



ENIGMA Quarterly Overview 2026 Q1

Executive Summary

The first quarter of 2026 was marked by rising geopolitical tensions, increasing volatility, and a clear rotation in market dynamics. While January unfolded relatively constructively thanks to a pronounced defensive positioning, market sentiment deteriorated in February and culminated in March with one of the most turbulent months of recent years. Throughout the quarter, ENIGMA remained true to its core philosophy: capital preservation, adaptability, and strict risk management. Although March resulted in a negative month, losses remained contained within the broader long-term framework.

Market Environment by Month

January 2026 – Defensive Stability

- Rising equity markets, but growing underlying uncertainty.
- Strong appreciation of gold and a weakening of the USD against the EUR.
- ENIGMA maintained a defensive positioning with broad index exposure, structural hedges, gold, and cash.
- Downside risk was effectively limited during sharp market declines.

This month confirmed the strength of a structured, non-emotional defensive approach.

February 2026 – Rising Volatility in a Flat Market

- The S&P 500 showed limited overall movement.
- Strong sector rotation: defensive sectors outperformed, while technology came under pressure.
- Due to sharply rising geopolitical risks, the VIX increased by more than 30% since the start of the year, despite an almost flat S&P 500 index.

Strategic adjustments by ENIGMA:

- Reduction of net long equity exposure.
- Increased focus on mean-reversion strategies.
- Higher hedge activity.
- Greater emphasis on intraday trading and reduced overnight exposure.

February acted as a transition month, during which volatility signaled a clear shift in market regime.



March 2026 – Turbulence and Drawdown

- The S&P 500 declined by 5.1%, its weakest month since 2022.
- The index temporarily traded more than 8% below its peak.
- Escalating tensions in the Middle East (including Iran) weighed heavily on market sentiment.
- The VIX rose above 30 and closed the month around 25.4.

Impact on ENIGMA:

- Further reduction of long exposure.
- Predominance of intraday and mean-reversion strategies.
- Increased hedge positions.

The extremely volatile environment led to multiple whipsaw movements. These whipsaws are viewed as noise within an adaptive system and have historically often preceded strong multi-month performance periods.

Quarterly Conclusion (Helicopter View)

- Q1 2026 reaffirms the importance of defensive and adaptive risk management.
- Markets shifted from an apparently stable environment to a regime of heightened uncertainty and volatility.
- ENIGMA limited losses under extreme market conditions and remained within predefined risk parameters.
- Short-term noise (such as whipsaws) does not impair the long-term return profile.

Core message: ENIGMA is not designed for perfect market timing, but for robust performance across full market cycles. The first quarter of 2026 highlights the resilience of a disciplined, systematic approach focused on capital preservation and sustainable growth.



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