Northland Capital Partners Limited

SYGMA powered by: investDEFY technologies

SYGMA Weekly Yield Harvest Program

SYGMA Overview

SYGMA is a weekly market neutral yield harvest program. It is designed to provide significantly lower volatility and a low correlation relative to BTC or ETH without employing leverage.

SYGMA harvests yield each week in the form of premiums received by entering into a custom option structure. These structures are reviewed monthly and designed to generate positive returns even when the markets move lower over the week. SYGMA uses one week option expiries allowing the program to reset frequently in an effort to reduce overall market risk compared to longer dated tenors. The combined returns are reinvested each week compounding over the life of the program.

SYGMA is powered by InvestDEFY Technologies Inc. and its proprietary analytics platform, DORA, which is designed to centralize access to all models and predictive analytics. DORA produces a signal each Friday which is used to express a view through derivative structures to maximize yield while also providing downside protection week over week. These derivative structures are automatically loaded into the SYGMA trading system which then automatically prices the derivative and routes all parts of the derivative structure simultaneously for execution to the best market, controlling for liquidity, price discovery and slippage.

Program Concept

BTC and ETH have exhibited tremendous volatility over the past few years. SYGMA was specifically designed to address four major pain points:

1. **High Correlation of BTC and ETH to other Crypto Assets;**
2. **Significant Volatility on BTC/ETH Assets;**
3. **Low Yield Generation on BTC/ETH Assets; and**
4. **Downside Risk of BTC/ETH Assets**

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Low Correlation with BTC and ETH

While the breadth of crypto asset tokens has increased dramatically over the past few years, correlations to ETH are categorically high. Both SYGMA BTC and SYGMA ETH are agnostic to price direction. Yield is generated each week via derivative structures that are designed to generate yield through premiums received and for the structure to payoff with a very high confidence level, regardless of the underlying price move. This removes path dependency for return and provides for very low correlation to the underlying.

Reduced Volatility

BTC is identified as the De Facto Digital Currency yet trades at a 30-day implied volatility of approximately 85, almost 10 times more volatile than traditional G10 Fiat currencies.

DORA's SYGMA machine learning model uses predictive analytics plus a multi factor model to predict absolute price range over the week, detect price anomalies and determine the parameters (strikes and level of protection) of the derivative structure used to express its view in a given week. For example, if the model predicts future volatility will increase, the amount of protection will increase commensurate with risk, with a focus on generating returns from a market move lower in the underlying asset. Inversely, if the model believes future volatility will decrease, it reduces the level of protection embedded within the option structure which in turn increases the yield harvested.

Attractive Yield Generation

It has generally proven difficult to outperform ETH on a risk-reward basis. Yield can easily be generated by selling options in the form of premiums better known as call or put writing. While these strategies can help grow the BTC or ETH stack, they do not offer any form of protection outside of the small cushion provided by the premium received. SYGMA addresses this problem by employing derivative structures that harvest extremely attractive yields while providing downside protection.

Downside Protection

SYGMA embeds downside protection within the derivative structure designed to withstand adverse price movement from the underlying asset (BTC and/or ETH) while generating returns out to the level of protection set dynamically each week by DORA's SYGMA machine learning model. The use of weekly tenors provides increased accuracy in the predictive analytics and allows the program to reset frequently as opposed to longer dated tenors which increase asset risk in the event of a persistent adverse move in the underlying. The weekly reset enables the protection levels to be brought back to the current underlying market price expanding the protective boundaries. Otherwise, persistent movement in the underlying in a given direction could move significantly beyond the protection level over the course of a longer dated tenor increasing the risk of loss.

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SYGMA is ideal for the following target markets looking to deploy their USD, BTC, ETH and Stablecoins:

Institutional Investors

Ideal for those seeking absolute returns characterized by attractive yield, low volatility and uncorrelated to the underlying asset.

Family Offices and High Net Worth Individuals

Ideal for those seeking lower risk with attractive, uncorrelated returns. SYGMA generates attractive yield and will also payoff each week even if the underlying asset closes lower on expiry but not lower than the protection level set.

Bitcoin Miners

Ideal as part of their treasury management program by offering significantly reduced risk and attractive yield which compounds each week while providing downside protection. SYGMA's return profile can only be matched by moving significantly out on the risk curve in order to generate significantly less yield on BTC.

DeFi Yield Farmers

Ideal for those who are looking to harvest yield and eliminate the risks present with stablecoin pegs and protocol risks. SYGMA's yield profile can only be matched by moving significantly out on the yield farming risk spectrum and SYGMA eliminates the energy expenditure of actively managing high risk yield farming opportunities.

SYGMA Results to Date

The results of the SYGMA program for the year to date support the low correlation and reduced volatility compared to the underlying BTC or ETH while at the same time generating attractive returns.

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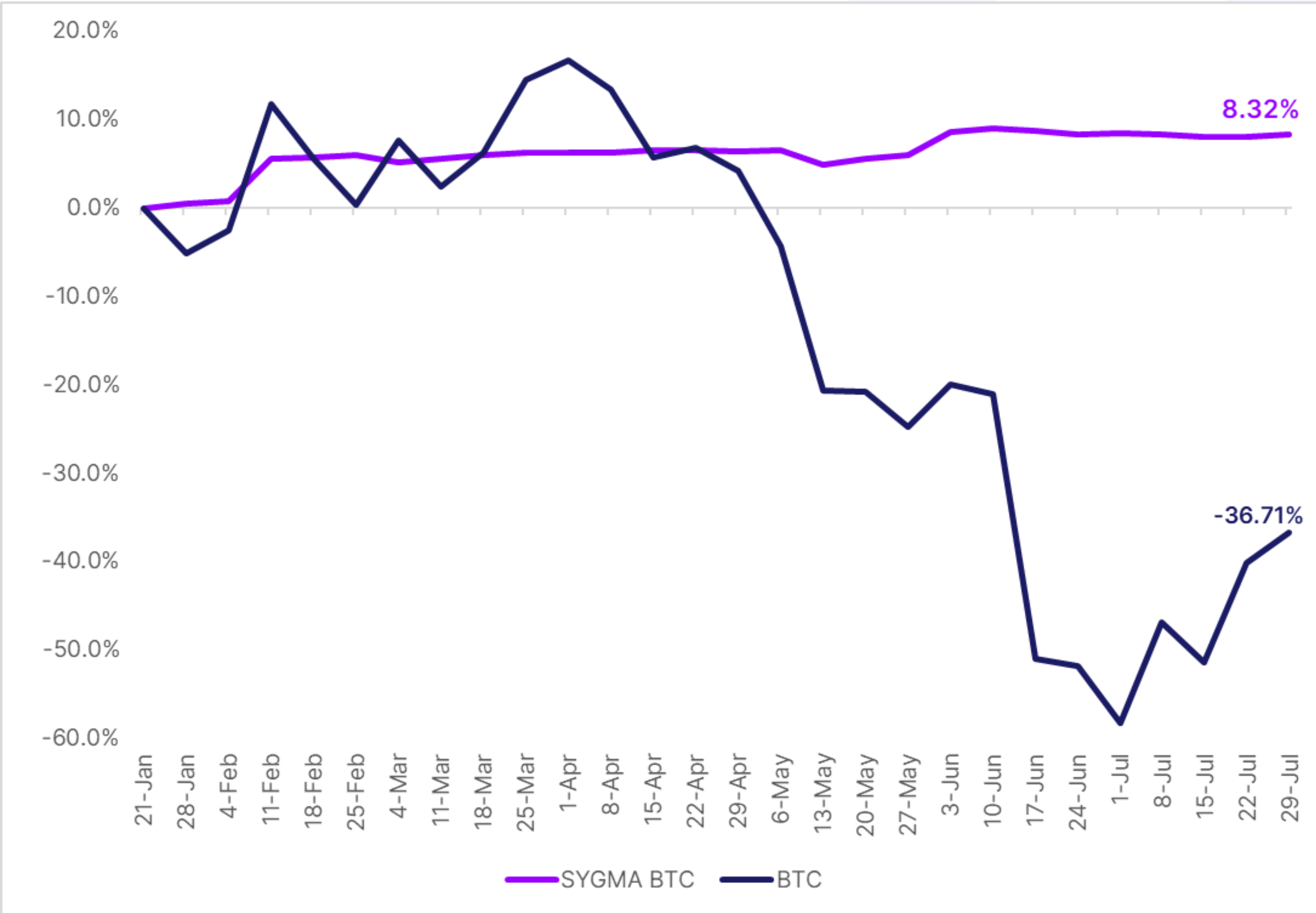
SYGMA BTC vs BTC



Note: Excludes 2% management fee.

About InvestDEFY and SYGMA Design

InvestDEFY is driving the evolution of crypto investing. A merger of TradFi, Crypto and DeFi, InvestDEFY has deep expertise in quantitative trading, digital assets, technology, AI, risk management, derivatives, global equities, regulatory compliance and investment banking. InvestDEFY engineers unique, sophisticated structured products powered by its proprietary technology platform featuring big data and AI.

SYGMA was designed as part of InvestDEFY's market neutral (delta hedged, delta neutral) programs, which are also used to manage InvestDEFY's treasury and balance sheet.

To learn more about InvestDEFY, go to: www.investdefy.com