CRYSTAL
CAPITAL PARTNERS

MAY 2026

Hedge Fund Industry Report

Three risks are converging inside the traditional portfolio. ***The answer is measured in return per unit of risk.***

1.7 vs 0.5	+18.64%	2.76%	$5.22T
5-Year Sharpe Ratio Hedge Funds vs 60/40*	**HFRI Composite, 12 mo.** Through May 2026	**5-Yr HF Volatility** vs 9.59% / 10.92% for 60/40	**Global HF AUM** Record — 1Q26

Sources: BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook; HFR, HFRI Monthly Indices Flash Update, May 2026 (June 5, 2026); HFR Global Hedge Fund Industry Report, 1Q 2026; Vanguard Balanced Index Fund (VBIAX) and iShares Core 60/40 Balanced Allocation ETF (AOR), fund-provider and Morningstar data.* Hedge Funds vs a U.S. 60/40 portfolio (VBIAX); the global 60/40 (AOR) five-year Sharpe is ≈0.4. Volatilities are annualized monthly standard deviations. Sharpe ratios computed by Crystal Capital Partners from cited inputs; see Methodology Notes. Past performance is not indicative of future results.

EXECUTIVE SUMMARY

The question is not who posted the largest number — it's who delivered the most return per unit of risk.

The right question for an allocation decision is not which asset class posted the largest number last year, but which delivered the most **return per unit of risk taken** — because an allocator's binding constraint is risk budget, not headline performance. Measured that way, against the balanced 60/40 portfolio that anchors most client allocations, hedge funds have delivered higher risk-adjusted returns over the period analyzed. Over the trailing five years hedge funds delivered an implied Sharpe ratio of roughly **1.7**, against roughly **0.5** for a U.S. 60/40 portfolio and roughly **0.4** for a global 60/40 — higher risk-adjusted returns over the period analyzed, based on the methodology described, with lower reported volatility than the 60/40 benchmarks.

THREE COMPOUNDING RISKS INSIDE THE 60/40

That risk-adjusted lens matters more now than at any point in the past two decades, because the traditional 60/40 portfolio is quietly carrying three measurable, compounding risks at once.

01 — CONCENTRATION

The ten largest stocks now represent roughly 41% of S&P 500 weight — the highest in decades — and, more importantly, contribute more than half of the index's total volatility.

02 — CORRELATION

The 60-day correlation between U.S. stocks (SPY) and the U.S. bond aggregate (AGG) stands at +0.70, within two points of its highest reading in more than twenty-two years of data. The hedge has become the exposure.

03 — DURATION

The bond sleeve carries roughly 30% more interest-rate sensitivity than it did twenty years ago, well above its long-run average — more rate risk, at precisely the moment its diversification benefit has disappeared.

MAY EXTENDS THE ADVANCE — BUT THE SHAPE IS THE POINT

Hedge funds extended their advance in May — the HFRI Fund Weighted Composite gained +1.65%, reaching +7.14% year-to-date and +18.64% over the trailing twelve months — but the monthly print is not the point. The point is the shape of those returns: their drivers — manager skill, arbitrage, event catalysts — are structurally independent of the single macro factor a 60/40 investor now effectively owns twice.

> **ONE CAVEAT GOVERNS EVERYTHING THAT FOLLOWS**
>
> The index averages in this report describe a universe in which the spread between top-decile and bottom-decile managers reached 58.6 percentage points in 2025 alone. In this category, access is necessary but not sufficient. **The manager you select defines the result.**

01 - PERFORMANCE

May 2026: Hedge Fund Industry Performance and the Risk-Adjusted Case

HFRI FUND WIGHTED COMPOSITE - RETURNS

+1.65%	+7.14%	+18.64%	+12.18%
MAY 2026	YEAR-TO-DATE	TRAILING 12 MONTHS	3-YR ANNUALIZED

Hedge funds extended their advance in May. The HFRI Fund Weighted Composite added **+1.65%**, lifting year-to-date performance to **+7.14%** and the trailing twelve-month return to **+18.64%**. The three-year record now stands at +41.18% cumulative, a +12.18% annualized rate. The asset-weighted composite — in which the largest funds dominate the result, a more conservative institutional lens — returned +1.63% in May and +15.03% over the trailing year.

> "
>
> The extreme opposite of a passive beta equity index exposure market cycle.
>
> - KENNETH J. HEINZ, PRESIDENT · HFR

01 TECHNOLOGY & AI

+10.63%

HFRI EQUITY HEDGE: TECHNOLOGY

Far outpaced the broader Equity Hedge composite at +2.70%. Goldman Sachs Prime Services reports the average equity long/short fund up roughly +7% YTD with technology the dominant contributor.

02 COMMODITIES REVERSAL

-19%

BRENT CRUDE — WORST MONTH SINCE 2020

Progress toward a U.S.–Iran ceasefire unwound April's spike toward $138 per barrel, pulling the HFRI Macro: Commodity sub-index to −1.09% even as equity strategies advanced.

03 EVENT DRIVEN BUILD

+4.84%

ACTIVIST SUB-STRATEGY

Event-Driven gained +2.07% overall as managers positioned for a potentially record IPO calendar in H2 — anchored by SpaceX and OpenAI — while Warsh's Fed confirmation removed key policy uncertainty.

HFRI MONTHLY INDICES

Index	May 2026	YTD	1 Year
HFRI Fund Weighted Composite	+1.65%	+7.14%	+18.64%
HFRI Equity Hedge (Total)	+2.70%	+9.57%	+26.56%
HFRI Event-Driven (Total)	+2.07%	+5.73%	+19.07%
HFRI Macro (Total)	−0.17%	+7.50%	+10.12%
HFRI Relative Value (Total)	+0.60%	+3.59%	+6.70%

Source: HFR, HFRI Monthly Indices Flash Update, May 2026 (June 5, 2026). HFRI figures are Flash Update estimates subject to revision in subsequent HFR updates. Past performance is not indicative of future results.

Beneath the composite, the month told a sharper story. Within a single strategy label — Equity Hedge — the Technology sub-index gained +10.63% while Healthcare lost −2.04%: a 12.67-point spread inside one strategy, in one month. Over the trailing twelve months the leadership flips entirely, with Healthcare up +45.70% against Technology's +35.83%. The strategy label on the door tells an allocator very little; the fund behind the door tells them everything.

THE REAL SCOREBOARD

Return per unit of risk.

IMPLIED SHARPE — 5-YR ANNUALIZED, THROUGH 2025

HEDGE FUNDS	U.S. 60/40	GLOBAL 60/40
≈ 1.7	≈ 0.5	≈ 0.4
HFRI FUND WEIGHTED COMPOSITE	VANGUARD BALANCED INDEX (VBMX)	iSHARES CORE 60/40 (AOR)

A strong month is not the argument; the shape of the returns is. An allocator's binding constraint is risk budget, not capital. Benchmarked against a diversified 60/40 portfolio — a fairer comparison than pure equities — hedge funds have delivered higher risk-adjusted returns over the period analyzed.

Over the trailing five years — a window spanning a full rate-hiking cycle and multiple market dislocations — hedge funds earned 466 bps annualized over cash at just 2.76% volatility. Both 60/40 portfolios matched or trailed hedge funds on absolute return, with materially higher reported volatility, during a period that included the 2022 dual stock-bond drawdown, a geopolitical oil spike, tariff volatility, and a contested Fed transition.

WHY IT MATTERS

A return stream earned at a fraction of the volatility has historically exhibited greater resilience in drawdowns than a beta-driven one — though hedge funds carry significant risks, including the potential for material loss of principal, and this pattern may not persist.

FIVE-YEAR ANNUALIZED, THROUGH 2025

Total return (ann.)	7.96%	7.91%	7.13%
Excess return over cash	+4.66%	+4.61%	+3.03%
Volatility (ann. monthly)	2.76%	9.59%	10.92%
Implied Sharpe ratio	**≈ 1.7**	**≈ 0.5**	**≈ 0.4**

Sources: hedge fund returns over cash and volatility — BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook (survey of 246 allocators representing $1.1T in hedge fund assets); U.S. 60/40 — Vanguard Balanced Index Fund (VBIAX); global 60/40 — iShares Core 60/40 Balanced Allocation ETF (AOR). Five-year standard deviations per Morningstar (annualized monthly). Cash rate of 3.30% (five-year average) per the report's HFRI excess-over-cash inputs, applied uniformly. Sharpe ratios computed by Crystal Capital Partners as excess return over cash divided by volatility; figures are illustrative, not official statistics. Past performance is not indicative of future results.

02

Three Risks Inside the Traditional Portfolio

An investor in a standard 60/40 is, in practice, running a concentrated mega-cap technology bet, hedged with an asset that now moves with equities and carries elevated rate risk of its own.

1. CONCENTRATION (THE '40')	2. CORRELATION (THE '60' vs THE '40')	3. DURATION (THE '40')
~41%	**+0.70**	**5.79 yrs**
TOP 10 SHARE OF S&P 500 WEIGHT	AGG/SPY 60-DAY CORRELATION	BLOOMBERG U.S. AGGREGATE DURATION
Top 10 stocks = 41% of S&P 500 weight and >50% of its volatility. Effective independent bets: 54 of 503 constituents.	Within two points of its highest level since the data series began in December 2003.	A 4.98-year long-run average and 4.5 years in 2006 — ~30% more rate sensitivity than two decades ago.

RISK NO.1 - CONCENTRATION

The S&P 500 Is No Longer a 500-Stock Bet

The ten largest constituents of the S&P 500 now account for roughly 41% of the index's weight — the highest level in decades, and more than double their share from the mid-2010s, when the top ten represented 18–23% of the index. The Magnificent Seven alone represent approximately 35–40% of total index capitalization. One widely cited measure puts the effective number of independent bets in the index at just 54 of its 503 constituents. An investor holding a standard cap-weighted S&P 500 fund is not holding the broad market; they are holding a concentrated mega-cap technology position with an index label on it.

Weight, however, understates the problem. The more important measure is **risk contribution**. Research published by a leading quantitative investment manager in February 2026, using S&P Global and LSEG data, found that the ten largest stocks now contribute **more than 50% of the S&P 500's total volatility** — and that the group's aggregate volatility runs roughly 1.5 times that of the index as a whole, with a market beta well above 1.0.

That is a structural change from the early 2010s, when the largest names were a diverse set of lower-volatility blue chips — Apple alongside ExxonMobil and Johnson & Johnson — whose risk contribution sat below their index weight. Today's top ten are concentrated in correlated, technology-linked businesses, several of them among the most volatile large stocks in the market. The same research documents the knock-on effect: the distribution of betas inside the index has fractured, with nearly 20% of index weight in stocks carrying a beta below 0.5 and over 15% in stocks with a beta above 2.0 as of end-2025. The "market portfolio" has become a barbell.

Honesty requires the counterpoint: this is not a simple replay of 1999. In the dot-com run-up, the weight of the largest stocks expanded while their share of earnings stayed flat — pure multiple expansion. In the current episode, the earnings share of the largest companies has risen alongside their weight; a meaningful portion of the growth being priced has actually been delivered. But that cuts both ways. Because the concentration is partially earnings-supported, it is unlikely to unwind quickly: for the top-ten weight to revert to its pre-2020 average of roughly 21%, the other ~490 stocks would need to return more than 160% with the largest names flat. Concentration is not a temporary anomaly investors can wait out. It is the operating environment. And it is an expensive one: the top ten stocks carry roughly 41% of index weight against roughly 32% of index earnings, the cap-weighted index trades at a nearly 30% premium to its equal-weighted counterpart, and Goldman Sachs estimates the S&P 500 will return approximately 3% annually over the coming decade.

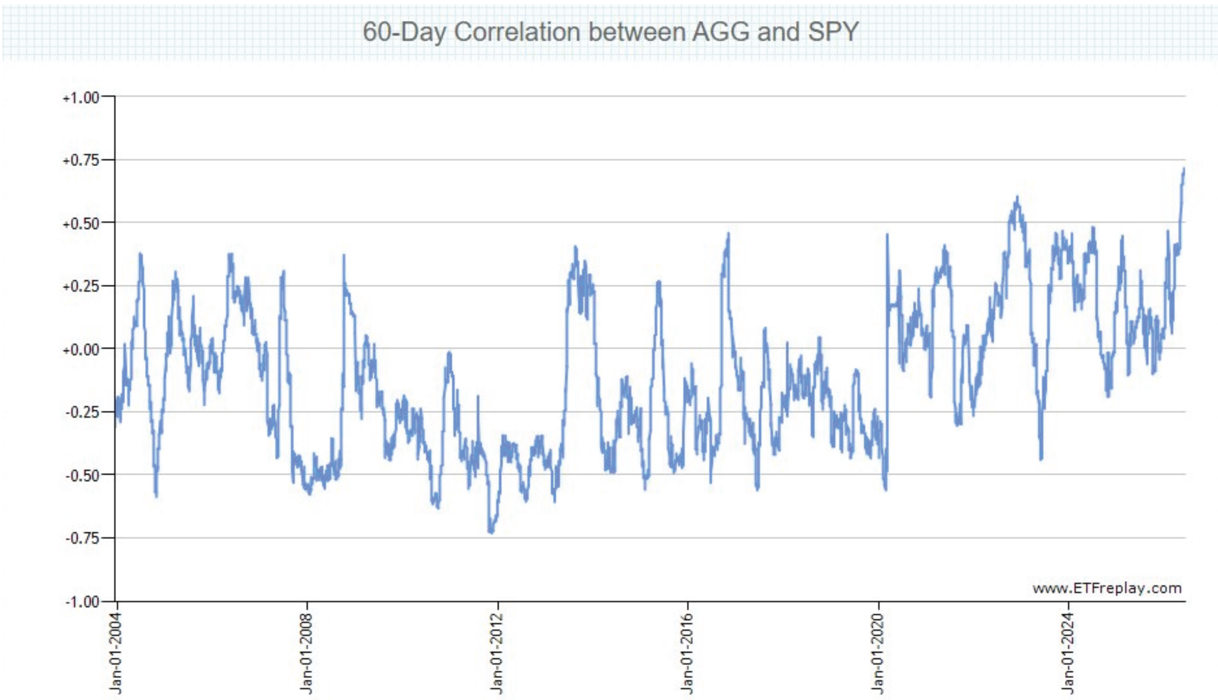
Concentration is not only a risk to bear; it is an inefficiency to exploit — and that is where a hedge fund allocation may play a role in portfolio construction. The same concentration that degrades the index as a passive holding also mechanically handicaps long-only active managers: under a long-only constraint, a manager's largest possible underweight in any stock is that stock's index weight, and the share of S&P 500 names big enough to express a meaningful underweight (≥ 50 bps) has fallen from roughly 10% in 1997 to about 6% today. Concentration thus transfers alpha potential away from long-only mandates and toward managers who can short. Goldman Sachs data shows the typical hedge fund holding roughly 72% of its long book in its top ten positions — concentrated where it has conviction, hedged where it does not. A long/short allocation is not merely a diversifier in a concentrated market; it may be better positioned to express these dynamics.

RISK NO.2 - CORRELATION

The Hedge Has Become the Exposure

The case for the 40% bond sleeve was never primarily about yield; it was about correlation. From the mid-1980s through 2021, stocks and bonds reliably moved in opposite directions, and that negative correlation was the mechanical foundation of the 60/40 model. The relationship broke decisively in 2022, when the Bloomberg U.S. Aggregate fell 13.01% — its worst annual return on record — in the same year equities sold off sharply, handing a typical 60/40 portfolio a roughly 17.5% drawdown, its worst year since 1937.

The breakdown was not a one-year accident. As of June 9, 2026, the 60-day rolling correlation between the iShares Core U.S. Aggregate Bond ETF (AGG) and the S&P 500 ETF (SPY) stands at **+0.70** — within two points of the highest reading (+0.72) in the entire data series going back to December 2003, a span that covers the global financial crisis, the 2013 taper tantrum, the 2020 pandemic shock, and the 2022 repricing. For most of those two decades the same measure was negative, frequently below −0.50. The IMF and multiple institutional research teams attribute the regime change to a structural shift: the reliably negative correlation of 1985–2021 was a product of falling inflation and falling rates. In a regime of persistent inflation risk, heavy sovereign issuance, and structurally higher neutral rates, stocks and bonds can remain positively correlated for extended periods. When both sleeves move together, the 40% allocation is not a diversifier — it is additional exposure to the same macro factor, dressed in safer clothing.



	Max	Min	Last
60-Day Correlation	+0.72	-0.73	+0.70

ETFreplay.com — AGG vs SPY 60-day rolling correlation of total returns, December 15, 2003 – June 9, 2026.

Source: ETFreplay.com, 60-day rolling correlation of total returns, AGG (iShares Core U.S. Aggregate Bond ETF) vs SPY (SPDR S&P 500 ETF), December 15, 2003 – June 9, 2026. Series maximum +0.72; minimum –0.73; latest +0.70. Correlation of ETF total returns is shown as a proxy for the underlying stock and bond indices. Correlations are not static and may change materially over time.

RISK NO.3 - DURATION

More Rate Sensitivity, Exactly When It Hurts

The third risk compounds the second. The duration of the Bloomberg U.S. Aggregate Bond Index — the standard proxy for the "40" — stood at **5.79 years as of March 2026**, against a long-run average of 4.98 years and roughly 4.5 years in 2006. The benchmark bond sleeve therefore carries approximately 30% more interest-rate sensitivity than it did twenty years ago, and remains well above its historical norm even after declining from its 2021–2022 peak. As a first-order approximation, a portfolio with 5.8 years of duration loses roughly 5.8% of its value for every one-percentage-point parallel rise in rates, before income offsets.

Each risk in isolation is manageable. The combination is the problem. Elevated bond duration makes the 40% sleeve more sensitive to rates and inflation — and that same variable reaches the equity sleeve through an identical channel. A stock is worth the present value of its future cash flows, so when most of that value sits in distant, terminal-year cash flows, the equity behaves like a long-duration asset whose price falls as discount rates rise. The concentrated mega-cap growth names that now dominate the index (Risk No. 1) are precisely the longest-duration equities, which is a central reason stocks and bonds have begun to fall together: the index's tilt toward them has effectively lengthened the equity sleeve's own rate sensitivity. Duration risk, in other words, is not confined to the 40%; it runs through both sleeves. With the 10-year Treasury at 4.54%, AGG roughly −0.5% year-to-date through late May, and a Federal Reserve positioned for at most one further cut this year, a 60/40 investor today is effectively long one macro factor — rates — twice over, with extra duration attached.

03

The Hedge Fund Industry Reaches Record AUM

Institutional capital is not waiting for the academic debate to settle. Global hedge fund industry AUM reached a record $5.22 trillion at the end of 1Q26 — the fourteenth consecutive quarterly increase — on net inflows of $44.5 billion in the quarter and $89.3 billion over two quarters, the highest two-quarter total since 2007. Barclays' 2026 survey of 340+ investors representing $7.8 trillion reports the strongest hedge fund inflow intentions in nearly two decades; BNP Paribas finds 64% of allocators planning to increase exposure in 2026. Both surveys cite the same rationale: liquid, lower-correlation return streams at a time of stretched equity valuations — precisely the role fixed income no longer reliably plays.

$5.22T	**$89.3B**	**$44.5B**	**64%**
GLOBAL HF AUM — RECORD 14th straight quarterly high	TWO-QUARTER INFLOWS — HIGHEST SINCE 2007	NET INFLOWS — 1Q26	ALLOCATORS PLANNING TO RAISE HF EXPOSURE IN 2026

Sources: HFR Global Hedge Fund Industry Report, 1Q 2026 (latest available; 2Q 2026 not yet published); Barclays 2026 Hedge Fund Outlook; BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook. Past performance is not indicative of future results.

04

The Hedge Fund Industry Positions for the Second Half of 2026

The conditions behind these results are structural, not episodic. The late-2010s era of hedge fund industry underperformance was built on compressed dispersion — zero rates, synchronized growth, passive beta capturing everything. 2022–2026 has inverted each of those conditions: rates are positive, dispersion within and across markets has widened, geopolitics generates repeated regime-change events, and AI is producing winner-take-most dynamics that skilled managers can trade on both sides of the book.

Cambridge Associates describes the environment — elevated dispersion, low correlations, policy uncertainty — as structurally favorable for long/short managers; Wellington reaches the same conclusion for hedge fund allocations broadly. Three specific second-half catalysts stand out: an expected record IPO calendar (directly supportive of event-driven and activist strategies), the policy clarity following the Warsh Fed confirmation, and a cleaner macro environment as April's oil distortion unwinds.

None of these depends on equities going up — only on markets continuing to differentiate. But differentiation cuts both ways: the same forces that reward skilled managers widen the gap between the best and worst funds, which makes capturing this environment less a question of access to hedge funds than of selecting the right ones.

Selection, not access, determines the outcome — and that is precisely the discipline a curated platform is designed to support.

WHERE CRYSTAL FITS IN

See How Crystal's Platform Is Built for This Environment

Advisors on the platform gain access to a curated roster of institutional private equity, private credit, and hedge fund exposures, backed by independent due diligence, portfolio construction support, and client-ready educational materials — delivered through reduced investment minimums, a single streamlined subscription document, and consolidated reporting. Everything required to allocate to alternatives with institutional rigor and operational ease.

SIGN UP NOW

crystalfunds.com/signup

SPEAK WITH CRYSTAL

crystalfunds.com/schedule

METHODOLOGY NOTES, IMPORTANT CONSIDERATIONS AND RISK FACTORS

Sharpe ratio methodology. Implied Sharpe ratios are computed by Crystal Capital Partners as excess return over cash divided by volatility, on a monthly-return basis, using only the cited inputs. The cash rate is 3.30% (five-year average), derived from the report's HFRI excess-over-cash figures and applied uniformly to all three return streams. Five-year annualized returns and volatilities: hedge funds 7.96% at 2.76% (BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook); U.S. 60/40, Vanguard Balanced Index Fund (VBIAX), 7.91% at 9.59%; global 60/40, iShares Core 60/40 Balanced Allocation ETF (AOR), 7.13% at 10.92%. Volatilities are annualized monthly standard deviations (Morningstar/provider). Fund returns are net of fund expenses and hedge fund survey returns are net of fees. These computations are illustrative and are not official statistics of HFR, BNP Paribas, Vanguard, or BlackRock.

Stock-bond correlation. The +0.70 figure is the 60-day rolling correlation of total returns between AGG and SPY per ETFreplay.com as of June 9, 2026; the data series begins December 15, 2003 (series maximum +0.72, minimum −0.73). ETF total-return correlation is a proxy for the underlying indices and reflects a short (60-day) measurement window; longer-window correlations will differ, and correlations change over time.

Duration. Index duration figures reflect the Bloomberg U.S. Aggregate Bond Index (5.79 years as of March 31, 2026, per Hartford Funds using Barclays Live/Bloomberg data; long-run average 4.98 years; approximately 4.5 years in 2006 per LCG Associates/Bloomberg). Index duration peaked above current levels in 2021–2022 before declining; the comparison in this report is against the 2006 level and the long-run average, not a claim of an all-time high. The statement that a 1% rate rise implies an approximate 5.8% price decline is a linear duration approximation that ignores convexity and income.

Index and category limitations. Performance data reflects index-level results and does not represent any fund or portfolio managed by or available through Crystal Capital Partners. HFRI indices are subject to survivorship and backfill biases inherent in hedge fund databases; reported returns may overstate the investable universe. HFRI May 2026 figures are Flash Update estimates subject to revision. Capital and flow figures reflect the HFR Global Hedge Fund Industry Report, 1Q 2026, the latest available. Reported hedge fund volatility reflects NAV-based reporting, which may understate economic risk due to smoothing, illiquidity, and stale pricing; the true risk profile of underlying strategies is not fully captured by the volatility and Sharpe figures cited. Concentration metrics (effective bets, HHI-based measures) are model-dependent and vary by provider.

Hedge fund risks. Hedge fund investments involve significant risks, including illiquidity and lock-ups, leverage (which amplifies gains and losses), short-selling risk, concentration risk, manager-specific risk, and the potential loss of the entire investment. Comparisons between hedge fund indices and AGG or equity indices do not account for differences in liquidity, fees, minimums, or the range of individual fund outcomes. A bond allocation may serve functions — liability matching, current income, regulatory requirements — that a hedge fund allocation does not replicate. Past performance is not indicative of future results.

SOURCES

Primary Performance Data. HFR, HFRI Monthly Indices Flash Update, May 2026 (June 5, 2026); HFR press release, "HFRI Extends Surge in May on Technology and AI Optimism," June 5, 2026; HFR, HFRI Defined Formulaic Methodology, 2026 (v.2026.01.15).

Industry Capital and Flows. HFR Global Hedge Fund Industry Report, 1Q 2026.

Risk-Adjusted Return Inputs. BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook (246 allocators, $1.1T in hedge fund assets; hedge fund returns over cash and volatility); Vanguard Balanced Index Fund (VBIAX) — U.S. 60/40 benchmark — calendar and trailing returns per Vanguard, five-year standard deviation per Morningstar; iShares Core 60/40 Balanced Allocation ETF (AOR) — global 60/40 benchmark — calendar and trailing returns per iShares fact sheet (March 31, 2026), five-year standard deviation per Morningstar.

Equity Market Concentration. Research published by a leading quantitative investment manager, "The Concentration Game," February 2026 (underlying data: S&P Global Market Intelligence; LSEG Data & Analytics; MSCI; Bloomberg) — source document on file with Crystal Capital Partners; RBC Wealth Management / FactSet, "The Great Narrowing," January 2026; AhaSignals ACRI (SSGA SPY holdings), April 13, 2026; Columbia Threadneedle, September 2025; Guinness Global Investors, October 2025; Goldman Sachs 10-year forward return estimate; S&P Dow Jones Indices, U.S. Equal Weight Sector Dashboard, April 30, 2026.

Stock-Bond Correlation and Fixed Income. ETFreplay.com, AGG vs SPY 60-day rolling correlation, December 15, 2003 – June 9, 2026 (accessed June 9, 2026); Bloomberg U.S. Aggregate Bond Index historical returns; iShares Core U.S. Aggregate Bond ETF (AGG), BlackRock, YTD total return as of May 26, 2026; Hartford Funds, "Are You Prepared for Duration Risk?" Q2 2026 (Barclays Live / Bloomberg); LCG Associates, "Bloomberg Aggregate: Then and Now," March 2024; Charles Schwab, 2026 Taxable Fixed Income Mid-Year Outlook, June 5, 2026; Trading Economics, U.S. 10-Year Treasury Yield, June 9, 2026; IMF / Economic Perspectives, February 2026; Landmark Wealth Management / Bloomberg / FactSet / J.P. Morgan, 60/40 return decomposition, March 2026.

Allocator Surveys and Corroboration. Barclays 2026 Hedge Fund Outlook (340+ investors, $7.8T); BNP Paribas Capital Introduction, 2026 Hedge Fund Outlook; Goldman Sachs Prime Services / Prime Insights & Analytics, 2026.

Manager Dispersion. HFR / Hedgeweek, April 2026 (2025 full-year manager decile dispersion).

Portfolio Construction Research. Cambridge Associates, "2026 Outlook: Diversifier Views," February 19, 2026; Wellington Management, "2026 Hedge Fund Outlook," December 2025.

Market Context. CNBC, May 2026; International Energy Agency, May 2026; Man Group, Q2 2026 Hedge Fund Strategy Outlook; HFR liquid-alternative UCITS note, mid-May 2026.

IMPORTANT DISCLAIMERS

GENERAL DISCLOSURE

This website is intended only for the use of a professional financial advisor (a "portfolio advisor"); contains information that is privileged and/or confidential; and may not be disseminated or altered. Crystal Capital Partners, LLC ("CCP," "we," or "us") is an SEC registered investment adviser that provides customized hedge and private equity fund portfolio solutions to portfolio advisors and their clients. Neither the SEC nor any other government agency has endorsed the merits of CCP's website, products, services, educational materials, and/or any of the information contained therein.

For persons in the United Kingdom: Only firms that are authorised by the Financial Conduct Authority are permitted to access investments through CCP. No other person in the United Kingdom should treat this communication as being directed at them. Please note that only investors who are Professional Clients for the purposes of the FCA's rules will be able to invest into the Funds, which will be made available to selected FCA authorised firms with whom we interact. Potential investors who are Retail Clients for the purposes of the FCA's rules will not be able to invest on CCP's platform via FCA authorised intermediaries.

This website is for informational purposes only and is not investment advice or an offer to sell or the solicitation of an offer to buy any interest in any entity or investment vehicle. Any offer to sell or solicitation to invest will only be made through the Offering Documents of one or more investments managed by CCP in accordance with all applicable laws and regulations. This website should not be relied upon as professional and/or financial advice, nor does it constitute a comprehensive or complete statement of the matters discussed therein. No representation is being made that any investment will or is likely to achieve profits or losses similar to those shown or described. Performance will vary depending on many factors, including, but not limited to, investment strategies, taxes, market conditions, and applicable advisory and other fees and expenses related to investing, including fees imposed by CCP and the portfolio advisor(s). Not all exposures may be available at all times due to capacity or for other reasons.

Certain information on this website constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or other comparable terminology. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. Although the expectations expressed on this website are reasonable, actual results could be materially different. Information contained on the website, including data used in the calculation of some estimates and projections, comes from certain third parties. Any information provided by third parties has not been independently verified by CCP. Accordingly, neither CCP nor any of its affiliates, or employees will be liable to you or anyone else for any loss or damage from the use of the information contained in this website. Additionally, any projections, predictions, market outlooks and estimates included on the website are based upon certain assumptions, including, but not limited to, current and expected market conditions. Other events that were not considered may significantly affect any projections.

Investments available on CCP's platform carry certain risks as alternative investments are complex, speculative, and illiquid investment vehicles and are not suitable for all investors. Please see the applicable Offering Documents for more information. Please also refer to the CCP Terms of Use and all related CCP disclosures.

IMPORTANT LEGAL INFORMATION AND LIMITED USED OF EDUCATIONAL MATERIALS DISCLAIMERS

This website permits third parties, such as portfolio advisors, to use and rebrand the materials produced therein (the "Educational Materials") under their names for educational and informational purposes only. As described further below, CCP assumes no responsibility for the Educational Materials, their use or distribution by third parties, including any additional edits to the Educational Materials by third parties, and expressly forbids any further alterations to the Educational Materials beyond branding. Readers of the Educational Materials should be advised that such third parties have relationships with CCP and are subject to various conflicts of interest.

The Educational Materials should not be construed as personalized investment advice (or an offer thereof) for compensation or a recommendation of investment advice to buy or sell any investment nor are the Educational Materials intended as an endorsement of any security or investment (including any investment product managed by CCP or any other third party); the Educational Materials are for informational purposes only and any information contained in them merely represent investment opinions. CCP cannot guarantee the suitability of any particular investment to any personal situation and the reader of the Educational Materials bears complete responsibility for its own investment research and should seek the advice of a qualified investment and/or tax professional prior to making any investment decisions. Information contained in the Educational Materials has been obtained from sources believed to be reliable, but not guaranteed, and CCP assumes no liability for the information provided. Any information, data, research, news articles, forecasts, figures, opinions, projections, statements of financial market trends or investment techniques and strategies expressed on the website are considered to be reasonable at the time of production, but CCP makes no warranty as to their accuracy and reliability or completeness, and the Educational Materials may be subject to change without reference or notification to you. Any quotations of individuals in the Educational Materials are provided for informational purposes only and their accuracy and veracity are not guaranteed. The Educational Materials and any such items included therein may contain certain forward-looking statements, projections and information that are based on the beliefs of CCP (or others) as well as assumptions made by, and information currently available to, CCP (or others). Such statements in the Educational Materials reflect the view of CCP (or others) with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the Educational Materials. The Educational Materials (and any information included therein) are based on information available as of the time they were written, provided, or communicated. Accordingly, neither CCP nor its principals or affiliates make any representation as to the timeliness of any information in the Educational Materials.

At certain places in the Educational Materials, we reference or may offer direct access or links to other Internet websites. You are encouraged to exercise caution while browsing through any such connected hyperlinks to external websites. These websites contain information that has been created, published, maintained or otherwise posted by institutions or organizations independent of CCP. CCP has not reviewed any of the external websites that may be hyperlinked to the Educational Materials. Hyperlinks to external websites are provided for information and reference purposes only. CCP does not endorse, approve, certify, recommend or control these websites and does not assume responsibility for the accuracy, completeness or timeliness of the information, advertising, products, services or other Educational Materials located there. Additionally, CCP's inclusion of hyperlinks to external websites does not imply association with the owners or operators of such external websites, and the views expressed at such external websites are not necessarily the views of CCP or its affiliates. Visitors to these websites should not use or rely on the information contained therein until consulting with an independent finance professional and/or portfolio advisor. Reliance upon information in these websites is at the sole discretion of the reader; your hyper-linking to, or use of, any external websites is at your own risk. Furthermore, CCP is not responsible for the privacy practices of such other websites. Any concerns regarding any hyperlink should be directed to the respective website owner or operator/webmaster.

PERFORMANCE DISCLAIMERS

Past performance is not necessarily indicative of future results and future accuracy and profitable results cannot be guaranteed. Any performance comparison to the performance of indices in the Educational Materials or website may not be a meaningful comparison. Indices cited in the Educational Materials may not be available for direct investment. Any performance referenced in the Educational Materials is not necessarily based on the same types of investments contained in any index shown or referenced in the Educational Materials, nor is any such index representative of any performance presented in the Educational Materials. Any indices shown in the Educational Materials are only to reflect comparative performance of familiar investment styles. No representation is being made that any investment will or is likely to achieve profits or losses similar to those shown or described in the Educational Materials. Furthermore, performance will vary based on many factors, including, but not limited to, investment strategies, taxes, market conditions, and applicable advisory and other fees and expenses related to investing. No representation is being made that following the Educational Materials and/or any information contained therein will or is likely to achieve profits or losses similar to those shown or described in the Educational Materials (if at all). Any investment return and principal will fluctuate with market conditions, and one may have a gain or loss on its investments. Accordingly, individual returns may vary from any of the returns shown in the Educational Materials. To the extent any investment funds referenced in the Educational Materials are invested in indirectly through an investment platform managed by CCP, the returns of such funds (including the returns of any such funds referenced in the Educational Materials) will be further reduced as a result of fees imposed by CCP and the portfolio advisor. Any performance in the Educational Materials is not audited and is not intended to comply with AIMR-PPSA or GIPS guidelines.

NO OFFERING OR SOLICITATION

CCP may only transact business or render personalized advice, and offers of service can only be made, in those states or international jurisdictions where CCP is registered or where an exemption or exclusion from registration is available. Nothing herein is an offer of any service that is not legal or permissible in any particular jurisdiction given CCP's current licenses. CCP is not registered as a securities broker-dealer with the U.S. Securities and Exchange Commission (the "SEC") or with any state securities regulatory authority or with any foreign country; CCP is an SEC registered investment adviser that provides customized alternative portfolio solutions for portfolio advisors and their clients. As such, the Educational Materials are provided to portfolio advisors for their (or their clients') informational or educational purposes only and are not intended as, and may not be relied on in any manner, as legal, tax or investment advice, a recommendation, or as an offer to sell, a solicitation of an offer to purchase or a recommendation of any interest in any fund, security, entity or investment vehicle from CCP or an attempt to effect transactions in securities. The information in the Educational Materials is in summary form for convenience of presentation; it is not complete and should not be relied upon as such.

Any offer to sell or solicitation to invest will only be made through the relevant Offering Documents (of one or more investments managed by CCP) to persons (through and working in conjunctions with their portfolio advisors) who meet the investor suitability and sophistication requirements in jurisdictions in which any such offer or solicitation is permitted and in accordance with all applicable laws and regulations. Accordingly, the Educational Materials must be read in connection with such Offering Documents in order to understand fully all of the implications and risks of any investments managed by CCP. There can be no assurance that the objectives or information stated in the Educational Materials can or will be achieved. Alternative investments carry a high degree of risk and are complex, speculative investment vehicles and are not suitable for all investors; one can lose all or a substantial amount of its investment in alternative investments such as private equity funds and hedge funds.

AWARDS, RANKINGS, AND/OR RECOGNITIONS

Any awards, rankings and/or recognition by unaffiliated rating services and/or publications should not be construed as a guarantee that you will experience a certain level of results, as an indication of future performance, nor should it be construed as a current or past endorsement of CCP. Such awards, rankings and/or recognition were based in part on subjective criteria and a limited universe of candidates, and therefore there can be no assurance that a different panel of judges would not have selected other submissions as the winners. Please refer to the websites of the sponsors of these awards for important information regarding the criteria for the awards, and the manner in which such awards were determined.

ENDORSEMENTS

Any endorsement contained herein that indicates approval, support, or a recommendation of CCP or describes a person's experience with CCP—including potential endorsements from investment advisors who have partnered with CCP—was not the result of any cash or noncash compensation provided by CCP for such endorsement. However, as a standard course of business, portfolio advisors may receive an "Advisory Fee" from their clients who subscribe to the platform, and such a relationship could have influenced any endorsement of CCP provided by a portfolio advisor. Any endorsement of CCP made by a portfolio advisor is non-representative of all the portfolio advisors that CCP works with and may be the result of unique and past experiences that do not guarantee future results.