



DEVINE GROUP

DG10 Systematic Investment Strategy

Statistical And Funding Rate Arbitrage Research And Development Overview

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DG10 Overview

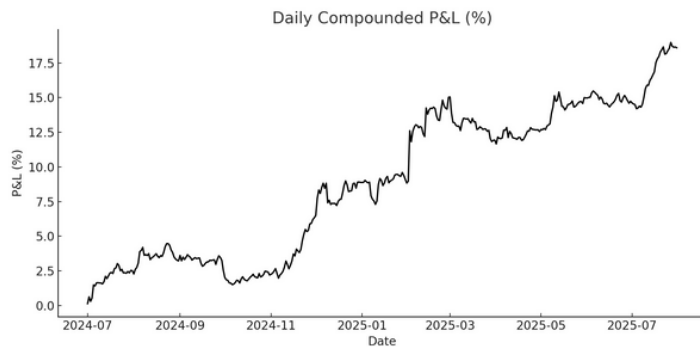
The DG10 strategy is a systematic, market-neutral investment approach designed to deliver consistent, risk-adjusted returns with minimal correlation to broader market movements.

By employing funding rate arbitrage and relative value strategies, DG10 maintains near-zero net market exposure, mitigating directional risk while capitalizing on inefficiencies in the digital asset market. With a proven live four-year track record.

Key Investment Strategies:

- Funding Rate Arbitrage:** The strategy systematically exploits funding rate disparities, particularly in USDT-based perpetual futures contracts, to capture premium yields with low volatility.
- Relative Value and Mean Reversion:** DG10 identifies and capitalizes on mispricings in digital assets, targeting oversold cryptocurrencies for long positions while simultaneously hedging with short positions in Bitcoin or other highly correlated assets. This approach leverages mean-reverting price dynamics to generate alpha.
- Market-Neutral Positioning:** Through meticulous portfolio construction of the top 30 digital assets by exchange volume, DG10 maintains a balanced exposure by offsetting long and short positions across a diversified set of digital assets. This ensures minimal sensitivity to market direction while optimizing risk-adjusted returns.

Compounded Total Gross P&L Since Inception



Monthly Returns (Compounded) Gross Return

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEARLY
2025	-0.04	5.7	-2.6	0.5	2.16	-0.2	3.4						8.9%
2024							2.5	0.7	-0.7	-0.3	4	2.4	8.8%

The DG10 strategy's performance from July 2024 to July 2025 is presented in two formats, both denominated in USDT. Reported returns are gross of operating expenses but include brokerage commissions, trading costs associated with asset transactions, subject to any applicable investor taxes.

Operational Excellence

Resources: Supported by significant computational and operational resources, including dedicated AWS clusters, advanced data pipelines, and a global team of quant researchers and engineers, ensuring precision and scalability for institutional investors.

Information

Class

- Launch Date: July 1, 2024
- Asset Class: Digital Assets
- Strategy Type: Active Systematic
- Venue: Binance | OKX | Bitfinex | Bybit

Supported Denominations

DG10 accepts the following underlying collateral:

- Bitcoin (BTC)
- USD Coin (USDC)
- Tether (USDT)

Portfolio Construction

DG10 has the following portfolio characteristics:

- Exposure: Top 30 Digital Assets by Exchange volume
- Annualized Volatility (%): 6.4%
- Average Annualized Return: 17.05%
- Sharpe Ratio: 2.5
- Sharpe Ratio (Risk Free = 5% annual): 1.75
- Observed Days: 396
- Max Drawdown Since Inception: -2.95%
- Positive Months (%): 61.5%
- Avg. Monthly Profit: +1.32%
- Correlation to BTC: 0.13
- Capital Utilization: 70%
- Average net exposure: 0%
- Instrument type: Perpetual Futures/Spot

Past performance is not indicative of future results. Investments in digital assets involve significant risks, including high volatility and potential loss of principal. Please refer to the full risk disclosures for additional details.

Risk Management

The DG10 strategy is underpinned by a robust, institutional-grade trading execution infrastructure and a multi-layer risk control framework, systematically engineered for resilience in high-volatility digital asset markets. Since 2016, the infrastructure has been developed as low-latency, globally distributed systems with continuous uptime, real-time risk monitoring, and automated reconciliations validated every 30–60 minutes. Pre-execution controls, dynamic risk constraints, and an independent risk engine enforce strict exposure limits, while tiered circuit breakers and venue integrity protocols mitigate systemic risks. This architecture ensures consistent performance, capital preservation, and operational stability, treating resilience as a core driver of alpha generation.

Strategy Benefits

DG10 is a systematically engineered quantitative strategy developed with institutional standards and capital efficiency in mind. The framework models portfolio exposures designed to align with capital preservation and consistency across market regimes. Through research into uncorrelated return streams and market-neutral construction, DG10 represents a practical implementation of Devine Group's signal architecture.

Notes

- Negative months rarely cluster — high mean-reversion tendency.
- 2024–2025 shows controlled volatility with efficient compounding
- Demonstrates strong compounding with high monthly win rates, minimal drawdown sequences, and robust year-over-year consistency.

It would be attractive to market participants seeking:

- Diversified, market-neutral alpha.
- Crypto exposure with reduced volatility.
- Market neutral yield atop BTC collateral path dependence.
- Consistent monthly compounding.
- Independent of trends and volatility.
- Performs across all market regimes.
- Liquid, credit-risk-free yield.
- Fixed-income substitute, digital-native returns.

Risk Considerations

The DG10 strategy involves significant risks, and prospective investors should carefully evaluate the following factors before committing capital. This section outlines key risks but is not exhaustive; additional risks may be detailed in the definitive offering documents.

Market and Volatility Risks

The DG10 strategy's exposure to digital assets, even through a market-neutral framework, subjects it to inherent volatility in the cryptocurrency markets. Digital assets, including Bitcoin (BTC), USD Coin (USDC), and Tether (USDT), are highly speculative and may experience extreme price fluctuations driven by market sentiment, regulatory developments, technological changes, or macroeconomic factors. While the strategy aims to mitigate directional risk through hedging, there is no assurance that these measures will fully offset market movements, and investors may incur substantial losses.

Strategy and Execution Risks

The DG10 strategy relies on funding rate arbitrage, relative value trades, and mean-reversion models, which are subject to execution risks. These include, but are not limited to, slippage, latency deviations, and liquidity constraints, particularly during periods of high market volatility or exchange degradation. The strategy's tick-to-trade latency of 220 μ s to 620 μ s and total round-trip processing of 12ms to 52ms, while optimized, may still be impacted by systemic failures, API disruptions, or adverse market conditions, potentially leading to suboptimal trade execution or losses. Additionally, the strategy's reliance on passive liquidity provision may result in unfilled orders, necessitating aggressive crossing that could increase costs or exposure to non-actionable prices.

Counterparty and Exchange Risks

DG10 operates on third-party exchanges (e.g., Binance, OKX, Bitfinex, Bybit), exposing it to counterparty risks, including exchange insolvency, security breaches, or operational failures. While the strategy includes venue integrity protocols—such as reducing exposure by 50% after 8–24 hours of downtime and 75–100% after 24 hours—there is no guarantee that these measures will fully mitigate losses in the event of an exchange failure. Furthermore, the lack of regulatory oversight in some jurisdictions may limit recourse in the event of fraud, mismanagement, or loss of assets held on exchanges.

Regulatory and Legal Risks

Digital assets are subject to evolving regulatory landscapes globally, and future actions by regulators, such as the U.S. Securities and Exchange Commission (SEC) or the U.K. Financial Conduct Authority (FCA), may materially impact the strategy's operations. Potential regulatory changes could restrict the ability to trade, hold, or use certain digital assets, impose new compliance requirements, or result in fines, penalties, or forced liquidation of positions. Additionally, the strategy's reliance on funding rate arbitrage may be affected by changes in exchange policies or regulatory restrictions on perpetual futures contracts, potentially reducing yield opportunities.

Operational and Systemic Risks

The DG10 strategy is underpinned by a complex, AWS-hosted trading infrastructure with 24/7 systemic operations. Despite robust failover systems, continuous monitoring, and reconciliations every 30–60 minutes, operational risks remain, including system outages, cyber-attacks, or human errors in oversight. The strategy's multi-layer risk controls, such as position limits and circuit breakers, aim to mitigate these risks, but there is no assurance that they will prevent losses during unexpected events, such as market-wide disruptions or technological failures.

Performance and Model Risks

There is no guarantee that the DG10 strategy's quantitative models, which drive funding rate arbitrage and relative value trades, will achieve their intended outcomes. Model assumptions may fail to account for unprecedented market conditions, leading to underperformance or losses. Historical performance, including the strategy's four-year track record and Hedgeweek Awards, is not indicative of future results, and investors should be prepared for periods of negative returns or drawdowns, despite the strategy's low-volatility target (annualized volatility of 8.4%).

Liquidity and Redemption Risks

While DG10 prioritizes highly liquid digital assets, there is no assurance of liquidity during stressed market conditions, which may impair the strategy's ability to execute trades or rebalance positions effectively. The strategy does not offer a redemption program, and investors may face challenges exiting positions, particularly during periods of market dislocation. Assets may trade at a premium or discount to their net asset value, and investors should be prepared for potential illiquidity.

Concentration and Correlation Risks

Despite its market-neutral approach, DG10 may inadvertently develop unintended correlations with broader market movements, particularly during systemic events affecting digital assets. Concentration risks may arise if the strategy's exposure to specific assets or exchanges exceeds intended thresholds, potentially amplifying losses during adverse conditions.

General Investment Risks

DG10 involves a high degree of risk, including the potential loss of the entire investment. The strategy does not guarantee positive returns or the achievement of investment objectives, and investors should be prepared for significant volatility and the possibility of substantial losses. Diversification does not ensure a profit or protect against loss in declining markets. Investors must be willing and financially able to bear the risk of loss, and only accredited or institutional investors with a high risk tolerance should consider participation.

Disclaimer

The risks outlined above are not comprehensive, and additional risks may apply. Investors are strongly encouraged to review the Fund's definitive offering documents, which provide a detailed discussion of risks, fees, and other material considerations. Past performance is not indicative of future results, and no representation is made that the DG10 strategy will achieve its objectives or avoid losses. For further information, contact investments@devinegroup.xyz



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