
Strategy Prospectus:

Momentum Vault Strategy Overview:

The model manages a portfolio which can be composed of Solana, Ethereum, and Bitcoin. Its neutral or "base case" exposure reflects the absence of active trading positions, providing a foundational stance while allowing for dynamic adjustments based on market conditions.

The model dynamically adjusts its exposure levels between 0% and 100% long based on trading signals. We view the exposure levels as reflecting the following:

- **0-35% Exposure:** Indicates a bearish outlook on the market.
- **35% Exposure (Neutral):** Represents a neutral stance, where the model holds no active trading positions.
- **Over 35% Exposure:** Signifies a bullish outlook, ranging from slightly bullish to aggressively bullish, with a maximum exposure of 100% long indicating the model's most bullish position.

Trading Signals and Strategy:

The trading signals combine elements of momentum and volatility analysis to make informed adjustments. The core of this strategy lies in:

1. **Momentum Analysis:** Evaluating the current market state and preceding trends to identify areas where the market is likely to experience significant momentum in one direction or the other.
2. **Volatility Analysis:** Assessing volatility conditions and looking for certain characteristics which may indicate large impending price movements. By analyzing these factors, the strategy seeks to capitalize on market shifts while mitigating risk.

Risk Management:

A key feature of this strategy is its disciplined approach to risk management. Each individual trading decision is governed by a fixed maximum risk threshold, such as limiting potential losses to 1.50% of Assets Under Management (AUM). The model adjusts trade sizes dynamically based on its calculations, ensuring adherence to this risk limit regardless of position size:

- **Position Sizing:** The model determines the appropriate trade size based on its signal calculations. The common factor being that regardless of the position size it takes on, trade by trade losses are always capped to 1.50% of AUM.
- **Stop Loss Placement:** Stops are strategically placed, informed by both current and preceding market volatility. This ensures that risk exposure is managed efficiently while allowing the model to capitalize on market opportunities.

Summary:

This trading strategy provides a structured and adaptive framework for cryptocurrency exposure. By balancing a foundational base case with dynamic adjustments driven by momentum and volatility analysis, the model aims to optimize returns while maintaining strong risk controls. The result, we believe, is a robust approach to navigating liquid crypto markets.

Historical Backtest / Simulation Results:

- **Leverage Assumed:** 1x (approx.)
- **Start Date:** 2021-06-01
- **End Date:** 2024-11-14
- **Annual Return / Max Drawdown:** 1.466
- **Annualized Gross Return (%):** 52.656
- **Maximum AUM Usage (%):** 124.772
- **Mean AUM Usage (%):** 44.135
- **Minimum AUM Usage (%):** 0.000
- **Maximum Drawdown (%):** -35.914
- **Rolling 1-Year Volatility (bps):**
 - **Mean:** 3472.856
- **Sharpe Ratio:** 1.382
- **Sortino Ratio:** 1.964
- **Total Compounded Gross Return (%):** 332.218

****Read Below****

Important Simulation Disclaimer:

The results presented are for simulation purposes only and are not guaranteed to be accurate. This backtest is based on a “standard specification” utilizing approximately 1x leverage; however, at times, the maximum exposure may exceed this threshold. The simulation incorporates assumptions for fees and slippage, which may vary significantly across different exchanges and may not be replicable in live trading conditions. It is important to note that the live version of this strategy may operate with leverage levels higher or lower than those used in this simulation, and as such, the simulated returns may not directly correspond to the performance of the live strategy.

Actual performance may deviate substantially due to variations in leverage, market conditions, and other factors, potentially resulting in materially different outcomes. These results should not be relied upon as an accurate representation of live trading performance. We disclaim any liability for losses arising from reliance on this information.

