



Founded in 2019, Liberty Road Capital is a world class digital asset manager, specialising in yield enhancement strategies for digital currencies, especially Bitcoin and Ethereum. 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. 2. A Negative Gamma Strategy that utilises up to 3x leverage, trading the ethereum volatility surface with a directional bias depending on fundamental blockchain analysis and 3. A full volatility trading program that buys and sells ethereum calls and puts, arbitrages the volatility surface and arbitrages across products.

LRC is an approved investment manager in the Virgin Islands by the BVI Financial Services Commission (“the Commission”), under the Securities and Investment Business Act, 2010 (“SIBA”)

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.

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.

BTC Covered Call Strategy - Gross			
Annualised Return	43.4%	Annualised Risk	23.3%
6 Month Rolling Return	9.96%	Sharpe Ratio	1.85
3 Month Rolling Return	7.14%	Skewness	-1.1
Year to date	11.17%	Kurtosis	4.3
% Months Positive	75%	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
2019				-2.71	-4.95	-0.47	11.17	11.77	12.75	9.16	2.57	1.20	40.46
2020	2.55	-0.72	2.32	-8.79	0.39	14.25	10.85	5.68	9.31	7.50	-6.29	0.11	37.16
2021	-21.55	8.82	8.28	6.42	12.91	6.02	3.63	6.11	8.58	-1.34	1.77	3.18	42.83
2022	1.21	-0.30	1.52	1.60	1.65	6.73%	-1.24						11.17

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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