poosungai

Loss Reserve (LR) Preface

The Loss Reserve is one of CBO Fund'ss quiet assurancesâ€”a steady presence that protects the Fund even when markets turn unpredictable. Most days, LR does nothing at all; it simply waits, holding its strength in reserve. But when daily volatility threatens the monthly rate, LR steps in with calm precision, covering the shortage and keeping the Fund on course.

For investors, LR is meant to feel like stability you don't have to think about. It does not interfere with trading results or inflate performance. Instead, it acts like a cushion beneath the Fundâ€”soft enough to absorb sudden drops, firm enough to preserve the integrity of the monthly rate. Its fixed 20% structure ensures that protection is always available, always measured, and never excessive.

When LR grows beyond what the Fund needs, the surplus strengthens CBO Fund's foundationâ€—supporting operations, technology, and the systems that keep the Fund resilient. In this way, LR not only guards the present but quietly reinforces the future.

This section explains how LR works, why it is capped, and how it shapes the monthly rate. More importantly, it reflects a simple truth: your investment is supported by a structure designed to stay steady, even when the world around it doesn't.

Premium Profit Flow Structure

Daily trading generates the Fund's gross profitâ€—the pure result of disciplined market engagement. Before any distribution occurs, CBO Fund protects its monthly rate through the Loss Reserve, a fixed 20% stability buffer designed to absorb volatility without distorting true performance.

Once LR is accounted for, the remaining amount becomes net profit. From this net profit, 40% is allocated to investors, while 60% strengthens Corporate Business Operations (CBO), supporting the infrastructure, automation, and long-term resilience that define Quiet Peak's boutique stability.

```
        [ Daily Trading ]
                â†“
        [ Gross Profit ]
                â†“
[ LR Stability Buffer â€” Fixed 20% ]
                â†“
          [ Net Profit ]
                â†“
[ 40% Investors ]     [ 60% CBO ]
```

Loss Reserve (LR)

Overview

The Loss Reserve (LR) is the Fund's regulatory buffer, fixed at 20% of the trading fund. Its purpose is to stabilize the Fund's monthly rate by supplying corrective value whenever actual performance falls below the established standard. LR activates only upon deviation, providing the exact shortage-covering amount required to restore the rate and maintain monthly stability despite daily trading volatility.

LR Limit and Transparency

With a base trading fund of 100,000, the LR limit is 20,000. This cap represents the maximum amount required for rate stabilization and is intentionally fixed to preserve transparency and prevent distortion of true trading results.

Excess LR Allocation

Any accumulation above the 20% limit is automatically transferred to the Corporate Operational & Technological Pool. This structure ensures LR remains a pure rate-stabilizing mechanism while excess strength contributes to CBO Fund's operational resilience, infrastructure, automation, and technological advancement.

Impact on Monthly Rate Adjustment

Daily LR usage reduces the monthly rate adjustment. When LR supplies daily corrections, part of the monthly rate is generated through LR rather than trading. As a result, the monthly adjustment becomes smaller because LR has already contributed to maintaining the standard rate throughout the month.

Premium Visual Diagram: LR Strength Across Profit & Loss Days

```
        +------------------------------+
         |        20 Profit Days       |
         +--------------+--------------+
                        |
                        v
               Gross Profit: 32,000
                        |
                        v
             LR Allocation (20%): 6,400
                        |
                        v
                  Net Profit: 25,600
                        |
                        v
+------------------------------+------------------------------+
|        Investors (40%)       |          CBO (60%)           |
v                              v                              v
```

```
10,240                        15,360                  Fund Infrastructure
                               |
                               v
                +------------------------------+
                |         4 Loss Days          |
                +--------------+---------------+
                               |
                               v
                      Loss Amount: 6,400
                               |
                               v
              Investor Loss Share (40%): 2,560
                               |
                               v
                Daily ROI Shortfall (165 x 4): 660
                               |
                  Total Investor Shortage: 3,220
                               |
                               v
                    LR Protection to Investors
                               |
                               v
                    LR Remaining Balance: 3,180
```