

# Digital Asset Management



LIBERTYROAD  
CAPITAL

August 2023

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# Firm Overview

**Liberty Road Capital** is a British Virgin Islands based Approved Investment Manager, under the Securities and Investment Business Act, 2010 (“SIBA”).



Founded in  
**2019**



Focused on  
**Yield Generation**

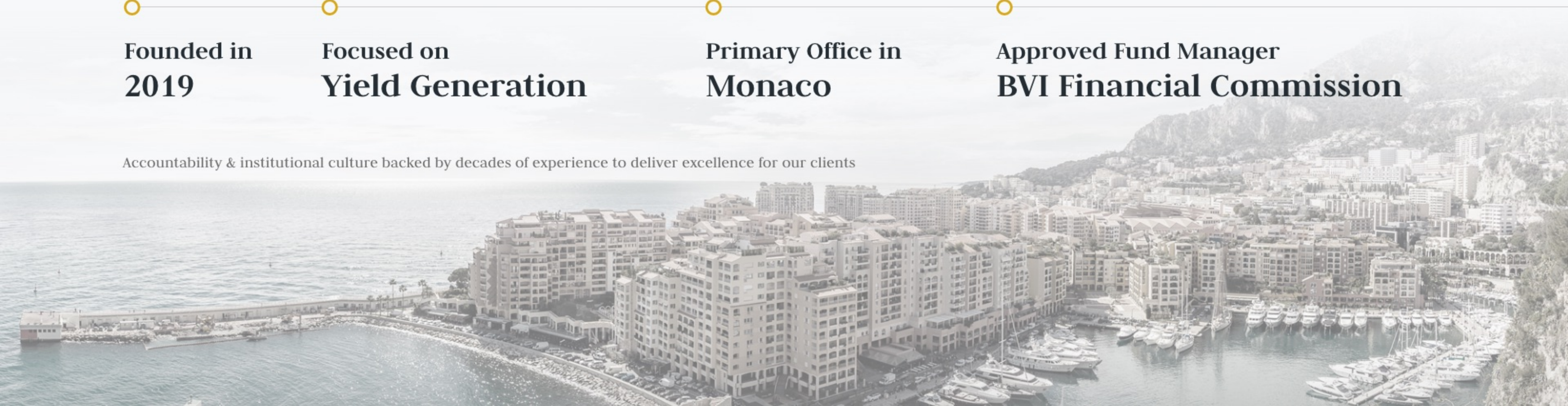


Primary Office in  
**Monaco**



Approved Fund Manager  
**BVI Financial Commission**

Accountability & institutional culture backed by decades of experience to deliver excellence for our clients







# The Vision

- ✦ World class **yield enhancement** for idle digital asset balances held on balance sheet
- ✦ Institutionally focused structure & oversight protocols for effective **risk management**
- ✦ **Capitalizing** on market inefficiencies, arbitrage opportunities and data driven insights
- ✦ **Zero counterparty risk** using the latest cold wallet protocols, with assets held off exchange in cold wallets
- ✦ Proven **team experience** in funds management and the crypto industry



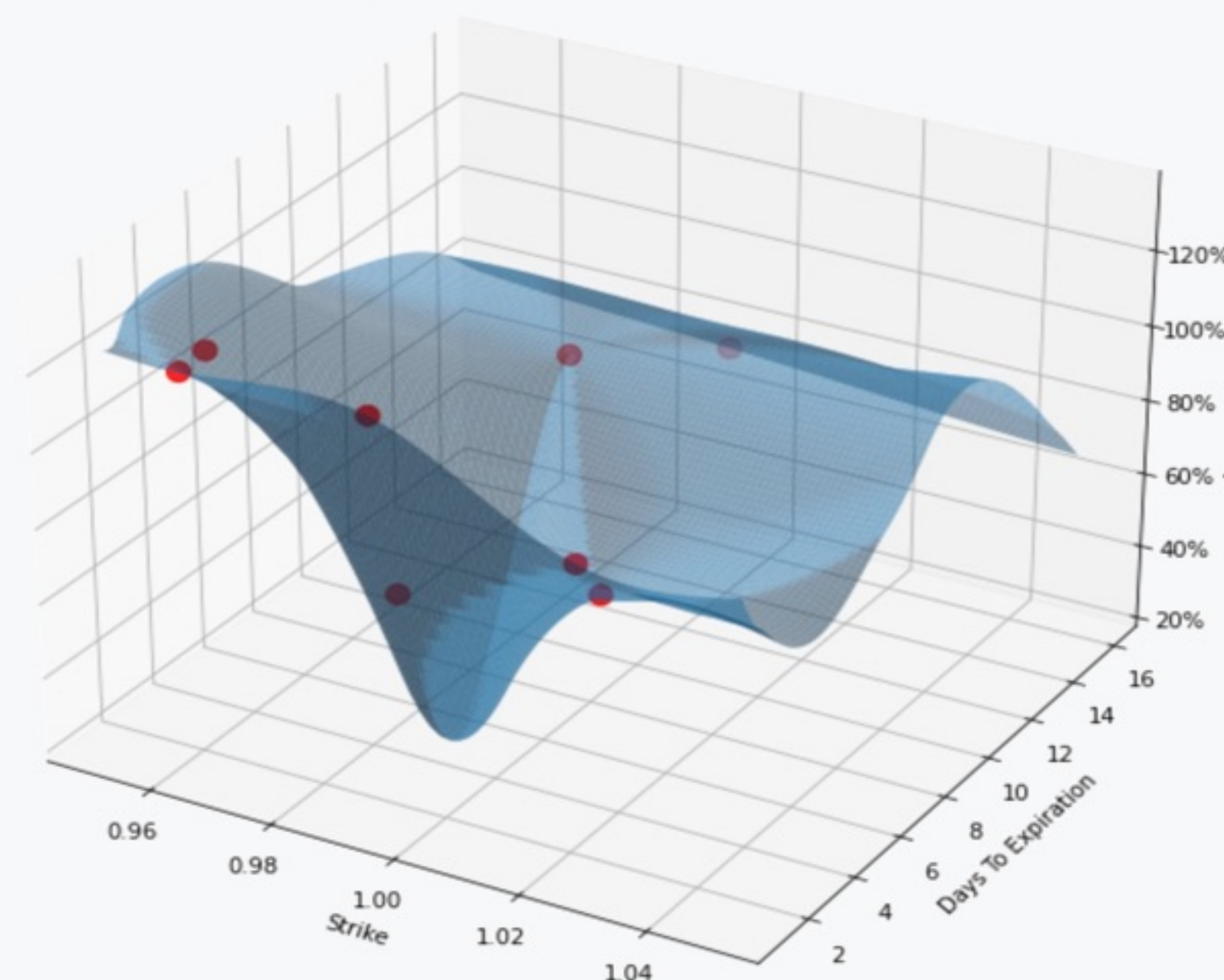


# The Opportunity

- ✦ Large inefficiencies exist in digital asset derivatives markets
- ✦ Large risk premiums are available with low risk
- ✦ Volatility options surface offers huge opportunities due to market inefficiencies
- ✦ Recent advancements in technology eliminate the credit risk of having assets held by exchanges

Volatility option surface has huge opportunities for low risk profits to provide yield enhancement for investors with idle digital asset balances.

Bitcoin Implied Volatility Surface







# Products

## Covered Call

Principal Protected Strategy

- ✦ Volatility surface used to identify the maximum risk premium available
- ✦ Risk is capped at a leverage of 1:1
- ✦ Delta hedging is permitted up to a leverage level of 1:1

**Annualised returns\***

**BTC +30.0% pa**

**ETH +63.1% pa**

## Negative Gamma

Leveraged Yield Enhancement Strategy

- ✦ Out of the money puts and calls written against underlying digital asset holdings
- ✦ AI utilised to identify opportunities
- ✦ 3x leverage utilised with a strict delta neutral policy employed ATMF

**Annualised returns\***

**BTC +74.1% pa**

**ETH +37.2% pa**

## Volatility Trading Strategy

- ✦ Arbitraging opportunities
- ✦ Volatility Surface Trading
- ✦ Directional based on the fundamental analysis of the blockchain

**Annualised returns\***

**BTC +88.3% pa**

**ETH +94.0% pa**

\*Gross returns for LRC reference accounts. Calculated as simple interest rate.





# Investment Philosophy

## Strategy

- ✦ Identify opportunities on the volatility surface
  - ✦ Exploit **arbitrage** opportunities in key derivatives markets such as cash vs perpetuals, futures and cross exchange
  - ✦ Incorporating **AI and quantitative methodologies** and tools to identify opportunities
- 

## Key Themes

- ✦ World class **risk management** utilising the best risk management tools
- ✦ **24/7 portfolio management** via an exceptional portfolio management team
- ✦ State of the art **security and custody** solutions where digital assets remain under the ownership and control of the investor in cold wallets





# Process Overview



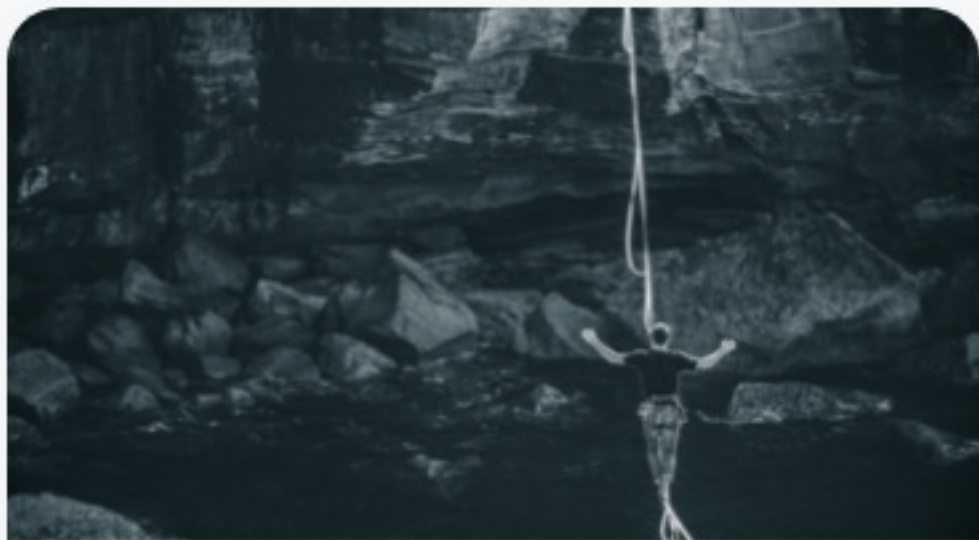
## Institutional Infrastructure

Secure. Frictionless. Ownership remains with Investor.



## Investment Opportunity

Live opportunities identified by AI. Volatility Surface. Arbitrage via Product, Curve, Exchange.



## Risk Management Procedures

Embedded in the investment process. Extreme Value Theory, Overseen by AI.

### Client Funds

- ✦ Ownership retained
- ✦ Real-time monitoring
- ✦ Secure wallets & cold storage
- ✦ No movement of assets

### Investment

- ✦ Algorithmic Arbitrage
- ✦ Live Volatility Surface
- ✦ Artificial Intelligence

### Risk Management

- ✦ Extreme Value Theory
- ✦ EVAR
- ✦ Live constantly monitored Greek limits

### Portfolio Management

- ✦ World Class PM team
- ✦ 24/7 management

### Operations

- ✦ Monthly liquidity
- ✦ Daily Portfolio Visibility



# Secure Digital Infrastructure



All assets are retained by investor in a dedicated secure offline cold wallet.



Assets can be traded against while offline in cold storage.



Investment Manager trades the portfolio under an Investment Management Agreement, but is not able to move assets from wallet.



Settlement takes place in real time, and a hold or credit is placed against cold wallet which is periodically settled by client.



100% secure.  
Zero Credit risk.





# Risk Management

## Investment Management Process

### Liquidity Risk

- ✦ Real-time monitoring of liquidity
- ✦ Strategic long bias positions

### Counterparty Risk

- ✦ Cold storage
- ✦ Sophisticated MPC wallet
- ✦ 2 of 3 signature control
- ✦ 2 keys retained by coin owner

### Event Risk

- ✦ Tactical hedging of tail risk events
- ✦ Strict risk limits & internal protocols

### Technical Default Risk

- ✦ Ongoing engineering analysis of digital assets
- ✦ Real-time onchain data feeds and analytics

## Best practices

- ✦ No single person, server, vault location or device failure can compromise our operations
- ✦ MPC wallet authorization for fund access
- ✦ Exchange partners rigorously selected based on data security practices & management
- ✦ Short term positions managed with strictly imposed risk limits
- ✦ Mitigating exposure via e-wallets, exchange accounts & other counterparty risks
- ✦ Overseen by independent risk management committee





# Team



## Russell Thompson

30+ years Finance & Trading. Ran Pan-Asia Trading for AIG, and ran desks for HSBC Hong Kong, and Midland Montagu.

Founder/ Owner The Cambridge Strategy, USD \$3.5B AUM in emerging markets strategies.

Firm attained top 1% of returns for Investment Management firms for the past 10 years.

## Tom Bowles

Financial Quantitative Expert, with 25 years experience in top-tier hedge funds, asset management and family offices in London, New York and Monaco with AUM from \$1bn to \$30bn.

Specialised in quantitative and machine learning, with a PhD from Oxford in mathematical forecasting.

Successful entrepreneur track record, building 3 MedTech companies with strong +\$1bn exits.

## Anna Dinescu

12 years Project Management in top tier multi-nationals, fin-tech startups and investment companies.

Specialised in Business development and Fund-Raising for VCs/Hedge Funds/FO focused on fin-tech, blockchain, digital assets and alternative asset investment portfolios.





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