



# BAM Market Neutral Strategy

Unlocking Decorrelated Alpha in Digital Assets with Robust Downside Protection



# 11.5% Annualised Return Since Inception with Low Single-Digit Volatility

## Historical Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	0.92%	0.56%	0.27%	0.18%	0.42%	0.58%	1.10%	0.36%	-3.01%	0.51%	0.65%*	-	2.51%
2024	1.19%	1.84%	3.41%	1.57%	0.93%	1.28%	0.67%	1.04%	0.87%	0.43%	2.34%	1.82%	18.80%
2023	1.79%	0.99%	1.64%	1.28%	0.22%	0.14%	0.41%	0.56%	0.45%	0.80%	1.98%	2.82%	13.85%
2022	0.17%	0.38%	0.60%	0.30%	0.95%	0.00%	0.26%	0.29%	0.46%	0.58%	-3.22%	0.60%	1.31%
2021	3.51%	2.91%	2.54%	3.77%	2.98%	-0.21%	0.21%	0.39%	0.30%	1.16%	1.21%	0.21%	20.58%
2020	0.69%	2.26%	0.42%	0.49%	0.74%	0.59%	0.33%	1.10%	0.71%	0.45%	1.95%	1.78%	12.11%

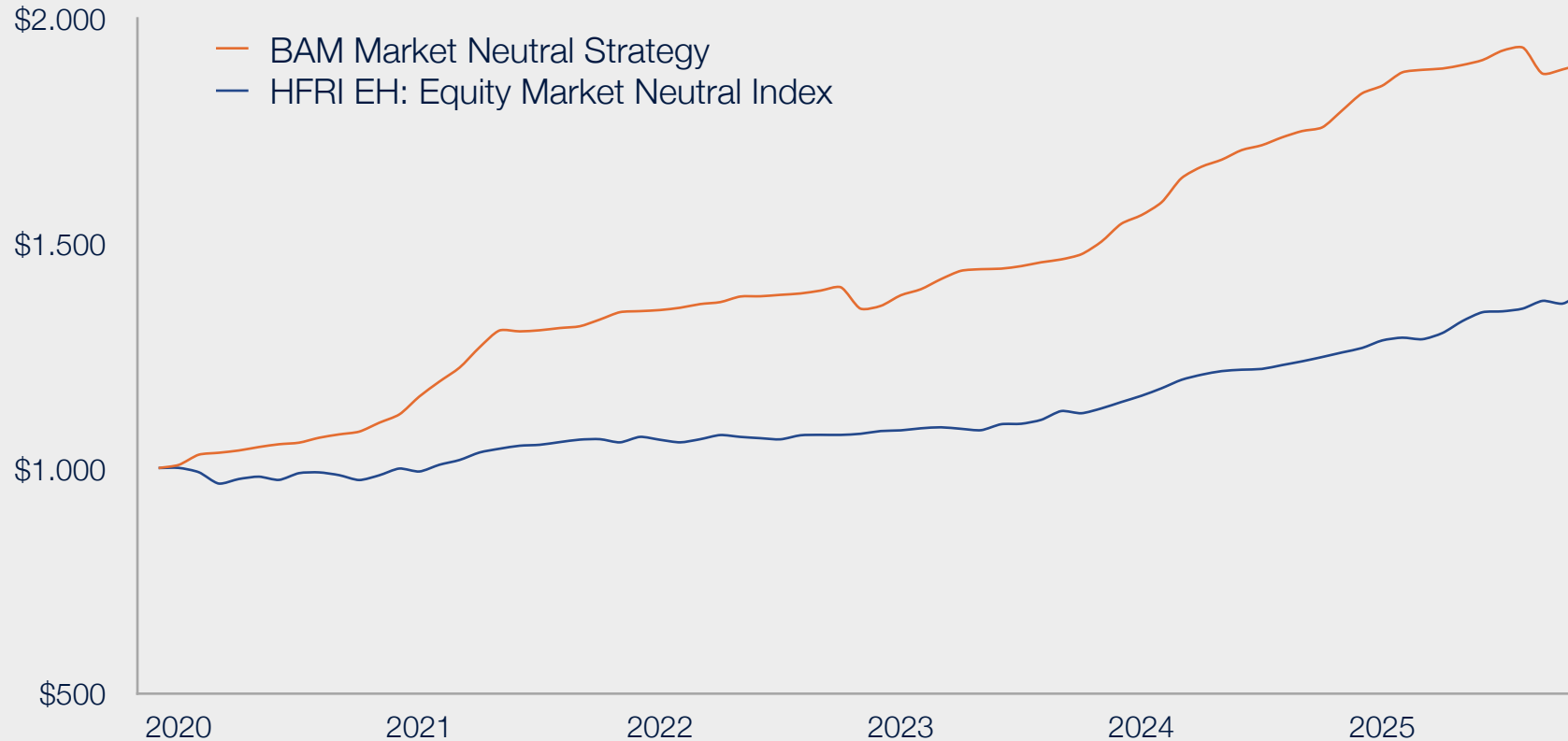
Source: BAM, Underlying manager

See Disclaimer for important disclosures. Net of 1% p.a. management fee and a 10% performance fee.

\* Strategy composite (underlying managers) net of model fees (1% p.a. management fee and a 10% performance fee) for the period January 2020 – April 2025. Back-tested/manager-composite is based on the audited track-record of the underlying managers included in the strategy. Track-record of the Fund since May 2025 (Fund launch).

# Growth of USD 1,000

January 2020 to November 2025 (monthly)



Source: BAM, Underlying manager

\* Strategy composite (underlying managers) net of model fees (1% p.a. management fee and a 10% performance fee) for the period January 2020 – April 2025. Back-tested/manager-composite is based on the audited track-record of the underlying managers included in the strategy. Track-record of the Fund since May 2025 (Fund launch).

# Key Parameters

## Return and Risk

Return	BAM Market Neutral Strategy	HFRI EH: Equity Market Neutral Index
Launch to Date Annualized Return	11.45%	5.74%
Launch to Date Compounded Return	89.90%	39.10%
Largest Month Gain	3.77%	1.80%
Largest Month Loss	-3.22%	-2.55%
% Positive Months	95.77%	76.06%
Launch to Date Value of \$1,000	\$1,898.98	\$1,390.98
Risk	BAM Market Neutral Strategy	HFRI EH: Equity Market Neutral Index
Annualised Volatility	3.94%	2.79%
Sharpe Ratio	2.06	1.09
Sortino Ratio	4.85	2.28
Calmar Ratio	3.56	2.25
Max Drawdown (Start/Recovery)	Nov 2022 - Feb 2023	Feb 2020 - Feb 2021
Max Drawdown Depth	-3.22%	-3.49%
Months in Maximum Drawdown	4	13
Months to recover	3	11

Source: BAM, Underlying manager

See Disclaimer for important disclosures. Net of 1% p.a. management fee and a 10% performance fee. Back-tested strategy based on the 5-year audited track-record of the underlying managers included in the strategy.

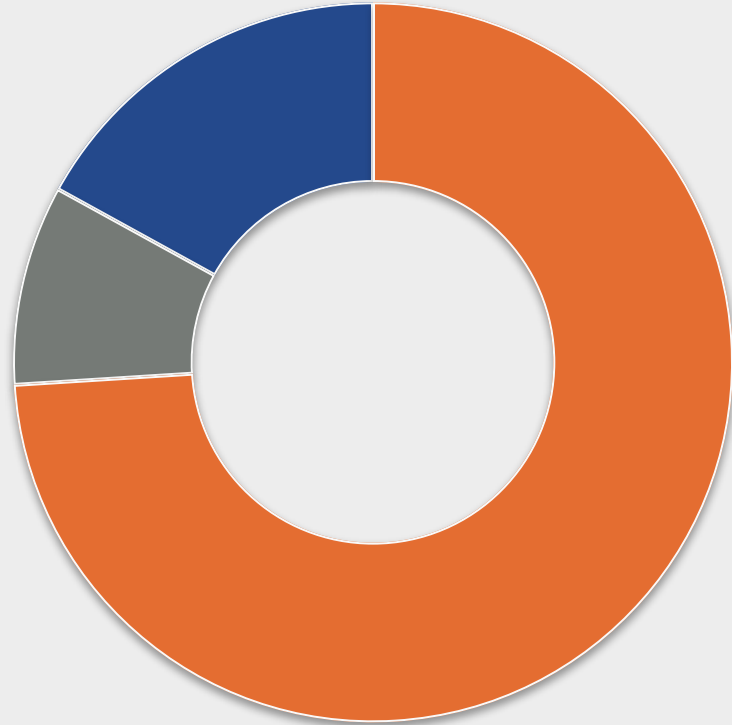
# Risk Management - Protection in Down Markets

Period	BAM Blockchain Alpha Fund	CCI30 Index
February 2020 - March 2020	2.69%	-32.69%
May 2021 - June 2021	2.76%	-42.56%
September 2021 - June 2022	5.40%	-72.00%
August 2022 - December 2022	-1.35%	-36.90%
April 2024 - July 2024	4.52%	-23.68%

Source: BAM, Underlying manager

See Disclaimer for important disclosures. Net of 1% p.a. management fee and a 10% performance fee. Back-tested strategy based on the 5-year audited track-record of the underlying managers included in the strategy.

# Asset Allocation: 5 main managers



● Multi-Strategy    ● Lending Cex    ● DeFi

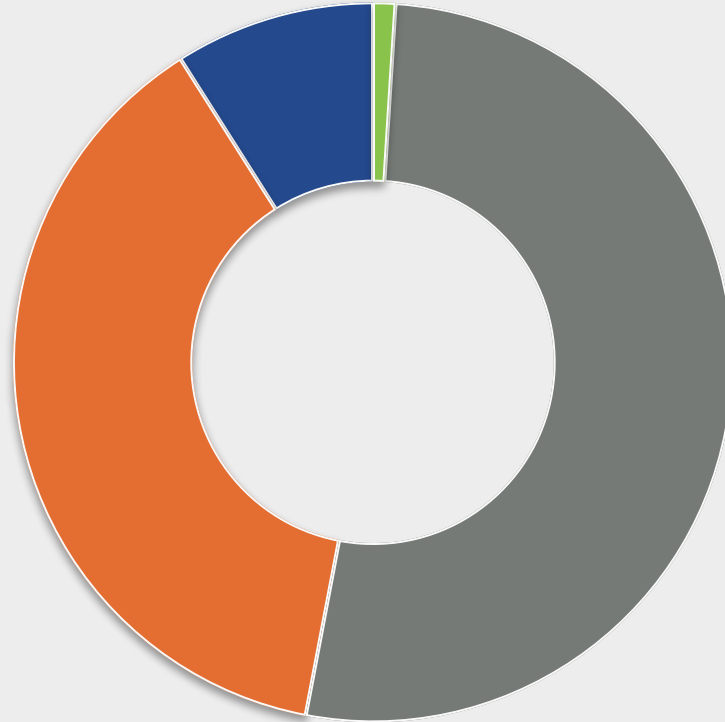
## Core / Satellite approach

- ▶ 3 Multi-Strategy Funds
- ▶ 1 specialized Lending Cex manager
- ▶ 1 specialized DeFi focused manager

## BAF oversight on counterparties (look-through)

- ▶ +12 CeFi exchanges, +25 DeFi exchanges
- ▶ Top 3 CeFi exchanges: Coinbase, Binance, Bitfinex
- ▶ Top 3 DeFi exchanges: Aave, Lido, EthFi
- ▶ Max cap overall 10% (rebalancing)

# Asset Allocation: 3 main managers (look-through)



● Cash ● Arbitrage ● Yield ● Relative Value

- **Arbitrage**  
Focus on *price discrepancies* between two or more related securities or markets, assuming these price discrepancies will eventually correct.
- **Yield**  
Focus on *regular income* through the collection of yields through platforms.
- **Relative Value**  
Focus on assets that are mispriced relative to each other based on historical, fundamental, or statistical relationships.

# How does BAF generate market neutral returns

## ● Arbitrage strategies

### ▶ Spot & Basis Arbitrage

**Spot Arbitrage:** exploiting price differences for the same asset in different spot markets (cross exchange).

Example: a token trades at \$10 on Exchange A but \$11 on Exchange B. The trader buys the token on Exchange A and sells it on Exchange B, capturing the \$1 difference (minus transaction costs).

**Basis Arbitrage:** exploiting the difference between the spot price and the futures price of the same or closely related assets (difference=basis).

Example: Bitcoin trades at spot price \$100,000. Bitcoin CME Futures (3-month contract) 103,000 per contract. Buy 1 Bitcoin at \$100,000, sell 1 futures contract at \$104,000 to lock the \$4,000 difference upon expiry (basis).

### ▶ Spot & Basis Arbitrage on DeFi

Same arbitrage techniques applied to onchain trading (Dexes).

- ▶ Spot Asset X Dec A vs Dex B.
- ▶ Stablecoin arbitrage (Mint or Sell spread).
- ▶ Spot vs Perpetual future Asset X on Dex A.
- ▶ Spot pair DeFi vs Spot pair CeFi.

### ▶ Market-making

Providing liquidity to the market by simultaneously placing buy (bid) and sell (ask) orders for the same asset. The arbitrage occurs when the trader profits from the spread (the difference between the bid and ask prices).

- ▶ Being paid by the exchange as a liquidity provider.
- ▶ Locking a small spread on the bid-ask.
- ▶ Thousands of trades per day.

# How does BAF generate market neutral returns

## ● Yield strategies

### ▶ Lending CeFi

In CeFi lending, users deposit their assets with a third-party platform that manages lending, borrowing, and interest payments.

#### Example:

*The Fund provides a short-term loan to a trader on the platform and receives an interest at maturity, with the trader providing collateral to receive the loan the platform facilitating the transaction.*

### ▶ Yield farming DeFi

Users deposit funds (such as stablecoins or other cryptocurrencies) into liquidity pools on DeFi protocols (e.g., Uniswap, Aave, Compound) and receive interest or a share of transaction fees generated by the platform.

#### Example:

- ▶ Liquidity providing: *supply liquidity to DEXs (Uniswap, Curve...)*
- ▶ Lending and borrowing: *users lend assets on DEXs (Aave, Compound...)*
- ▶ Staking: *users stake their assets in staking pools*
- ▶ Yield agregators: *optimize yield farming by moving funds across platforms (Yearn)*

# How does BAF generate market neutral returns

## ● Relative Value strategies

### ▶ Statistical arbitrage

Profit from short-term mispricings between related assets by using statistics and probability rather than traditional fundamental analysis.

Example:

*If Token A is undervalued relative to Token B based on valuation or statistical / historical correlation metrics, the trader will buy Token A and short Token B.*

### ▶ Over-the-Counter (OTC)

Focus on price discrepancies between over-the-counter (OTC) markets and liquid markets for the same financial asset.

Example:

*The goal is to profit from the difference in pricing, typically by buying the asset in the cheaper market and selling it in the more expensive market.*

### ▶ Volatility

Profit from the discrepancy between implied and realized volatility.

Example:

*Implied volatility in BTC options is higher than the expected realized volatility in the spot market. Sell BTC options (profiting from overpriced implied volatility). Hedge by taking offsetting positions in the BTC spot or futures markets.*

# Fund terms

**SICAV:** BAM Digital Assets SICAV plc

**Sub-Fund Name:** BAM Blockchain Alpha Fund

**Co-Founding Shareholder:** Block Asset Management S.à r.l.,  
Luxembourg (50%)

**Fund type:** Open-ended

**Investment Manager:** AQA Capital Ltd, Malta

**Regulator:** Malta Financial Services Authority (MFSA), Malta

**Fund Administration:** Fexserv Fund Service Ltd, Malta

**Subscription:** The first Business Day of every month

**Redemption:** Monthly (35 days notice)

**Cut off date:** 5 P.M. CET, five (5) Business Days prior to the  
relevant Subscription Day

**Bank Depositary:** Swissquote Financial Services Ltd, Malta

**Bank Custodian:** Swissquote Bank Europe SA, Luxembourg

**Auditor:** PricewaterhouseCoopers, Malta

Class	CCY	ISIN	Minimum Investment	Management Fee	Performance Fee	High Watermark
Class A	USD	MT7000036679	USD 100,000	1.25%	12.50%	Yes
Class B	EUR	MT7000036687	EUR 100,000	1.25%	12.50%	Yes
Class I	USD	MT7000036695	USD 500,000	1.00%	10.00%	Yes
Class J	EUR	MT7000036703	EUR 500,000	1.00%	10.00%	Yes

## Disclaimer

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