



**CYPHERPUNK**  
H O L D I N G S

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**BUILDING BUSINESS...**

**...the HODL way**

**CSE: HODL**

**OTC:CYFRF**

Investor Webinar  
May 2022



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# CORE FOCUS

Cypherpunk is refocusing its business on its core competency - finding opportunities within the crypto-verse and structuring these opportunities for the benefit of investors.

We make these capital allocative decisions with three points in mind:

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**Sector  
exposure**

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**Diversification**

Across markets,  
exchanges, counterparties,  
instruments & ecosystems

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**Risk  
mitigation**



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# CORE FOCUS

Going back to our roots...

We are divesting from non-core assets where we have neither the capital intensity nor the expertise to compete against other prime candidates.

Our creative capital and corporate energy are focused on:

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**Crypto treasury**  
(~90% of NAV, ETH 633 & BTC 406)

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**Venture capital**  
(split between privacy tech & web3)

In time, we will be making more informed bets in web3 projects and that will see our venture capital arm grow.



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# BECOMING A BUSINESS

A number of business transformative ideas are in various stages of flight, some more advanced than others, and all being pursued in parallel.

They are itemized and summarized as follows with a label...

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Early Conceptual

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Progressing

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Advanced

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Mature

...to help indicate progression.



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# CRYPTO BUSINESS

Early Conceptual

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An investment holding company trades structurally at discount to NAV, with transient exceptions like March 2021.

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Operating a business with recurring revenue within Cypherpunk will redefine who we are and also help to build out key roles and competencies within the company.

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The prospect of acquiring a private company with a proven business model through a scrip deal is being considered.



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# ACTIVE TREASURY MANAGEMENT

Advanced

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>90% of our present NAV tied to treasury, we need to manage that wealth prudently and have it work for us.

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Buy and Hold is not a viable option as it inherently does not put our capital to use and it is easily replicable by investors from all walks of life.

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Active treasury management begins with the recognition that in holding crypto, empirically a risk asset, we are absorbing variance - and we expect to be paid for warehousing that risk.

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Simple buy and hold prices that risk absorption as a service at zero. And so our variance risk premium (VRP) hedging strategy is born, executed using OTC derivatives.



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# ACTIVE TREASURY MANAGEMENT

Advanced

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Despite having being around for several years, crypto derivatives is a very young market and there remains plenty of alpha to be extracted - with the right quantitative approach.

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Risk premium harvesting allows us to maintain hedge in down markets and generate profits in uptrends. However, positions must be actively managed to ensure that we maintain our overall long exposure to capitalize on the upside.

The strategy is model-driven with discretionary overlays and actively managed 24/7.



# ACTIVE TREASURY MANAGEMENT

Advanced

Measure	Value	Description
ETH deployed	300	ETH assigned to active contracts
BTC deployed	357.73	BTC assigned to active contracts
ETH duration (days)	24.41	Current value-weighted average days expiration for ETH contracts
BTC duration (days)	24.40	Current market value-weighted average days to expiration for BTC contracts
ETH put-call-ratio	0.43:1 (0.57:1)	Ratio of puts to calls (by current market value) for ETH contracts only: active (historic)
BTC put-call-ratio	0.03:1 (0.03:1)	Ratio of puts to calls (by current market value) for BTC contracts only: active (historic)
Put-call ratio	0.05:1 (0.06:1)	Ratio of puts to calls (by current market value) across all contracts: active (historic)
ROI	24.54%	Non-compounding annualised contract premiums (time & contract value weighted)
Risk Range	[ 6.16% , 12.99% ]	Current value-weighted probabilities of contracts expiring in-the-money (active contracts only)
Settlements	0.00%	Percentage of contracts that expired in-the-money
ETH balance	0 (300)	ETH available for assignment (total balance)
BTC balance	0.01 (357.74)	BTC available for assignment (total balance)
USD balance	0 (0)	USD available for assignment (total balance)
USDC balance	2752 (763952)	USDC available for assignment (total balance)
Cumulative VRP	570,652.09	Total variance risk premium collected since go-live
VRP per annum	3,166,915.21	Expected variance risk premium generated per annum
Total Value	15,640,153.45	Total current market value of collateral deployed
Since Inception	65.77 Days	Days since strategy go-live



# STRUCTURED PRODUCTS

Progressing

In developing our VRP hedging strategy, we have gained confidence in building systematized and scalable solutions deployed via structured products for the benefit of institutional investors.

These passive and semi-passive rules-based strategies operating within the crypto universe on DeFi and CeFi exchanges are modular and highly scalable.

Importantly, they offer key features highly desirable to sophisticated investors:

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sector exposure to crypto beyond simplistic buy & hold or indexation

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stratification and diversification (across exchanges, instruments, protocols etc.)

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drawdown mitigation.



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# STRUCTURED PRODUCTS

Progressing

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How this business might take shape is TBD but discussions have already commenced with a number of prospective candidates to co-own and co-manage operations, product development and R&D.

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One possible manifestation is an SPV borne out of a JV that is majority owned by Cypherpunk. This entity will operate and manage a series of structured products with different thematics to target different needs.

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These strategies work with NFTs as well as coins and tokens - we target liquid markets and instruments.

We intend to access flow via institutional sales desks.



CYPHERPUNK  
HOLDINGS

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**ALL IN GOOD TIME ...**

**Q & A**

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Thank you