



Founded in 2019, Liberty Road Capital is a world class digital asset manager, specialising in yield enhancement strategies for digital currencies, BTC and ETH. The team has decades of experience in asset management, investment banking and digital and blockchain business. Liberty Road offers four strategies; 1. A Covered Call Strategy that uses zero leverage. 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 Volatility Trading program that buys and sells bitcoin calls and puts, arbitrages the volatility surface and arbitrages across products. Diversified Alpha is a blended strategy that consists of 50% Covered Call, 25% of Negative Gamma and 25% Volatility Trading.

## Background and Investment Strategy

The Liberty Road Diversified Alpha strategy utilises world class quantitative methods to optimize risk-adjusted returns and minimize drawdowns by opportunistically allocating into three sub-strategies (Negative Gamma, Covered Call, Volatility Trading).

A proprietary Artificial Intelligence programme then analyses the volatility surface and determines the trading opportunities relevant to each strategy.

Diversified Alpha provides a significant reduction in volatility due to the negative correlation between Covered Call (CC) and Volatility Trading (VT) in particular. In quiet down markets CC continually earns premium by being long Theta, while during directional markets VT protects during breakouts by generally being long Gamma.

Deploying 2x Covered Call gives a Sharpe Ratio of 5.55 and the blended product actually has about the same volatility as Covered Call on its own, which employs no leverage, but with 3x the return.

The portfolio is monitored 24 hours a day 7 days a week, and trades are always evaluated and executed by an experienced portfolio manager.

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.

BTC Diversified Alpha Strategy			
Annualised Return	135.8%	Annualised Risk	25.0%
6 Month Rolling Return	18.86%	Sharpe Ratio	5.36
3 Month Rolling Return	5.95%	Skewness	0.4
Year to date	9.41%	Kurtosis	0.9
% Months Positive	89.5%	Max Drawdown	-9.50%



## Overview

The strategy is a blended mix of the three Liberty Road Strategies, Covered Call, Negative Gamma and Volatility Trading. Each component is managed separately with the specific risk limits for each strategy. The covered Call Strategy is levered at 2x, with Negative Gamma being 1x and Volatility trading being 1x. The strategy benefits at a granular level of the negative correlations particularly between Covered Call and Volatility Trading, with a daily SD of sub 12% with a annualised return of over 155%.

## Monthly Performance Data\* - BTC

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2019</b>				3.56	-1.28	4.78	11.90	7.54	5.19	8.40	1.09	1.88	<b>43.06</b>
<b>2020</b>	12.97	1.02	14.31	15.38	0.73	9.25	15.86	9.02	6.42	21.04	11.37	28.15	<b>145.52</b>
<b>2021</b>	-9.50	17.86	8.20	10.70	11.73	7.68	0.28	4.57	8.18	16.19	8.13	9.45	<b>93.48</b>
<b>2022</b>	1.63	1.83	9.02	-2.49	-0.58								<b>9.41</b>

## Key Information

Launch date	1 Apr 2019	Average Duration	0.25-12 months
Investment vehicle	Cold Wallet	Max Leverage	3x
Liquidity	Daily/Weekly/Monthly	Currency Exposures	BTC/USD
No. of holdings	15-25	Asset Classes	BTC
Daily EVaR Limit	8%	Minimum Investment	100 BTC

## LibertyRoad Capital

For more information please contact

**Anna Dinescu (EU)**  
+33.678.63.1062  
anna@libertyoadcapital.com

**Jonathan Morris (USA)**  
+1.212.991.8332  
jonathan@libertyoadcapital.com

\*Results from Apr 2019- Oct 2021 are hypothetical and do not represent actual trading results. Unlike the results shown in actual performance records, the simulated results do not represent actual trading as they have not been executed and as such these results may have under or over compensated for the impact of transaction costs and certain market factors, such as lack of liquidity or availability of input data

### Disclaimer

This document is issued on request and is for information purposes only. It is not to be construed as an offer or solicitation for the purchase or sale of any financial instruments. This document is for distribution solely to persons permitted to receive it and to persons in jurisdictions who may receive it without breaching applicable legal or regulatory requirements. In particular, this document is intended for distribution, in Hong Kong only to professional investors within the meaning of the Securities and Futures Ordinance. The information and any opinions given have been obtained from or based on sources believed to be reliable. This document does not identify all the risks (direct or indirect) or other considerations which might be material to you when entering into any financial transactions. All prices are indicative only and dependent upon market conditions. Liberty Road accepts no liability whatsoever for any direct, indirect consequential loss arising from or in connection with any use of, or reliance on, this document. Past performance is not indicative of future performance. Returns are gross of transaction costs and gross of fees and charges. All statistics are calculated on monthly returns. Source: Liberty Road, as of 30 June, 2021.