# Digital Asset Fund

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# Objective

Achieve long term capital growth through an actively managed portfolio of carefully selected digital assets that contribute to overall blockchain utility and adoption.

The fund aims to enhance returns of digital assets and inventory through decentralized finance activities including, but not limited to, validator staking, providing liquidity on exchanges, and yield farming.

# Approach

The Fund aims to achieve its investment objective by investing in a concentrated portfolio of blue-chip cryptocurrencies, and deploying them in various yield mechanisms.

It will target cryptocurrencies with utility and underlying technologies that are future-ready. These will be mainly, but not exclusively, layer 1 blockchains that form the base technology upon which future blockchain projects and dApps will be built. It may also include projects focused on increasing blockchain adoption.

The Investment Manager will adopt a research driven, crypto-selection approach when developing asset allocation strategy and evaluating digital assets.

# Investment Strategy

- **BLUE-CHIP**. The majority will be invested in blue-chips. The fund's strategy is to invest in a concentrated pool of quality crypto assets that have high potential to expand utility and adoption in the long term. The managers will vet blue-chip crypto assets to determine which have future utility and longevity using criteria including but not limited to:
  - Adoption,  reach & community engagement
  - Existing and developing use cases
  - Quality of underlying technology
  - Funding
  - Roadmap adherence and future goals
  - Governance, management, DAO implementation

- **NEW TECHNOLOGIES**. Our aim is to further support our blue-chip picks by investing in a curated selection of upcoming technologies. A portion of the fund will be invested in upcoming technologies according, but not limited to these criteria:
  - Directly support blue chips by strengthening the ecosystem
  - Drive overall utility & adoption of blockchain tech

# Cryptocurrencies Strategy

## Low

### Stablecoin

- Prices pegged to fiat currency, ie. USD
- Counterparty risk of losing peg

- USDT
- USDC
- BUSD
- UST

## Medium

### Blue Chips

- Major players in the crypto index
- Growing technologies

- Bitcoin
- Ethereum
- Solana
- Avalanche
- Cosmo Atom
- Fantom
- Polkadot
- Luna

## High

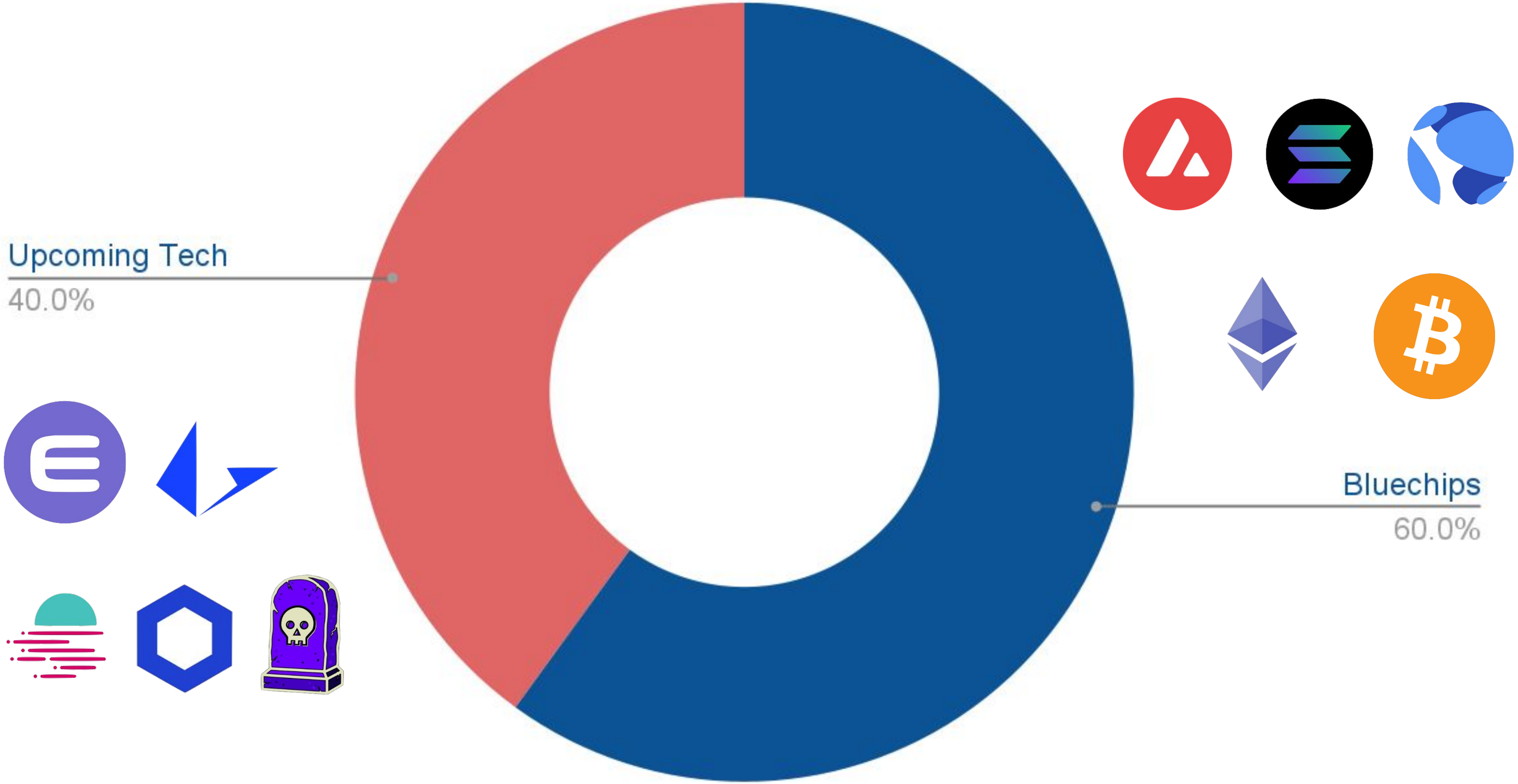
### New Technologies

- Innovative & Disruptive Technologies
- Developing Blue Chip Ecosystems

- Blue Chip Ecosystems
  - Luna > Anchor Protocol
  - Polkadot > Parachains
  - Cosmo > Osmosis
  - Fantom > Tomb
- Accelerant technologies

Chainlink ZK-Rollups

# Fund Allocation by Crypto Asset



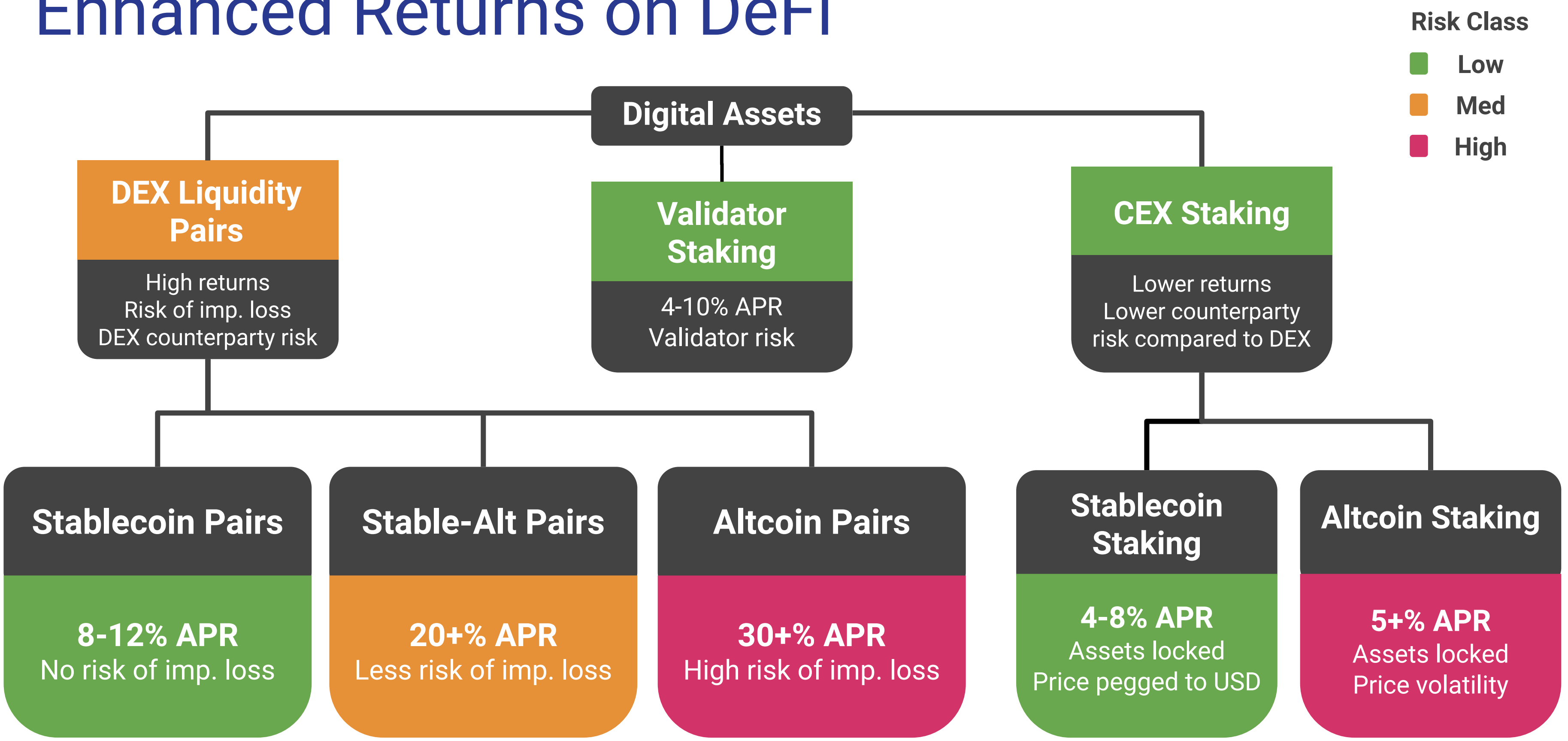
# Enhanced Returns Strategy

To maximize returns from long-term holds by deploying crypto assets in DeFi activities.

DeFi opportunities are supplementary to the main crypto-picking strategy and will not inform crypto selection.

Yield opportunities will be vetted with the same due diligence applied to assessing cryptocurrencies.

# Enhanced Returns on DeFi



# Validator Staking

On Layer 1 Blockchains

Staking is the process by which investors lend liquidity to validators.

Validators use that liquidity as Proof of Stake for the rights to process transactions on a blockchain network.

When Validators successfully process transactions, they earn rewards, which are shared with investors.

**Counterparty risk: Validators, org behind the project, wallet (for ex. ADA & Yoroi wallet)**

# Yield Farming

Using Crypto Exchanges

Is the process of providing liquidity to decentralized exchanges, staking the LP tokens for additional returns, then farming those returns for maximum yields.

**Counterparty risk:** The exchanges

# Liquidity Pair Categories

| Stablecoin Pairs | Stable-Alt Pairs | Altcoin Pairs |
|---|---|---|
| **8-12% APR**<br>No risk of imp. loss | **20+% APR**<br>Less risk of imp. loss | **30+% APR**<br>High risk of imp. loss |

**US Terra** ⇄ **USD Tether**

**US Terra** ⇄ **Binance Coin**

**Thetan Arena** ⇄ **Binance Coin**

# Yield Farming Value Chain

Receive LP Token

Earn fees (2-15% APR)

Yield more DEX Token

(50-60% APR)

Provide Liquidity → Stake LP Token → Farm Crypto Yield → Added Liquidity

Yield DEX Token

(2-30% APR)

# Risk & Security

# Risks

- Price volatility
- Impermanent loss
- Counterparty risk
- Rug pulls on unproven tech
- Hacking Risks

### How risk will be managed

- Pool of well- researched blue chips
- Diversified yield strategies
- Varied investment ratios based on risk classification
- Supporting validators to enhance chain security

# Access

- Managers will use wallets to move funds
- Wallet selection will vary depending on crypto assets and DeFi opportunities
- Private keys will be kept offline in Ledger hard wallets
- Multiple forms of authentication enabled on each wallet (Ledger, 2FA)

# Transparency

- Master excel sheet accounting for all movements
- Investors will be kept apprised of fund via a weekly newsletter

### Newsletter

- Major trades
- Market trend updates
- Regulatory changes
- Emerging technologies
- Upcoming ICOs

# Exclusive Benefits

- Weekly newsletter
- Discord & telegram channels
- Merchandise store
- Rewards

# Supplementary Information

# What is DeFi?

**Decentralized Finance** removes third party mediators in financial transactions, allowing people to transact directly through emerging technology.

Key technologies

- **Distributed ledgers** allow for an immutable history of all transactions
- **Smart contracts** lock assets for transactions and only release when conditions are verified

## Centralized Exchange (CEX)

Operated by people. Requires KYC. Higher fees.

Similar to banks, centralized exchanges are a third party mediator.

Unlike banks, they participate in DeFi, using liquidity to stake, yield farm, or more.

## Decentralized Exchange (DEX)

No human mediation, transactions are governed by code.

Users remain anonymous.

Lower fees due to automation.

# Benefits of Liquidity Pairs

## Providing Liquidity

- Crypto Exchanges use the liquidity to facilitate exchange in the market to fulfill order books.
- Portion of exchange fees go to liquidity providers as incentive

**Ie. Pancake:**

- **0.25% fee on every transaction**
- **0.17% to LP rewards, rest burned**

## Farming LP Tokens

- Liquidity providers are given an **LP Tokens.** Digital receipt used to redeem liquidity deposit
- **LP Tokens can be farmed** for rewards

**How is value generated?**

1. **Rewards act as incentive to keep liquidity on the platform**
2. **LP Tokens temporarily assign custody to Crypto Exchanges**

## Token Rewards

- **Token rewards earned from farming LP Tokens** have utility on the Crypto Exchanges
- May also be farmed to earn increased rewards
- Or provided as liquidity in LP

# Importance of Validator Staking

## Maintenance, Utility & Security

- Maintains chain accuracy by auditing (or “validating”) information
- Enables transactions
- Adds blocks. Longer blockchains are less susceptible to hacks

## Supporting Blue-Chip Investments

- Staking yields returns, while simultaneously enhancing the accuracy and security of the chain itself
- Directly supports our blue-chip investments