



Founded in 2018, Liberty Road Capital is a world class digital asset manager, specialising in yield enhancement strategies for digital currencies, especially Bitcoin. The team has decades of experience in asset management, investment banking and digital and blockchain business. Liberty Road offers three strategies; 1. A Covered Call strategy that uses zero leverage where the USD principal is 100% protected. 2. A Negative Gamma Strategy that utilises up to 3x leverage, trading the bitcoin volatility surface with a directional bias depending on fundamental blockchain analysis and 3. A full bitcoin volatility trading program that buys and sells bitcoin calls and puts, arbitrages the volatility surface and arbitrages across products and across exchanges. Liberty Road is based in the Cayman Islands and is regulatory exempt under the Cayman Islands Monetary Authority.

## Background and Investment Strategy

The Liberty Road Covered Call strategy utilises world class quantitative methods to map a live volatility surface from individual exchanges, and produces both individual exchange and combined volatility surfaces. A proprietary Artificial Intelligence programme then analyses the volatility surface and maximizes the risk premium obtained by selling calls at the peaks on the volatility surface. Strikes and maturity are laddered to minimize concentration, and risk is capped at a leverage of 1:1 and delta hedging is permitted up to a leverage level of 1:1. The strategy may be partly in cash in the event of market conditions that signal a potential rise in BTC versus the USD.

An arbitrage overlay can be included, where risk free intra-exchange arbitrage trades are executed for 25% of the notional investment. Returns quoted do not include an arbitrage.

As Calls are cash settled in BTC and not in USD.

The portfolio is monitored 24 hours a day 7 days a week, and trades are always evaluated and executed by an experienced portfolio manager. Liberty Road offers investors the ability to monitor their portfolio returns in real time via an investor portal login.

Liquidity varies by allocation size, ranging from daily to monthly for large investments.

## Risk Oversight

Risk is actively managed. The portfolio adopts forward looking EVaR limits, proprietary risk evaluation addressing left hand tail risk and incorporates Extreme Value Theory.

Covered Call Strategy - Gross			
Annualised Return	44.60%	Annualised Risk	23.9%
6 Month Rolling Return	8.98%	Sharpe Ratio	1.84
3 Month Rolling Return	2.82%	Skewness	-1.2
Year to date	4.03%	Kurtosis	4.3
% Months Positive	76%	Max Drawdown	-27.73%



## Overview

The strategy is managed with a Leverage limit of 1. Therefore, capital in USD terms is never at risk. However, returns are significantly improved over simple covered call strategies due the active and real time analysis of real time volatility surfaces, combines with an AI Process that continually evaluates the next best trade.

## Monthly Performance Data - BTC %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2019</b>				-2.71	-4.95	-0.47	11.17	11.77	12.75	9.16	2.57	1.20	<b>40.46</b>
<b>2020</b>	2.55	-0.72	2.32	-8.79	0.39	14.25	10.85	5.68	9.31	7.50	-6.29	0.11	<b>37.16</b>
<b>2021</b>	-21.55	8.82	8.28	6.42	12.91	6.02	3.63	6.11	8.58	-1.34	1.77	3.18	<b>42.83</b>
<b>2022</b>	1.21	-0.30	1.52	1.60									<b>4.03</b>

## Key Information

Launch date	1 Apr 2019	Average Duration	0.25-12 months
Investment vehicle	Cold Wallet	Max Leverage	1x
Liquidity	Daily/Weekly/Monthly	Currency Exposures	BTC/USD
No. of holdings	15-25	Asset Classes	BTC
Daily EVaR Limit	5%	Minimum Investment	100 BTC

## Liberty Road Capital

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