

AlgoTune

Digital Assets Investment Done Right

Problems **Identified:** Investors need higher yields without taking on more risk

- Investors chase yield in a low yield environment *"If we look at the Bloomberg Barclays Multiverse Index as a proxy for the global bond market, only 3.7% of bonds are yielding more than 4% in nominal terms."*¹
- Investors exposed themselves in higher risk *"68% say the low-rate environment has forced their organization to take on more risk in the search for yield"*²
- Insurers/Pension Plans need higher yields to meet obligations *"During times of persistent low interest rates, the spread between interest earned and interest credited is compressed, which not only reduces net income for the insurer, but also puts them at risk of being unable to meet contractually guaranteed obligations to policyholders."*³

Source:

- 1) <https://www.blackrock.com/us/individual/insights/negative-real-rates>
- 2) <https://www.businesswire.com/news/home/20191125005556/en/Market-Complexity-Shift-Alternatives-Turn-Global-Insurers>
- 3) https://content.naic.org/cipr_topics/topic_low_interest_rates.htm

*AlgoTune's Solution: Leveraging Digital Assets/DeFi To Generate **Attractive & Safe** Yields*

We conduct in-depth research on crypto yield generation, focusing on **RISK** adjusted returns

Digital Assets	Yield Source	Traditional Finance Equivalent
Staking	Staking rewards	N/A
Providing Liquidity	DEX transaction fees and other incentives	Exchange Rebates
Collateralized Lending	Interests on the loan	Securities Lending
Option Premium	Option Premium	Option Premium

- Risks exist in ALL these yield strategies and these risks are often not disclosed properly and not well-understood by investors
- We identify and mitigate/eliminate these risks (especially the price risk) using AlgoTune's proprietary **hedge engine**

Scenario1: *Hedged Staking*

Proof of Stake Consensus



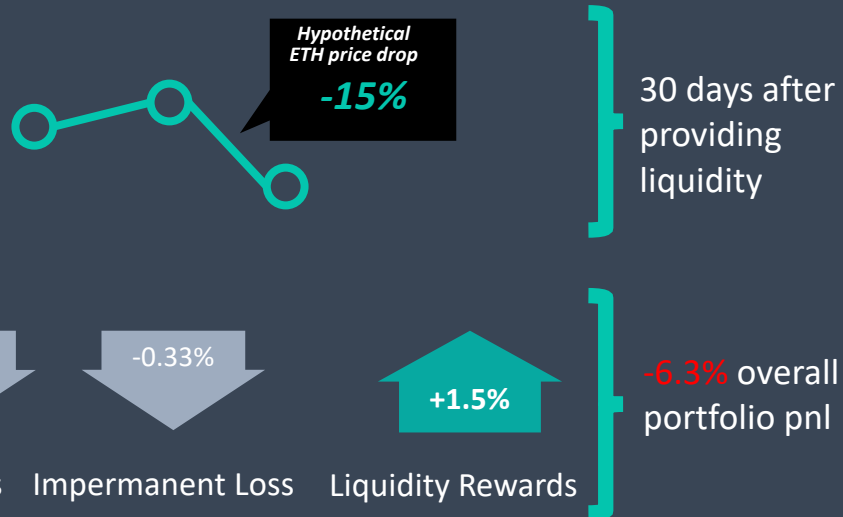
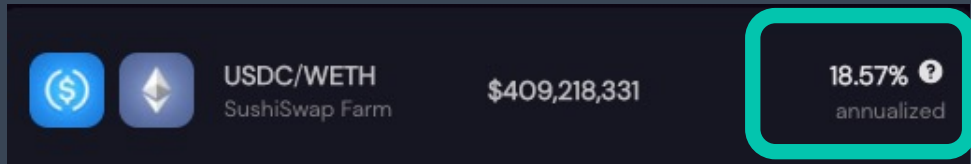
Running Staking
Infrastructures to generate
yields in native crypto terms



Fully hedge to mitigate price
risk of underlying crypto
tokens

- Generate yield from running validators is PoS public blockchain
- Akin to FX hedging for USD investors buying foreign corporate bonds
- Hedge engine automatically generate/execute hedge orders in real time
- Margins are maintained in real time
- When target hedge ratio is 100%, generate ~6% “Pseudo” Risk Free Yield in fiat currency terms, investors have close to 0 exposures to the underlying cryptos
- 10x higher than high yield saving account and 2x higher corporate bond yields with no credit risk

Scenario2: *Hedged LP* to DEX/DeFi protocol



- Some DeFi platform market LPs as fixed income products with outlandish yields though little fixed income properties and significant downside risks for investors (←example shown for DEX yield)
 - Price & Impermanent Loss
 - Coupon variability
 - Underlying asset price volatility
- Akin to delta hedge in a derivatives portfolio, **Hedge Engine** calculates exposures/deltas and generate/execute hedging trades in real time
- Much higher return profile though additional smart contract risk

*Fully automated
positions/orders management*


Onchain status

Webservice API Enabled

*Connections to Brokers/Exchanges
(Both centralized & decentralized)*

Hedge Engine Primer

- Hedge engine is capable of
 - Get real time update of the hedge target & margin requirement
 - Asset transfers between yield generating account & hedging account to create margin cushion
 - Create optimal hedging orders based on transaction cost, slippage and target hedge ratio
 - Webservices API available for all hedge engine functions


AT Endpoints API.

Introduction

GUIDES

Getting Started

API REFERENCE

- /account_validator_stats **POST**
- /auth/info/...
- /cancel_order **POST**
- /current_price **POST**
- /echo **POST**
- /generate_orders_from_target... **POST**
- /get_hedge_ratio_latest **POST**
- /get_orders_latest **POST**
- /get_positions_latest **POST**
- /save_hedge_ratio **POST**

POST /get_orders_latest

get latest orders

HTTP request

https://at-web-api.appspot.com/get_orders_latest

Request Body (required)

user id & strategy id

application/json

object ^

strategyId	string
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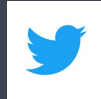


Get in Touch

Digital Asset Management Done Right

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