The Quant

April 2021

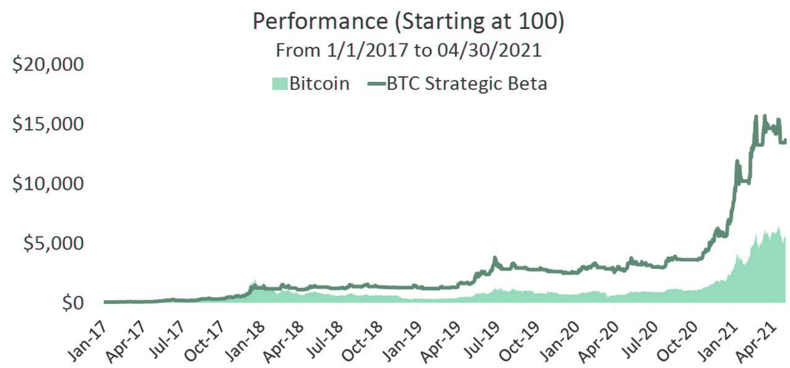
EMBER FUND

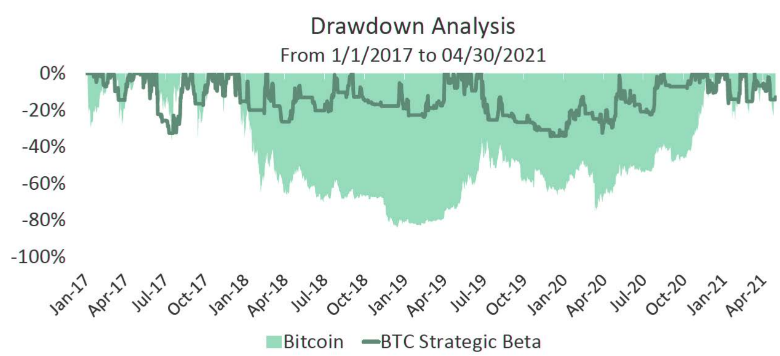
In partnership with BLOCKFORCE CAPITAL

Strategy

The Strategic Beta BTC quantitative index measures long-term market trends, seeking to participate in the general updside of the cryptocurrency market while strategically losing exposure during downturns. The model aims to have limited turnover, regulating trading to remove friction and slippage. This model attempts to improve risk versus long positions by 30-35% by exiting its positions in downward trending markets.

Performance





Statistics

1/1/17 - 04/30/21	Strategic Beta	Bitcoin
YTD Return	60.83%	99.21%
Since Inception*	13,566.16%	5,716.02%
Ann. Return*	211.43%	155.65%
Volatility*	56.83%	82.20%
Sharpe Ratio Max	3.69	1.87
Drawdown	-34.38%	-83.80%

Team

We take a systematic and agile approach to our quantitative development

Machine learning, algorithms, regression analysis, data science, and optimization techniques

Astrophysics PHD

25 years of trading and portfolio risk management

Master-level statistician

Monthly Performance

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Strategic Beta Portfolio	**20.5%**	**29.5%**	**11.1%**	**-7.2%**	--	--	--	--	--	--	--	--	**60.8%**
Bitcoin	**14.3%**	**36.3%**	**30.5%**	**-2.0%**	--	--	--	--	--	--	--	--	**99.2%**
2020													Annual
Strategic Beta Portfolio	**20.6%**	**-2.1%**	**-10.8%**	**22.1%**	**-1.5%**	**-5.7%**	**19.4%**	**0.7%**	**0.0%**	**22.9%**	**33.5%**	**41.0%**	**236.3%**
Bitcoin	**31.8%**	**-7.8%**	**-26.7%**	**34.2%**	**9.5%**	**-3.3%**	**24.2%**	**2.7%**	**-7.5%**	**25.9%**	**42.8%**	**47.1%**	**304.6%**
2019													Annual
Strategic Beta Portfolio	**-6.6%**	**5.1%**	**3.5%**	**19.6%**	**55.7%**	**41.0%**	**-19.0%**	**2.8%**	**-4.4%**	**-6.2%**	**0.2%**	**-4.1%**	**91.3%**
Bitcoin	**-7.6%**	**11.5%**	**7.5%**	**28.5%**	**60.9%**	**26.2%**	**-6.3%**	**-4.8%**	**-13.5%**	**10.3%**	**-17.5%**	**-5.0%**	**92.8%**
2018													Annual
Strategic Beta Portfolio	**-5.2%**	**11.7%**	**-16.1%**	**21.6%**	**-2.9%**	**-8.4%**	**21.3%**	**1.1%**	**-9.7%**	**-3.0%**	**-1.1%**	**0.7%**	**3.0%**
Bitcoin	**-27.8%**	**1.7%**	**-32.9%**	**32.5%**	**-18.9%**	**-14.5%**	**21.5%**	**-9.5%**	**-5.9%**	**-4.6%**	**-36.4%**	**-6.8%**	**-73.5%**
2017													Annual
Strategic Beta Portfolio	**2.4%**	**21.7%**	**-6.3%**	**28.2%**	**60.5%**	**1.3%**	**-4.6%**	**63.8%**	**-5.3%**	**38.5%**	**47.7%**	**68.1%**	**1140.2%**
Bitcoin	**0.7%**	**21.6%**	**-9.2%**	**25.8%**	**69.6%**	**8.5%**	**15.9%**	**63.6%**	**-7.8%**	**49.1%**	**58.2%**	**38.3%**	**1367.9%**

* Since Inception Return, Annual Return and Volatility are annualized statistics.
Theoretical performance data and results are developed with the benefit of   indsight, there is no guarantee the strategy will achieve these results. The results presented are gross of fees, and an investable strategy may contain transaction friction and management fees not presented in the statistics above. NO INVESTOR ACHIEVED THE RESULTS PRESENTED. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

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Outlook

"Bitcoin was fairly range bound in April, the price mainly fluctuated between the $55,000 and $60,000 range for most of the month. These low vol periods are challenging for strategies like Quant. Low vol combined with spikes with quick reversals wreak havoc on longer term trend following systems like Quant. Bitcoin peaked at $63,821.67 and then fell all the way down to $47,159.49 before finally closing the month at $57,750. The quant avoided much of the drawdown to $47k by triggering a sell order around $55,000. However, this drawdown quickly reversed course and turned bullish again.

This is probably one of the perfect example periods for understanding the thesis behind a strategy like Quant. The strategy was designed to stay invested in BTC during major bull market moves and go to cash for significant drawdown periods. April remained in a range bound market so the Quant, due to a lack of direction and lowered volatility, underperformed month. This is perfectly in line with the historical norms. Everything has tradeoffs. If you are designing an algo for long term wealth creation, you have to think about wealth preservation first. I bring this point up over and over, if you lose 50% you need to make 100% to get back to even, if you lose 20% you only need 25% to get back to even. If you manage the downside then wealth can compound at a greater rate during rising markets, you don't need to capture ALL of the upside during bull markets. This is indeed easier said than done, most humans are emotional and they lack the discipline to stick to a strategy. If you are one of the investors who struggles with conviction during periods of underperformance, the best thing you can do is diversify your strategies. Think of the strategies like building blocks in your portfolio.

We have said this before and will say this again, please utilize this strategy as an addition to your current portfolio. Do not put all your eggs in one basket. We designed this strategy for those looking to protect their downside risk while participating in the majority of the upside. We can't offer investment advice of course, nor would we even try, but generally speaking, it is best to own some "beta" (long only "HODL" assets) then combine that with active strategies, like Quant and DeFi, etc. Then rebalance into those strategies during periods of underperformance because the statistical odds become stacked in your favor. Similar to counting cards in blackjack. Increase your bets as the card count increases." - Eric