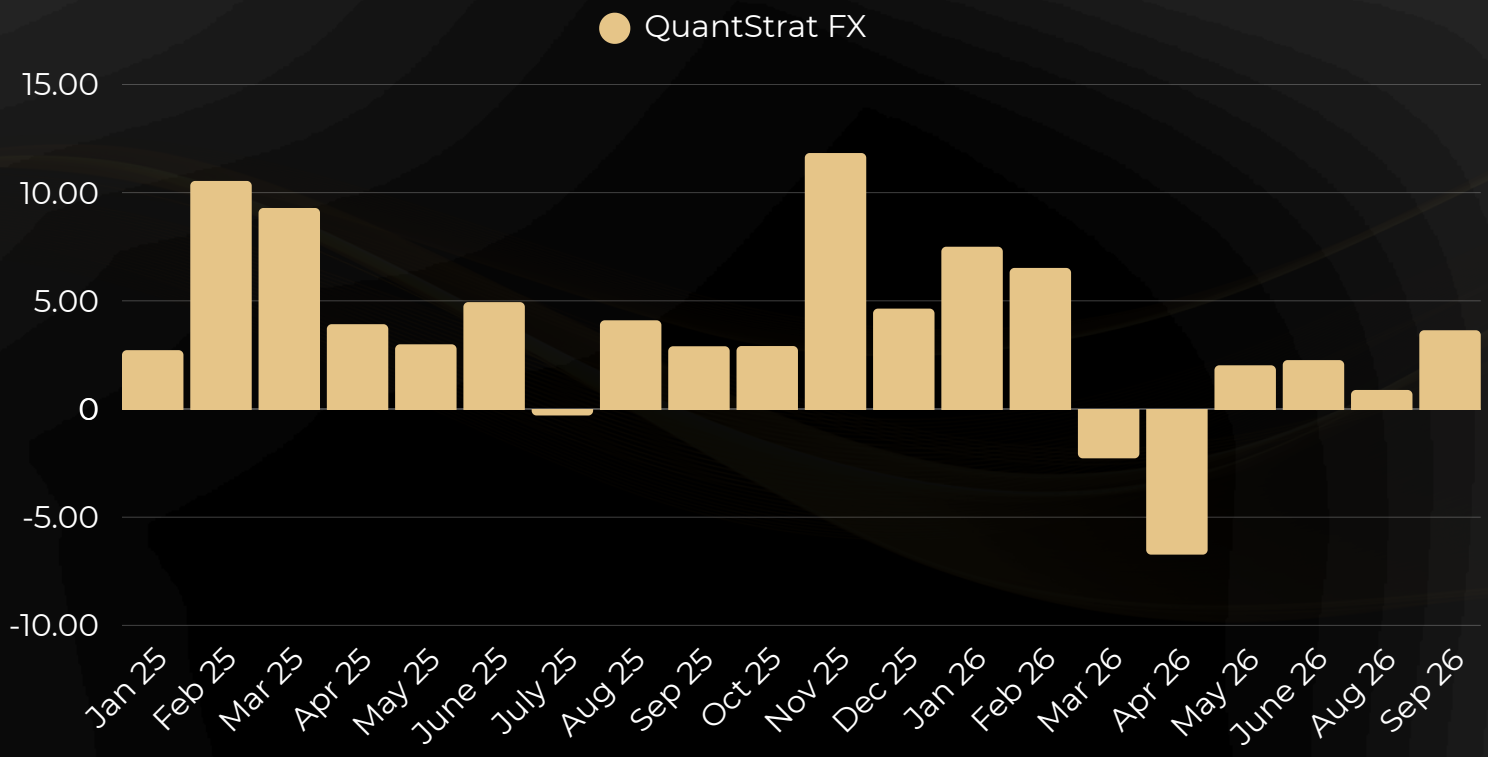
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PAST PERFORMANCE

2025 - 2026 Performance %



For additional data from 2020 to the present, please refer to our website.www.quantstratfx.com

For more information about QuantStrat FX, visit: www.quantstratfx.com Contact: Info@QuantStratFX.com

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DISCLAIMER

Disclaimer: Trading foreign exchange involves substantial risk and may not be suitable for all investors. Past performance is not indicative of future results. QuantStrat FX does not guarantee profits or protection from losses.

Market conditions, liquidity, and volatility can change rapidly due to economic events, geopolitical developments, or unexpected news. No trading system, strategy, or risk management technique can guarantee profits or eliminate risk entirely.

Participants should carefully consider their financial situation, investment objectives, and risk tolerance before participating. Any projections, outlooks, or forward-looking statements are for informational purposes only and do not constitute investment advice or a guarantee of performance.

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