

Established in 2019, Liberty Road Capital is a premier digital asset manager specialising in yield enhancement strategies for digital currencies such as Bitcoin and Ethereum. Boasting decades of collective experience in asset management, investment banking, and the digital and blockchain sectors, our team brings a wealth of knowledge to the evolving landscape of digital asset investments.

Programme Overview

The BTC Liberty Road Volatility Trading strategy utilises world-class quantitative methods to map a live volatility surface. A proprietary Artificial Intelligence program analyses the volatility surface and maximises or minimises the risk premium obtained by selling and buying puts and calls at the peaks and troughs on the volatility surface.

The algorithm analyses both the absolute risk premium compared to historical parameters but also evaluates mispricing opportunities on the volatility surface. Strikes and maturity are laddered to minimise concentration. The AI Machine Learning algorithm incorporates various factors to determine a "probability of success" for each trade therefore, the absolute level of risk premium is not deterministic.

Strategy

The strategy is managed with a Leverage limit of 6 and Extreme Value at Risk (EVaR) of a daily 10% limit to two Standard Deviations. Live volatility surfaces on separate and combined exchanges are evaluated, and an AI Machine Learning program continually monitors the surface for the next successful trade based on a multi-factor model.

The algorithm evaluates the medium-term trend using a combination of fundamental blockchain analysis and technical indicators. The strategy is directional. Long puts and calls are utilised based on risk premium and mispricing analysis. The portfolio is monitored 24 hours a day 7 days a week, and trades are always evaluated and executed by an experienced portfolio manager.

Key Informations

Launch date	1 Mar 2019	Average Duration	0.25-12 months
Investment vehicle	Cold Wallet	Max Leverage	5x
Liquidity	Daily/Weekly/Monthly	Currency Exposures	BTC/USD
No. of holdings	15-25	Asset Classes	BTC
Daily EVaR Limit	10%	Minimum Investment	100 BTC

Monthly Performance Data BTC %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019			-0.12	16.77	7.74	13.92	-7.41	-9.72	-12.33	2.64	5.34	9.24	26.07
2020	11.28	-0.42	44.64	21.48	-3.18	-7.08	19.17	7.08	1.14	38.88	30.81	50.40	214.20
2021	22.32	15.24	2.25	3.57	5.28	-4.98	-0.36	7.71	-3.38	12.32	-3.69	13.53	69.81
2022	1.68	2.59	23.82	-13.07	-2.68	34.98	-8.29	-9.98	-3.62	-8.18	1.49	-7.45	11.29
2023	-7.09	-1.47	-4.71	27.63	4.49	9.39	-6.47	-1.81	-12.08	-16.85	10.22	-6.56	-5.31
2024	2.56	-4.54											-1.98

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BTC Volatility Trading Strategy - Gross

Annualised Return	66.3%	Annualised Risk	50.4%
6 Mo Rolling Return	-27.25%	Sharpe Ratio	1.29
3 Mo Rolling Return	-8.54%	Skewness	1.3
Year to date	-1.98%	Kurtosis	3.2
% Months Positive	55%	Max Drawdown	-37.21%

Proactive Risk Management

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

Past Performance - Competitive Comparison

