

# DDA Smart Beta Diversified Strategy

- Actively managed benchmarked allocation
- Seeking Alpha with a controlled tracking error
- Improved diversification across market thematic

## Risk Profile

Recommended Inv. Horizon  5 Years

1	2	3	4	5	6	7
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Lower risk ← → Higher risk

## Investment Objective

The DDA Smart Beta Diversified Strategy provides a benchmark exposure tilted with an actively managed allocation across trendy thematic. The strategy aims to deliver long-term outperformance with a controlled tracking error over its benchmark. Active rebalancing and uninterrupted 24/7 trading allow to improve diversification across a global crypto universe, while reducing overall risk compared to standard capitalization-weighted indices. The strategy is benchmarked over Bitcoin (BTC) for our default program, with a tracking error calibrated at 30% and robust risk management so that the target stays on track. The strategy has a low correlation to traditional global Indices which makes it a useful hedge in a diversified portfolio.

## Strategy Overview

The strategy is a benchmark optimization employing an actively managed tilt allocation across the below 4 proprietary smart beta indices, following a weight-budgeting approach and rebalanced weekly using market sentiment and alternative data:

- Benchmark RV Tilt:** A long benchmark exposure tilted with several RV trend following models implemented across the most liquid BTC trading pairs.
- All Stars 1/n:** Long-Only models implemented across a curated universe of n rising coins for 1/n % each and allocating to the coin in case of positive trends, or to the benchmark otherwise.
- Top 50 Momentum:** The strategy is designed to pick coins with strongest uptrends based on momentum indicators, with a weekly turnover smoothed over daily rebalancing mechanisms.
- Global Thematics:** Actively managed allocation across 10 market sectors (Store of Value, Smart Contracts, Privacy, NFTs, Web 3.0, Interoperability, CEXs, DeFi, Memes and Stable Coins) based on sentiment scoring tools with daily rebalancing.

## About DDA Alpha AG

DDA Alpha AG is a subsidiary of Deutsche Digital Assets GmbH, itself the parent company of a series of subsidiaries that issue and manage crypto asset investment vehicles and strategies. The Quantitative Solutions' Team is the latest addition to the Group and brings trading technology expertise, specialized in quantitative strategies and execution with dedicated infrastructure for the cryptocurrency market. The team brings a wealth of experience from both traditional and crypto markets and will supervise the development of investable alpha-seeking strategies, while providing tailor-made solutions for institutional and qualified professional investors.



Minimum Investment	€100,000
Liquidity	instant via API
Management Fees	2% annually
Performance Fees	20% with HWM

\* Calculated on the outperformance over the benchmark

## Separately Managed Accounts (SMAs) – DDA Alpha AG

## Performance Data

Strategy Returns		Strategy	Bitcoin
Cumulative Returns	YTD	60.29%	72.09%
	3M	60.29%	72.09%
	6M	35.37%	46.56%
	BTD	3,140.73%	649.63%
Annualized Returns	1Y	-37.12%	-37.45%
	BTD	126.70%	60.64%

Risk Indicators		Strategy	Bitcoin
Annualized Volatility	1Y	59.06%	61.46%
	BTD	68.73%	71.84%
Tracking Error	1Y	10.81%	-
	BTD	16.90%	-
Information Ratio	1Y	-0.03	-
	BTD	3.91	-
Outperforming Months	1Y	66.67%	-
	BTD	62.00%	-

Calendar	2019	2020	2021	2022	2023
Jan	-6.29%	30.79%	35.85%	-16.42%	40.41%
Feb	14.39%	-3.29%	78.75%	5.41%	-2.29%
Mar	12.71%	-19.67%	44.00%	8.32%	16.83%
Apr	22.93%	32.82%	24.04%	-19.14%	
May	60.66%	12.19%	-23.46%	-13.78%	
Jun	25.14%	-0.83%	-7.45%	-33.47%	
Jul	-7.80%	26.99%	16.59%	19.49%	
Aug	-8.04%	12.64%	29.95%	-14.07%	
Sep	-13.56%	-7.40%	-0.70%	-2.47%	
Oct	7.64%	23.52%	38.48%	5.82%	
Nov	-13.85%	41.77%	3.39%	-15.33%	
Dec	-3.43%	41.73%	-15.64%	-5.74%	
Year	95.97%	393.61%	458.33%	-62.56%	60.29%

\* Back-tested Performance (BTD) : The returns presented herein for the period 1st January 2019 through 31st July 2022 represent back-tested performance and do not reflect trading in actual accounts. Such returns are hypothetical and are provided for informational purposes only to indicate historical performance and simulate how the investment would have performed had the strategy been implemented during that time. Back-tested results have inherent limitations as to their relevance and no hypothetical trading record can completely account for the impact of financial risk or other market related factors in actual trading, therefore no representation is being made that the strategy will achieve performance similar to the simulated results, and past performance is no guarantee of future results.

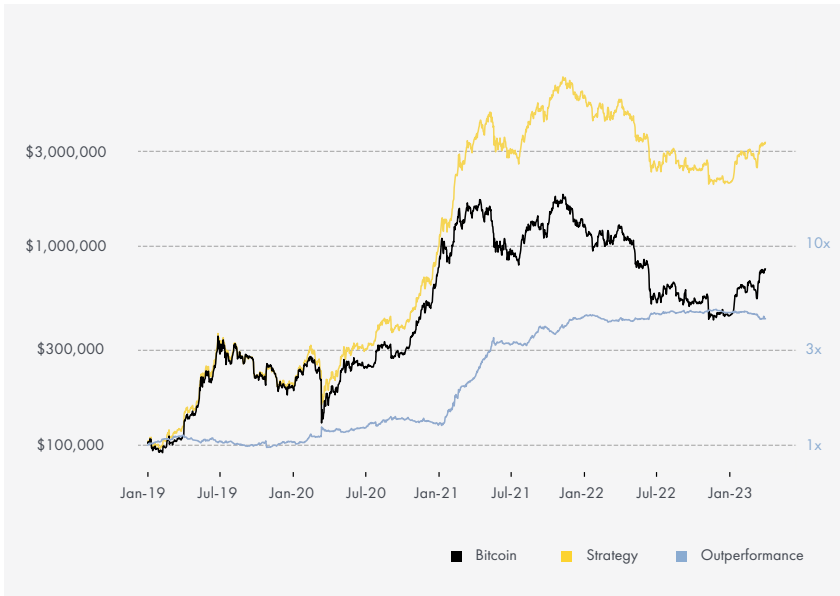
\* Live Performance Results: The strategy was launched at DDA Alpha AG on 1st August 2022 with real AUM and has been trading live ever since on proprietary trading accounts and across the same trading venues used for our investors under separately managed accounts (SMAs). The performance figures shown are net of global execution costs based on our trading accounts' investment results and are calculated net of 2% annual management fees (paid quarterly) and 20% performance fees (paid annually with HWM). These investment results are not audited nor verified by a third-party.

\* The strategy's benchmark is BTC with a tracking error set at 30% but both can be customized to any requirements.

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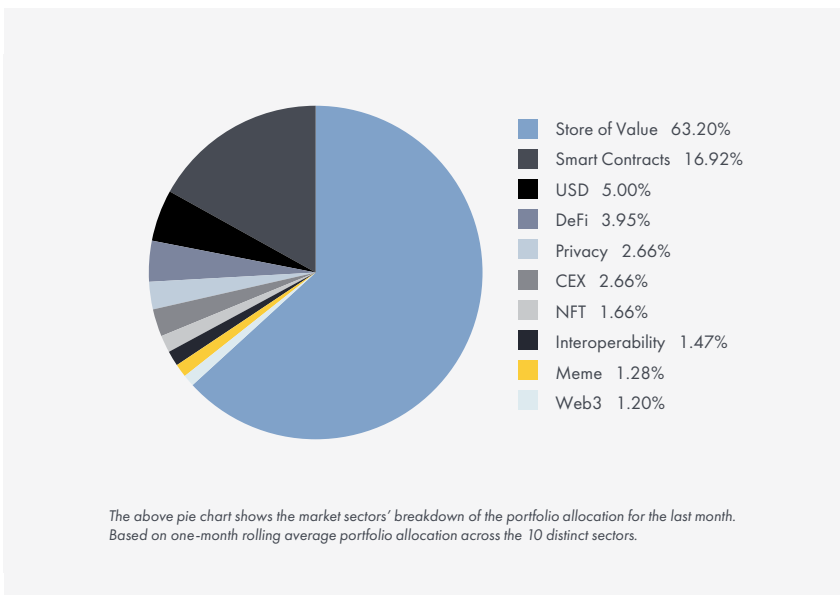


# DDA Smart Beta Diversified Strategy



## DDA Smart Beta Diversified Strategy Cumulative Net Performance vs. Bitcoin

The adjacent chart shows the investment performance of a subscription amount equivalent to \$100,000 into the strategy on a logarithmic scale. The returns presented herein for the period 1st January 2019 through 31st July 2022 represent back-tested performance and do not reflect trading in actual accounts. The strategy was launched at DDA Alpha AG on 1st August 2022 and has been trading live ever since with real capital. The performance track shown uses daily points, calculated at 0h00 UTC net of all fees and global execution costs based on our trading accounts' investment results. Please refer to the previous page for more details.



## Monthly Market Sectors' Breakdown

The adjacent pie chart represents the portfolio allocation across 10 distinct thematics for the last month. The allocation is actively managed and based on market sentiment data and proprietary scoring models, with a weekly rebalancing.

- Store of Value: Coins considered as normally retaining purchasing power over time
- Smart Contracts: Enabling programs to run when predetermined conditions are met
- USD: Stable Coins
- DeFi: Decentralized Finance
- Privacy: Coins that are designed with privacy protection in mind
- CEX: Centralized Exchanges
- NFT: A non-fungible token (NFT) is a unique digital identifier that cannot be copied
- Interoperability: Empowering many blockchains to communicate and share data
- Meme: Speculative coins supported by enthusiastic online trading communities
- Web3: New iteration of the Web which incorporates blockchain technologies

## Metrics Comparison Dashboard

Risk Indicators	Strategy	Bitcoin	Gold	S&P 500
Ann. Volatility	68.73%	71.84%	15.22%	22.58%
Sharpe Ratio	1.85	0.84	0.70	0.63
Max. Drawdown	-71.19%	-76.63%	-21.38%	-33.79%
Winning Months	56.00%	52.94%	47.06%	64.71%
Beta	1.00	0.92	0.77	1.04
Correlation	1.00	0.97	0.17	0.33

\* The above risk indicators are annualized and calculated from 01/01/2019 to date. Beta and Correlation figures are indicated vs. the Strategy.

## Crypto Market Risks

The crypto markets are extremely volatile and subject to additional investment risks relative to traditional investments including, but not limited to inherent technological risks in the blockchain, severe and sudden volatility and market manipulation. The strategy is designed as a long-term investment and investing in the strategy involves the risk that you may receive little or no return from your investment or that you may lose part of even all your investment.

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