

Digital Asset Management

Active Treasury 3X



LIBERTYROAD
CAPITAL

July 2024

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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





Investment Philosophy

Yield generation for cold wallet bitcoin balances

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





The Opportunity

More and more companies need **treasury management** to generate yield for their **BTC holdings** while monetising volatility and risk hedging. BTC revenue generation options available on the market:

Features	Borrowing/Lending	Staking/Mining	WBTC/Liquidity pools	LRC Active Treasury
Counterparty Risk (exchange risk, eg. what happened to FTX)	MEDIUM	HIGH	MEDIUM	NO RISK
No Cyber Security Risk (hacking risk)	X	X	X	✓
Costs attached	LOW	HIGH	HIGH	LOW
Liquidity Risk	HIGH	HIGH	HIGH	LOW
Consistent Returns (5% and up)	X	X	X	✓
Control of the risk /portfolio	X	✓	X	✓
Full Control and the ownership of assets (Copper)	X	X	X	✓

LRC Active Treasury is a **one-of-a-kind tool for enhancing yield**, offering **low risk** and a targeted **annualised return of over 10 %**.

AI & Machine Learning

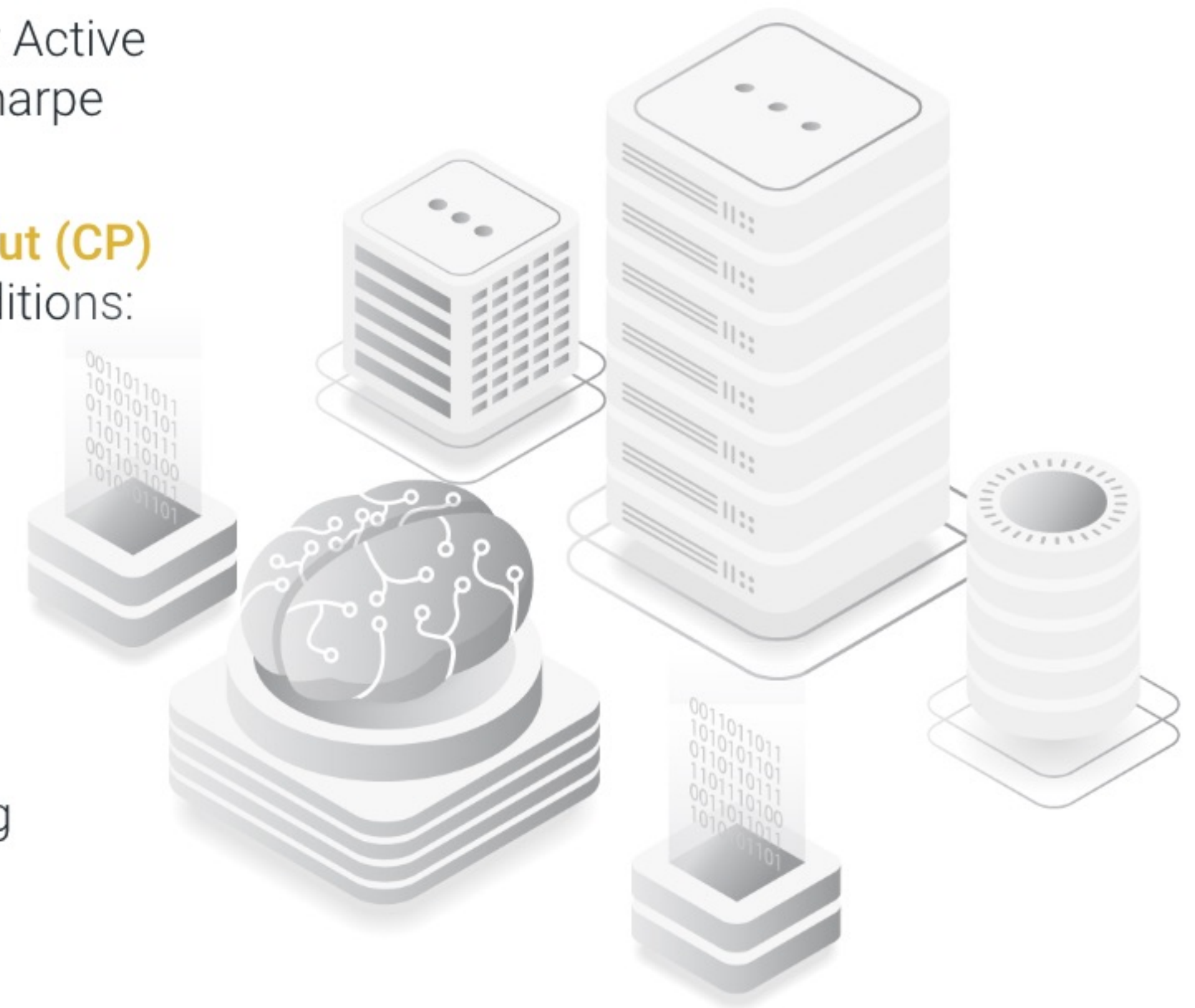
The **Liberty Road Active Treasury 3X programme** is a leveraged version of our Active Treasury strategy and targets sub 15% annualised volatility with a targeted Sharpe Ratio of 2+.

The Active Treasury Strategy combines the **Covered Call (CC)** and **Covered Put (CP)** strategies, with a flexible allocation split of 70% to 30% based on market conditions:

Market Conditions	70% Allocation	30% Allocation
Bullish Market	CP	CC
Bearish Market	CC	CP

A proprietary **AI programme** :

- Monitors and assess market direction by screening indicators and conducting fundamental analyses of the blockchain.
- Runs **ML algorithm** for trade signaling utilising world class quantitative methods that **back-test the success rate (over 90%)** of any identified trade signal.





Process Overview



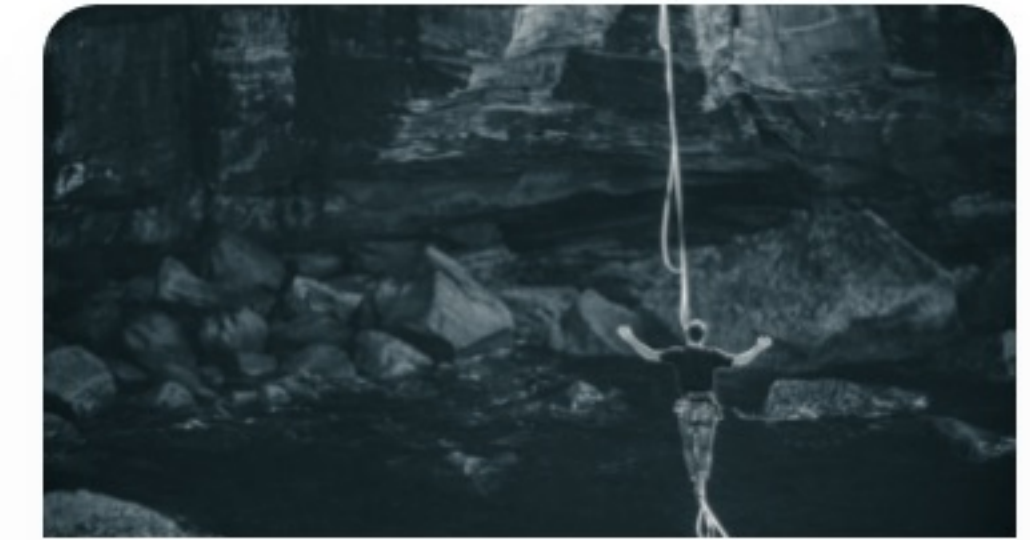
Institutional Infrastructure

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

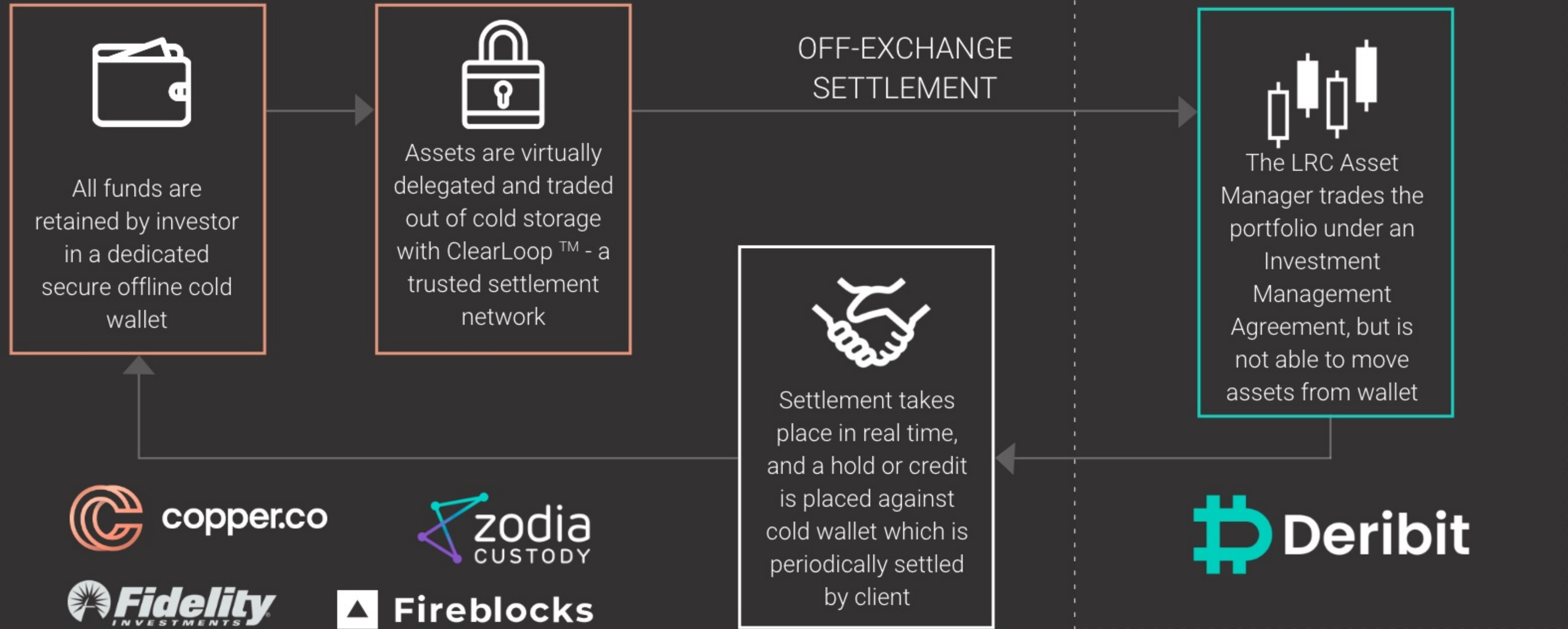
Digital Infrastructure

100% Secure. Zero Credit Risk. No Counterparty Risk.



SECURE COLD WALLET CUSTODY

CRYPTO DERIVATIVES EXCHANGE





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





Active Treasury 3X BTC Performance

Annualised Return (since inception)	39.52%	Annualised Risk	13.5%
Sharpe Ratio	2.93	Omega Score Annualised	4.79%
Largest Drawn Down	-7.68%	Length (Months)	3
Skewness	0.9	Kurtosis	3.6
Up Months	23	Percentage Months Positive	79.30%
6 Month Rolling Return	15.24%	3 Months Rolling Return	-3.24%

Summary Statistics

(Period: January 2022 – June 2024)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022	3.74	3.12	5.27	7.95	3.46	3.64	-0.16	3.46	0.52	1.01	-0.28	2.07	33.77
2023	-4.51	2.94	-0.84	4.37	5.21	4.11	3.83	3.33	4.16	0.67	5.79	5.07	34.12
2024	15.93	6.03	-3.48	-3.57	-0.63	0.96							15.24

Quantitative trading returns are back tested returns. Document outlining returns available on request.

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

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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