QUANT ATLAS

# CYCLEX

## Product Application Guide

Non-technical product guide for traders and portfolio managers

### About this guide

This Product Application Guide explains what Cyclex does, how its three models are intended to be used, how the monthly rebalancing process is delivered, and how investment professionals can incorporate the outputs into portfolio and risk workflows. For exact CSV schema, file transport, operational conventions and machine integration, refer to the Cyclex Technical Integration Guide (TIG).

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# 1. What Cyclex Is

Cyclex is Quant Atlas's monthly equity rebalancing product. It is designed to help investors improve the risk-adjusted return profile of an equity allocation through three complementary models: a risk-management sleeve, a market-neutral alpha sleeve, and a combined flagship allocation.

| CYCLEX RISK | CYCLEX ALPHA | CYCLEX COMBINED |
|---|---|---|
| Dynamic equity-risk sleeve focused on maximum drawdown reduction while seeking to preserve or improve risk-adjusted returns. | Market-neutral alpha sleeve designed to target positive absolute returns with limited dependence on broad equity-market direction. | Flagship and recommended model. A 50% Cyclex Risk / 50% Cyclex Alpha combination intended to balance capital preservation and independent alpha. |

Cyclex is not a single trade signal. It produces portfolio-level recommendations intended to be reviewed and implemented as part of an existing investment, allocation or risk process. The core rebalance is monthly, while Cyclex Risk is additionally monitored on a daily basis for changes in recommended benchmark exposure.

### Interpretation principle

Treat Cyclex as a systematic allocation and portfolio-construction layer. Cyclex Risk is primarily concerned with controlling equity drawdowns and exposure; Cyclex Alpha is designed as an independent return source; Cyclex Combined integrates both objectives in a 50% / 50% flagship configuration.

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# 2. Construction

Cyclex is constructed from a proprietary combination of trend components, recurring market patterns and risk measures. These inputs are used differently across Cyclex Risk and Cyclex Alpha, but both models are designed around the same portfolio objective: preserve or improve risk-adjusted returns while creating a return profile that is diversified relative to the benchmark.

- **Trend components:** evaluate the direction, persistence and quality of prevailing equity-market moves.
- **Patterns:** identify recurring price and path configurations that may contain information about future risk or return conditions.
- **Risk measures:** assess the prevailing risk environment and help determine when equity exposure should be reduced, maintained or restored.

**The two model sleeves are complementary rather than interchangeable:**

- **Cyclex Risk** focuses on the benchmark and dynamically manages recommended exposure with drawdown reduction as its primary objective.
- **Cyclex Alpha** seeks a positive absolute return profile with low dependence on broad market direction and is designed to act as an alpha diversifier.
- **Cyclex Combined** allocates 50% to Cyclex Risk and 50% to Cyclex Alpha, combining capital-preservation and alpha objectives in the recommended flagship model. The aim is stability during different market regimes.

### No embedded execution mandate

Cyclex provides model-generated allocations, exposures and rebalancing recommendations. It does not execute transactions, determine client-specific suitability, or replace the user's own portfolio, liquidity, compliance and risk controls.

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# 3. Frequency

Cyclex is led by a monthly rebalancing process. The standard delivery is produced at the end of each month / beginning of the following month and contains the recommendations applicable to the next portfolio period.

| Process | When it runs | Purpose | Delivery |
|---|---|---|---|
| **Monthly rebalance** | End of month / beginning of next month | Primary portfolio rebalance for Cyclex Risk, Cyclex Alpha and Cyclex Combined | Structured Report and machine-readable CSV |
| **Daily Cyclex Risk monitoring** | Each trading day | Monitors the recommended S&P 500 exposure and identifies whether the current exposure state should change | Revised exposure output when the model changes state |
| **Intra-month behavior** | Between monthly rebalances | Most days retain the existing Cyclex Risk exposure; changes are designed to be infrequent | No change unless the recommended exposure changes |

Cyclex Risk can be thought of as a dynamic S&P 500 exposure layer: each day the model reassesses market conditions and outputs the recommended equity exposure until that recommendation changes. In practice, the recommendation rarely changes from one day to the next, so the largest exposure adjustments are generally associated with the monthly rebalance.

### Monthly first, daily where needed

The monthly delivery remains the primary operating rhythm for Cyclex. Daily monitoring exists to ensure that the Risk sleeve can react when conditions materially change rather than waiting mechanically for the next month-end.

# 4. Use Cases

Cyclex is intended to sit inside an existing allocation, portfolio-construction or risk-management process. The principal applications differ by model sleeve.

| | |
|---|---|
| **Drawdown and volatility reduction**<br>Cyclex Risk can help target-volatility and risk-parity portfolios reduce equity-driven drawdowns and volatility by dynamically scaling exposure during unfavourable regimes. The primary objective is materially reduced drawdown. | **Index / ETF exposure timing**<br>Cyclex Risk can be used as a systematic timing layer for index or ETF allocations, helping allocators and advisors adjust exposure as market conditions change. |
| **Uncorrelated alpha sleeve**<br>Cyclex Alpha can serve as an independent alpha sleeve designed to improve a portfolio's total Sharpe ratio without relying on broad equity-market direction. The objective is a beta-neutral return stream. | **Multi-strategy diversifier**<br>Cyclex Alpha can be used as a diversifying return source within multi-strategy or absolute-return mandates, where low correlation to traditional assets is valuable. |

Cyclex Combined can be used when the objective is to capture both functions in a single model: reduced dependence on full equity-beta exposure together with an independent alpha component.

### Flagship use

For users seeking a single Cyclex allocation rather than separate sleeves, Cyclex Combined is the recommended model and maintains a 50% Cyclex Risk / 50% Cyclex Alpha construction.

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# 5. Outputs of Cyclex

Cyclex is delivered in two parallel formats so that the same recommendation set can be reviewed by investment professionals and ingested by automated portfolio systems.

| Format | Primary audience | What it contains | Standard timing |
|---|---|---|---|
| **Structured Report** | PMs, traders, allocators, ETF managers | Human-readable presentation of the current Cyclex model recommendations and the relevant rebalance / exposure information | Month-end / beginning of month |
| **CSV** | Quant systems, data engineering and automated workflows | Machine-readable representation of the same recommendations, designed for systematic ingestion and downstream implementation | Delivered alongside the monthly report; Risk updates when applicable |

The CSV is intended to be execution-ready from an integration perspective, meaning that its recommendations can be mapped into the user's own portfolio or order-generation systems. The user remains responsible for implementation rules, trade construction, execution, constraints and controls.

### Technical schema

This guide intentionally does not define exact column names or transport conventions. The authoritative file schema, data types, update logic and machine-integration details are documented in the Cyclex Technical Integration Guide (TIG).

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# 6. Coverage

Cyclex is an equity product centered on the S&P 500 benchmark and its constituent universe. Coverage differs by model because Cyclex Risk is a benchmark-exposure model while Cyclex Alpha operates as an equity alpha sleeve.

| Model | Core coverage | Notes |
|---|---|---|
| **Cyclex Risk** | S&P 500 benchmark | Dynamic recommended exposure to the S&P 500 risk sleeve. |
| **Cyclex Alpha** | S&P 500 constituents | Large-cap international equities may also be included where an opportunity is identified and the subscribed service permits it. |
| **Cyclex Combined** | Risk + Alpha configured universes | Combines the Cyclex Risk and Cyclex Alpha sleeves in the standard 50% / 50% flagship construction. |

The default product is therefore US large-cap equity focused. Any extension of Cyclex Alpha to international large-cap equities is opportunity-dependent and should be agreed in the applicable coverage and delivery specification.

### Benchmark context

Unless otherwise specified in the applicable performance or service documentation, the S&P 500 is the reference benchmark used to interpret Cyclex equity-beta exposure and benchmark correlation.

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# 7. Performance Snapshot ~ July 2026

The table below summarizes the principal Cyclex risk and return characteristics since 2020 on an out-of-sample (OOS) basis (live returns since January 2026 are also available). Cyclex Combined is the standard 50% Cyclex Risk / 50% Cyclex Alpha flagship model.

| Model | Sharpe | Maximum Drawdown | CAGR | Correlation to benchmark |
|---|---|---|---|---|
| **Cyclex Combined** | **1.23** | **-7.00%** | 9.0% | 0.38 |
| **Cyclex Risk** | 1.06 | **-7.00%** | 9.5% | 0.56 |
| **Cyclex Alpha** | 0.79 | -15.70% | 8.0% | **0.05** |
| **S&P 500** | 0.74 | -33.9% | **13.9%** | 1.00 |

### Model interpretation

- **Cyclex Risk** should be assessed primarily on drawdown reduction and risk-adjusted returns relative to the benchmark.
- **Cyclex Alpha** should be assessed primarily on absolute return, beta neutrality and diversification value.
- **Cyclex Combined** should be assessed as the integrated flagship portfolio, balancing lower drawdown, independent alpha and reduced benchmark dependence.

### Performance caution

Current results do not guarantee future performance. The figures should be interpreted as evidence of observed values in an OOS period and post OOS period, not as an assurance that future drawdowns, returns, correlations or risk-adjusted performance will match the current sample.

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# 8. Equity Curve

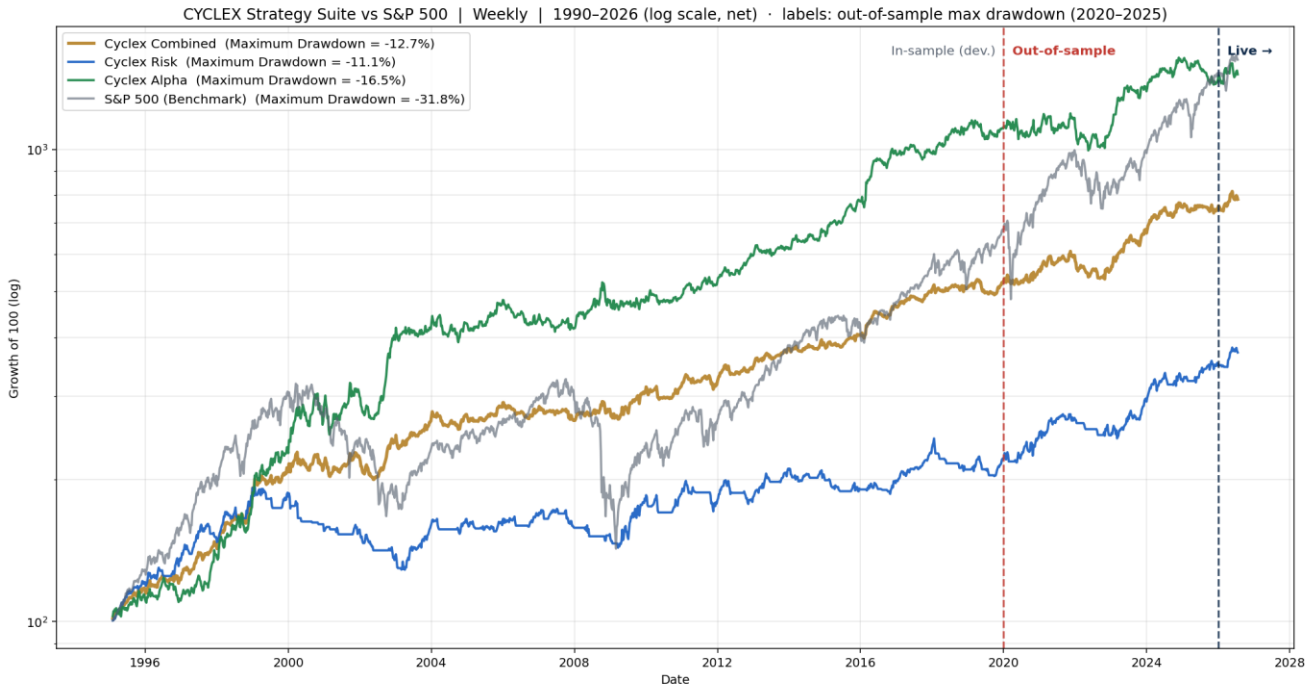


*Figure 1. Full equity curves starting from the in-sample universe, to the out-of-sample universe, and the post out-of-sample time period.*

### Sample Report

The next section presents a sample report of May 2026. The main aim is to see how reports are structured.

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# 9. Disclaimers & Support

Cyclex provides quantitative model outputs, portfolio analytics and rebalancing recommendations for professional research and decision-support workflows. The following principles apply to the use of this guide and the product:

- Cyclex is not investment advice, a personalized recommendation, a solicitation, an execution service, or portfolio management.
- Cyclex Risk exposure recommendations, Cyclex Alpha portfolio recommendations and Cyclex Combined allocations are model-generated outputs. They are not instructions to buy, sell or hold any security.
- Cyclex does not guarantee drawdown reduction, positive absolute returns, beta neutrality, outperformance, a particular Sharpe ratio, or any specific future risk or return outcome.
- Historical, simulated, backtested or out-of-sample results are not guarantees of future performance. Market structure, liquidity, correlations, regimes and data behavior can change.
- Users are responsible for independent validation, portfolio constraints, risk controls, suitability for their mandate, execution decisions, transaction costs and compliance with applicable internal and external requirements.
- Automated ingestion of the Cyclex CSV does not transfer execution responsibility to Quant Atlas. The user remains responsible for all downstream mapping, order-generation and trading controls.
- Coverage, timing, files, fields and reporting conventions may vary according to the subscribed model(s), data availability and the agreed service specification.

## Contact

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QUANT ATLAS
SYSTEMATIC STRATEGIES

Investment Committee Report
Monthly Allocation Review
Strictly Private & Confidential

# CYCLEX Strategy Suite — May 2026 Allocation Review

Cyclex Risk · Cyclex Alpha · Cyclex Combined | Benchmark: S&P 500

Data through 30 April 2026 · allocations effective 1 May 2026

**COMMITTEE DECISION — AT A GLANCE**

**Cyclex Risk · S&P exposure**
**100%**
Systematic daily overlay. Current S&P exposure ~100% entering May; averaged 74% over April.

**Cyclex Alpha · long/short book**
**34 / 34**
Rebalance the dollar-neutral book: 34 longs, 34 shorts at 1.5% each. Beta-neutral (trailing beta -0.05).

**Cyclex Combined · allocation**
**50 / 50**
Maintain the 50/50 capital blend. Resulting net equity exposure ~50% (see effective exposure below).

## Performance snapshot

Net of costs results, shown over two periods on the same basis.

**A · 2026 YEAR-TO-DATE — 1 JANUARY TO 30 APRIL 2026**

| STRATEGY | RETURN | VOLATILITY | MAX DD | SHARPE | CORR. TO S&P |
|---|---|---|---|---|---|
| **Cyclex Combined** | **+7.2%** | **7.3%** | **-2.2%** | **2.99** | **0.15** |
| Cyclex Risk | +5.8% | 7.6% | -2.6% | 2.31 | 0.65 |
| Cyclex Alpha | +8.6% | 11.6% | -3.1% | 2.24 | -0.24 |
| S&P 500 (benchmark) | +5.3% | 14.2% | -9.1% | 1.19 | 1.00 |

Year-to-date covers four months. Annualised ratios (volatility, Sharpe) over a window this short carry wide error bars and should not be read as indicative of long-run performance; the since-inception table below is the meaningful basis for comparison.

**B · SINCE INCEPTION — JANUARY 2020 TO 30 APRIL 2026 (THE POST OUT-OF-SAMPLE PERIOD)**

| STRATEGY | CUMULATIVE RETURN | VOLATILITY | MAX DD | SHARPE | CORR. TO S&P |
|---|---|---|---|---|---|
| **Cyclex Combined** | **+72.7%** | **7.2%** | **-7.0%** | **1.24** | **0.39** |
| Cyclex Risk | +71.6% | 8.9% | -7.0% | 1.01 | 0.56 |
| Cyclex Alpha | +69.6% | 10.2% | -15.7% | 0.87 | 0.06 |
| S&P 500 (benchmark) | +123.1% | 20.6% | -33.9% | 0.72 | 1.00 |

## April in review — results & changes for May

**APRIL 2026 NET RESULTS**

| STRATEGY | APRIL RETURN | INTRA-MONTH MAX DD |
|---|---|---|
| Cyclex Combined | +3.9% | -0.2% |
| Cyclex Risk | +5.9% | -0.9% |
| Cyclex Alpha | +1.9% | -1.2% |
| S&P 500 | +10.4% | -0.9% |

**CHANGES TAKING EFFECT 1 MAY**

- **Cyclex Risk:** current S&P exposure ~100% versus ~74% average in April — the overlay added exposure as trend and volatility conditions improved.
- **Cyclex Alpha:** rebalance the book — 27 of 34 longs and 25 of 34 shorts rotate. Notably, ABEV US Equity, BBD US Equity, BHP US Equity, BKNG US Equity move from the long side to the short side.
- **Cyclex Combined:** allocation unchanged at 50/50; net exposure adjusts with the Risk sleeve.

## 01 Cyclex Risk — exposure

Systematic long-only S&P overlay. Exposure is re-evaluated every trading day and set near 0%, 50% or 100% as trend and volatility conditions change (about a dozen changes a year); it is not a fixed monthly level.

**100%** **Current S&P exposure: ~100%; the overlay averaged ~74% over April.**
It added exposure into May as conditions improved. Cyclex Risk is +5.8% year-to-date versus the S&P at +5.3%, at lower volatility. Next review at the June committee.

## 02 Cyclex Alpha — May long/short book

Dollar-neutral: 171 names ranked by expected return; long the top quintile (34 names), short the bottom quintile (34 names) at 1.5% notional each. Market-, size- and value-neutral; trailing beta to the S&P -0.05. +8.6% year-to-date. Top 15 of each leg shown; the full book accompanies this report.

**LONG — HIGHEST EXPECTED RETURN**

| # | TICKER | EXPECTED RETURN | WEIGHT |
|---|---|---|---|
| 1 | AVGO US Equity | +7.18% | +1.47% |
| 2 | NFLX US Equity | +7.14% | +1.47% |
| 3 | BABA US Equity | +6.58% | +1.47% |
| 4 | GOOGL US Equity | +5.37% | +1.47% |
| 5 | CSCO US Equity | +4.21% | +1.47% |
| 6 | MU US Equity | +4.11% | +1.47% |
| 7 | UNH US Equity | +3.82% | +1.47% |
| 8 | COF US Equity | +3.58% | +1.47% |
| 9 | ERIC US Equity | +3.52% | +1.47% |
| 10 | ASML US Equity | +3.50% | +1.47% |
| 11 | BA US Equity | +3.30% | +1.47% |
| 12 | TMO US Equity | +3.30% | +1.47% |
| 13 | AMZN US Equity | +3.29% | +1.47% |
| 14 | TXN US Equity | +3.26% | +1.47% |
| 15 | ADI US Equity | +3.08% | +1.47% |

**SHORT — LOWEST EXPECTED RETURN**

| # | TICKER | EXPECTED RETURN | WEIGHT |
|---|---|---|---|
| 1 | PBR US Equity | -5.88% | -1.47% |
| 2 | ITUB US Equity | -4.57% | -1.47% |
| 3 | MUFG US Equity | -4.05% | -1.47% |
| 4 | GS US Equity | -3.56% | -1.47% |
| 5 | BKNG US Equity | -3.17% | -1.47% |
| 6 | NOK US Equity | -2.90% | -1.47% |
| 7 | BBD US Equity | -2.86% | -1.47% |
| 8 | SMFG US Equity | -2.47% | -1.47% |
| 9 | VALE US Equity | -2.44% | -1.47% |
| 10 | ABEV US Equity | -2.38% | -1.47% |
| 11 | IBN US Equity | -2.22% | -1.47% |
| 12 | SLB US Equity | -2.10% | -1.47% |
| 13 | HMC US Equity | -2.06% | -1.47% |
| 14 | EQNR US Equity | -1.81% | -1.47% |
| 15 | DE US Equity | -1.75% | -1.47% |

**Benchmark note.** As a dollar-neutral, beta-neutral strategy (trailing beta -0.05), Cyclex Alpha's return hurdle is cash, not the S&P 500 (the S&P is shown as the suite reference for the beta-carrying sleeves). Its ~9%/yr net return is well above the risk-free rate and sits within the range of equity market-neutral peers. The universe spans US and international large-caps; because the book is neutral to market, size and value (regional betas ~0), this does not introduce directional or geographic bias.

## 03 Cyclex Combined — blended allocation & effective exposure

A 50/50 capital blend of Cyclex Risk and Cyclex Alpha. "50/50" describes capital, not risk — the table shows the resulting portfolio exposures.

**50/50** **Maintain the balanced allocation: 50% Risk, 50% Alpha.**
The sleeves are lowly correlated (~0.3), so the blend runs below either alone: Sharpe 1.24 and a -7.0% maximum drawdown since inception versus the S&P's -34%. +7.2% year-to-date vs the S&P +5.3%.

**Effective portfolio exposure**

| | |
|---|---|
| Risk sleeve, long equity (50% × 100% current) | 50% |
| Alpha sleeve, long | 25% |
| Alpha sleeve, short | -25% |
| **Gross exposure** | **100%** |
| **Net exposure** | **50%** |
| **Portfolio beta to S&P** | **0.48** |
| **Cash (Risk sleeve)** | **0%** |

**"50/50 Risk + Alpha" describes capital allocation, not portfolio risk.** With 50% of capital in Cyclex Risk (currently 100% invested) and 50% in Cyclex Alpha (dollar-neutral, run 50% long / 50% short within its sleeve), the resulting exposures are approximately: Risk long equity 50%; Alpha long 25% / short -25%; gross 100%; net 50%; portfolio beta 0.48 (net long equity offset by Alpha's residual beta -0.05); cash 0% (Alpha's capital is held as collateral supporting the market-neutral book). This is more informative than "50/50" alone.