QUANTSTRAT FX

QUANTSTRAT FX MONTHLY INSIGHTS

JULY 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.

YEAR-TO DATE 2026 REVIEW

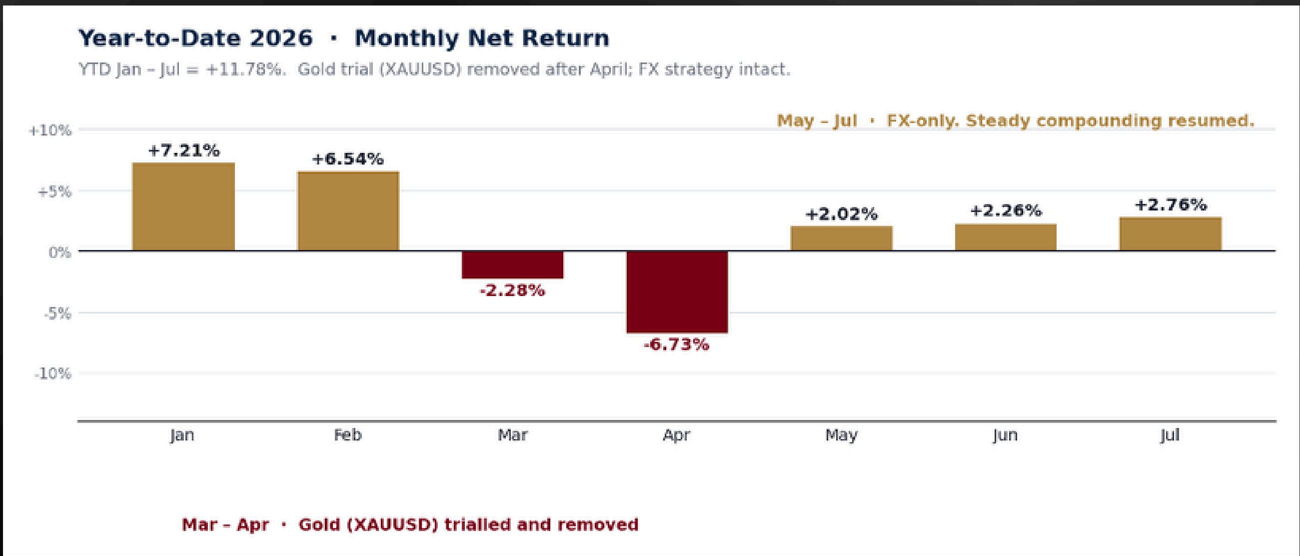
The first seven months of 2026 provided a meaningful test of the QuantStrat FX strategy. The period included both favourable trading conditions and a short period of market stress, allowing us to assess the system's ability to manage risk, limit drawdowns, and resume steady compounding after volatile conditions.

Year-to-Date 2026 Review , QuantStrat FX is +11.78% through July. The result should be viewed together with the source of performance during the period. Losses in March and April were primarily attributable to a short live-portfolio trial in gold (XAUUSD), which experienced unusually large price swings. Gold was removed from the portfolio after April. The core foreign-exchange strategy remained intact throughout the period and has resumed positive monthly performance since May.

This newsletter provides an overview of year-to-date developments, summarises the performance of the core FX strategy, and outlines the system's risk-management framework across varying market conditions.

– Zach
Chief Trader & Managing Director, QuantStrat FX

YEAR-TO-DATE 2026 PERFORMANCE



MONTHLY RETURNS

Month	Net Return	Notes
January	+7.21%	FX-only portfolio; strongest monthly return of the year to date.
February	+6.54%	FX-only portfolio; stable start in the second month to the year.
March	−2.28%	Gold trial commenced; FX contribution remained positive while gold detracted from performance.
April	−6.73%	Iran–Israel conflict contributed to elevated gold volatility. FX remained intact; gold accounted for the loss and was removed at month-end.
May	+2.02%	FX-only portfolio; operating cadence normalised.
June	+2.26%	FX-only portfolio; positive compounding resumed.
July	+2.76%	FX-only portfolio; third consecutive positive monthly return.
YTD	+11.78%	**Net through 31 July 2026.**

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PERFORMANCE ATTRIBUTION

MARCH AND APRIL DRAWDOWN

During the first quarter, we conducted a short live-portfolio trial of gold (XAUUSD) alongside the core FX strategy. The intent is to add an additional diversifier, having gold to complement the FX portfolio during periods of risk-off market behaviour. In practice, the Iran–Israel conflict led to unusually wide two-way price movements in gold, exceeding the conditions for which the model had been calibrated.

The FX component of the portfolio continued to operate as intended during March and April. The drawdown was attributable to the gold trial. We removed gold from the portfolio at the end of April to prevent a temporary trial from becoming a structural source of risk.

This attribution is provided to give a clearer understanding of both the source of the drawdown and the remedial action taken. The drawdown did not indicate a deterioration of the core FX strategy. Following the return to an FX-only portfolio in May, the strategy has generated three consecutive positive monthly returns.

STRATEGY FRAMEWORK & COMPOUNDING APPROACH

This section outlines the process underlying the reported performance. Monthly returns represent the realised outcome, while the framework below describes how the strategy seeks to manage risk and pursue disciplined compounding across different market environments.

QuantStrat FX is not designed to predict market direction. It is a rules-based strategy that looks for conditions where a currency pair appears stretched and may revert toward more normal levels. The system is supported by risk controls that are intended to limit losses when market conditions do not develop as expected.

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PART A · TRADE-ENTRY CRITERIA

Before entering a trade, the system requires three conditions to be met at the same time:

1 · Overbought or oversold conditions. The system identifies a currency pair that has moved to an unusually high or low level based on its indicators.

2 · Signs of weakening momentum. The system checks whether the move that created the extreme reading is showing signs of slowing.

3 · Price outside its normal range. The system confirms that the price has moved beyond its typical trading range, which may increase the probability of a reversion.

All three conditions must be present. If any condition is missing, the system does not open the trade. This filtering process is intended to reduce unnecessary trading and improve the quality of each entry.

PART B · POST-ENTRY OUTCOMES AND SYSTEM RESPONSES

After a trade is opened, the market can develop in several different ways. The system has a defined response for each outcome, which helps the portfolio manage both favourable and unfavourable conditions.

SCENARIO 1 · TARGET PROFIT ACHIEVED PROMPTLY

The trade is entered, the market moves back toward normal levels quickly, and the position closes at its target profit. This is the most straightforward positive outcome.

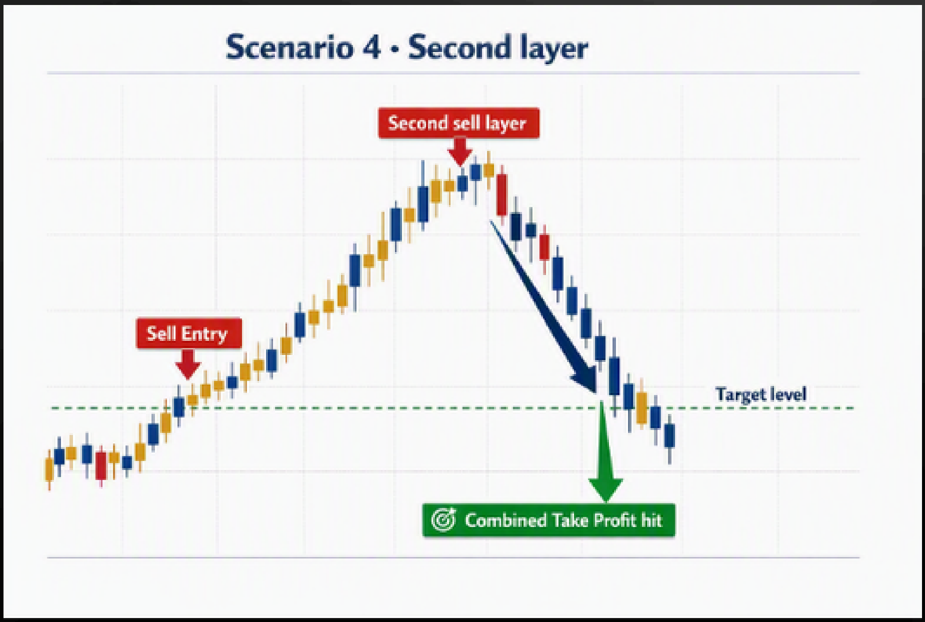
SCENARIO 2 · DELAYED PROFITABLE RESOLUTION

The trade is entered, but the market initially moves further against the position. The position may show an unrealised loss for a period before the expected reversion occurs and the trade closes profitably.

SCENARIO 3 · RISK-MANAGED EXIT

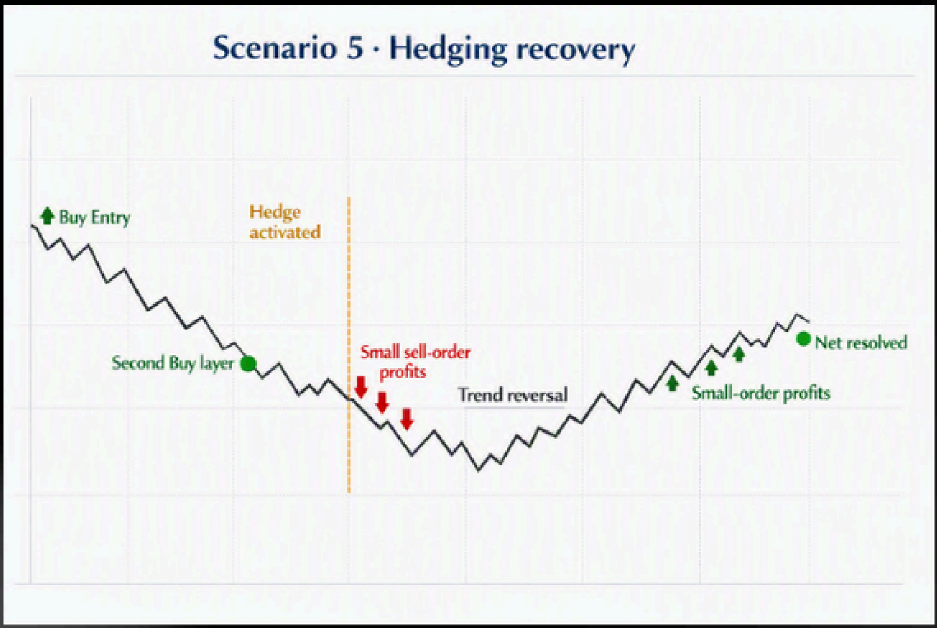
The trade is entered, but the market does not revert as expected. The system identifies that conditions have changed and exits the position with a controlled loss before the risk becomes larger.

SCENARIO 4 · SECOND LAYER



The trade enters an unrealised loss, but the broader conditions still support the original view. In this case, the system may add a second position at a more favourable price. If the market then reverts, the combined positions can close with an overall profit.

SCENARIO 5 · HEDGING RECOVERY



This is the most defensive scenario. If the market continues to move against the position after a second layer has been added, the hedging recovery process activates at a defined threshold. Once the hedge is activated, the system follows shorter-term price direction with smaller trades, seeking to realise incremental profits as the market first continues lower and later changes direction. The objective is to gradually offset the original unrealised loss and move the position toward a net resolved outcome.

Why this matters. The strategy does not rely on a single market outcome. It has a defined process for taking profits, managing delays, limiting losses, adding exposure only under specific conditions, and activating defensive recovery measures when required. This structure is central to how the portfolio seeks to remain resilient across market cycles.

01 Drawdowns outcomes are controlled by design, not by luck.
The strategy applies defined entry filters and pre-established risk responses to manage drawdowns in a structured manner.

02 The FX strategy is intact and performing.
The portfolio has recorded three consecutive positive months since gold was removed, with year-to-date performance of +11.78% through July.

03 Corrective action is implemented in a timely manner.
The gold trial was closed after two negative months, demonstrating a disciplined approach to risk management and portfolio construction.

04 The focus remains on consistency rather than headline returns.
The objective remains to deliver steady compounding with controlled drawdowns, supporting a return profile that can be evaluated across different market cycles.

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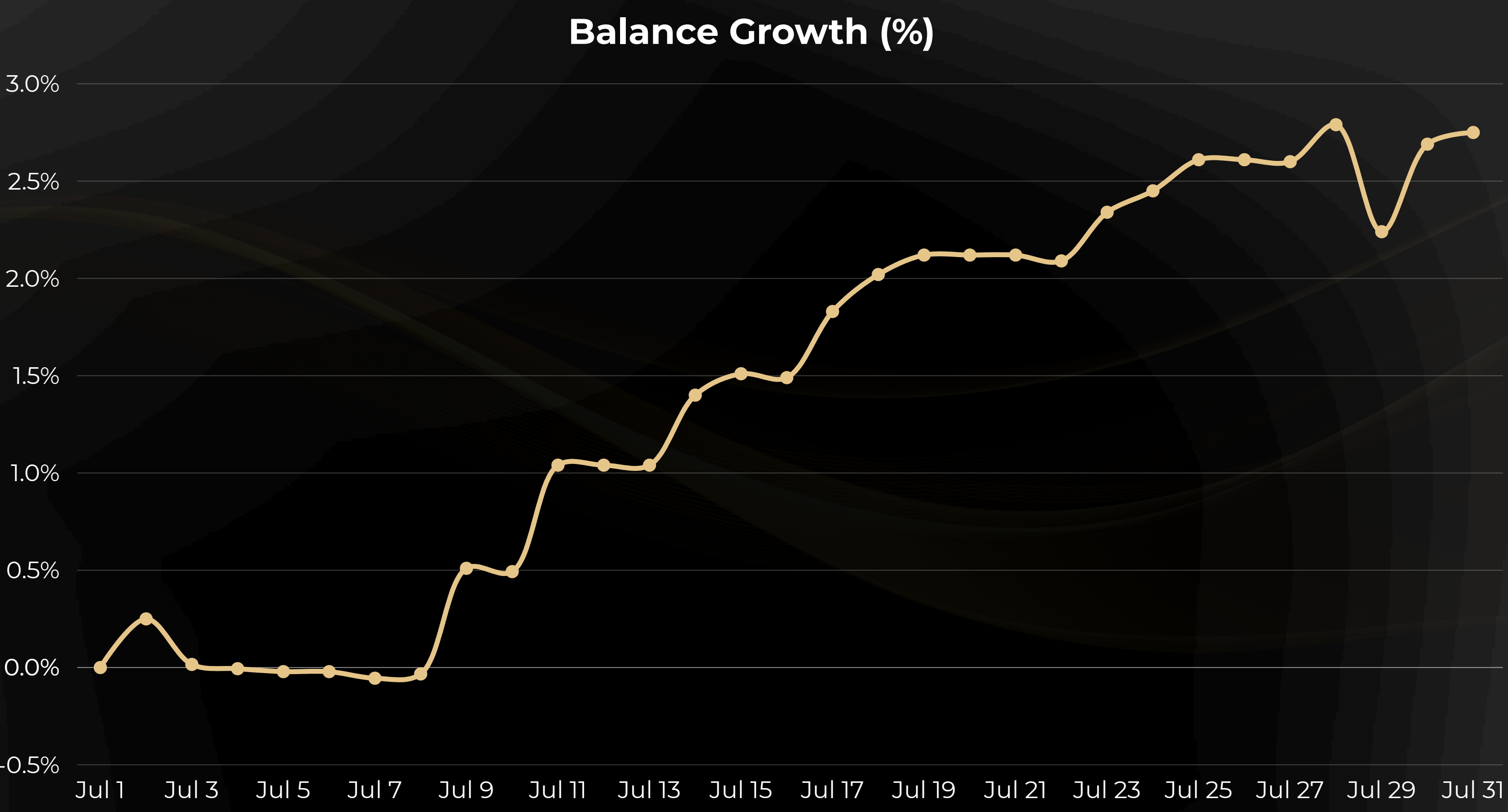
JULY 2026 PERFORMANCE HIGHLIGHTS



Return On Investment 2.75%	**WIN RATE** 71.74%	**PROFIT FACTOR** 1.86
Number of trades 46 (21 long, 25 short)	**MAX DD** 4.54%	**Trades** 33

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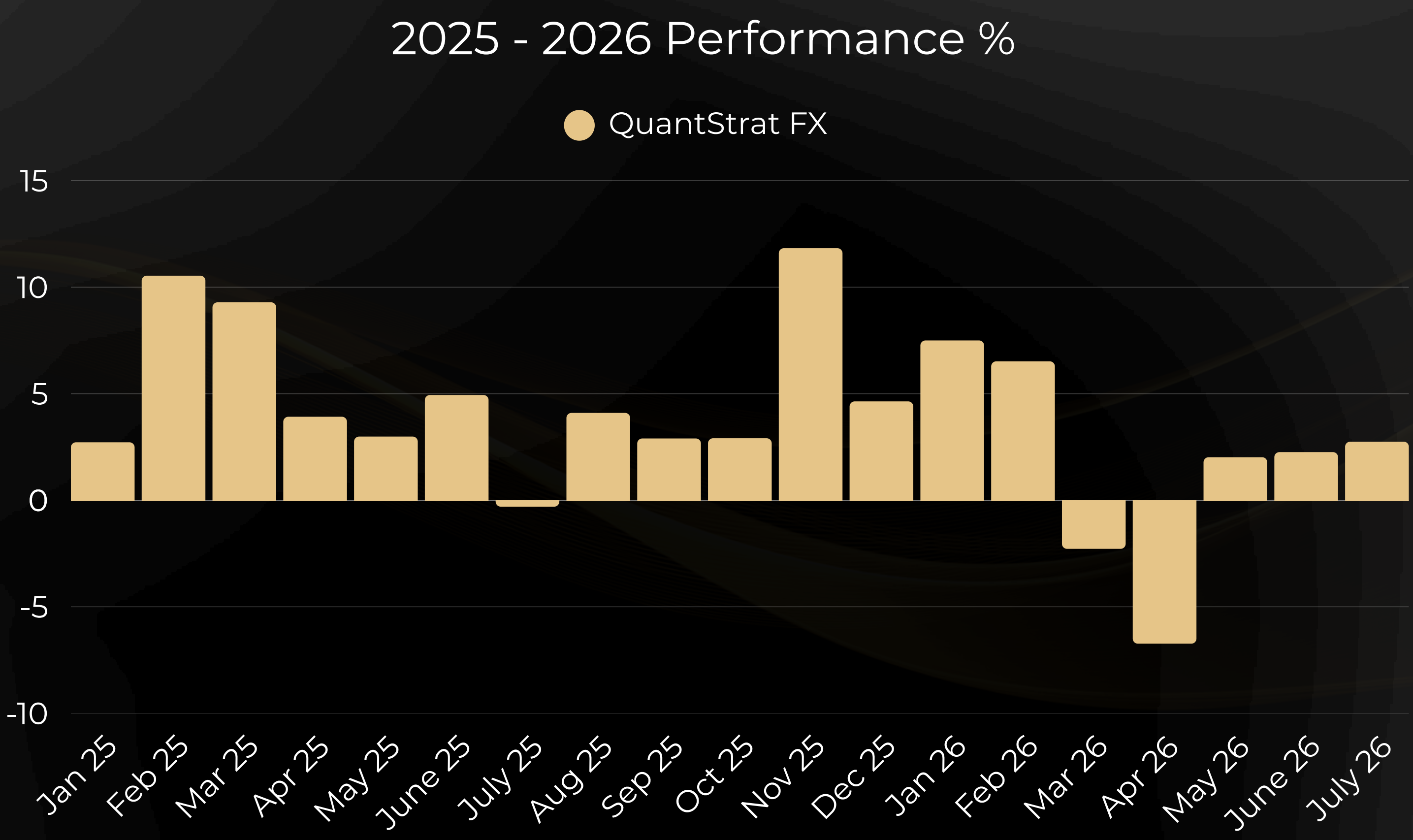
PAST PERFORMANCE



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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