



DEVINE GROUP

DG04 Systematic Investment Strategy

Constructed Portfolio Of Alpha Strategies Research And Development Overview

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DG04 Overview

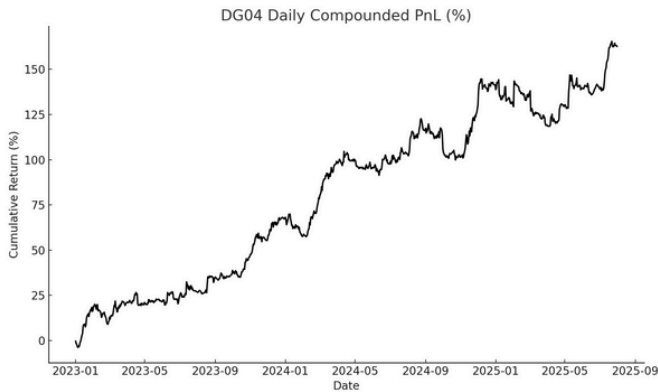
The DG04 strategy is an actively managed, quantitatively driven investment approach designed to maximize risk-adjusted returns through dynamic capital allocation across a diversified portfolio of digital assets.

DG04 operates across leading exchanges including OKX, Bitfinex, and Binance, focusing on the top 30 most liquid cryptocurrencies, with a strategic emphasis on large-cap assets to ensure scalability and liquidity. The strategy applies a multi-factor quantitative framework incorporating metrics such as Sharpe ratios, drawdown-adjusted alpha, and volatility assessments to guide portfolio construction and ongoing rebalancing.

Key Investment Strategies:

- **Risk-Adjusted Allocation and Alpha Targeting:** DG04 leverages quantitative models to evaluate expected returns relative to risk, dynamically allocating capital across long and short positions. Portfolio weights are informed by risk-adjusted performance metrics, seeking to optimize return consistency while minimizing drawdowns.
- **Constructive Long Bias with Tactical Hedging:** The strategy typically maintains a net long exposure to capture upside opportunities in fundamentally strong or technically oversold digital assets, while retaining flexibility to establish short positions of up to 60% of NAV. This allows DG04 to manage downside risks and navigate adverse market conditions effectively.
- **Liquidity and Execution Discipline:** DG04 emphasizes execution across highly liquid trading pairs to minimize slippage and ensure efficient implementation. The strategy's multi-exchange footprint enhances diversification and provides the agility to exploit short-term market dislocations and structural inefficiencies.

Compounded Total Gross Returns Since Inception



Monthly Returns (Compounded) Gross Return

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEARLY
2025	-4.61	2.74	-7.33	4.62	4.45	0.28	9.31						+8.80
2024	-5.90	13.28	11.45	0.72	-2.53	1.20	2.83	6.36	-1.10	-5.76	13.29	5.84	+44.36
2023	16.47	-4.88	9.21	-0.52	1.00	1.59	2.81	6.15	1.61	6.90	6.07	7.81	+67.41

The DG04 strategy's performance is live SMA figures from January 2023 to August 2025. Reported returns are gross of management and carry fees 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

- Launch Date: January 1, 2023
- Asset Class: Digital Assets
- Strategy Type: Active Systematic
- Venue: Binance | OKX | Bitfinex | Bybit

Supported Denominations

DG04 accepts the following underlying collateral:

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

Portfolio Construction

DG04 has the following portfolio characteristics:

- Exposure: Top 30 Digital Assets by Exchange volume
- Annualized Volatility (%): 17.37
- Annualized Return: 45.34%
- Sharpe Ratio: 2.24
- Max Drawdown Since Inception: -10.69%
- Positive Months (%): 74.19%
- Days Observed: 943

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 DG04 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

DG04 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, DG04 represents a practical implementation of Devine Group's signal architecture.

Notes

- Positive Skew and Strong Compounding
- Multiple highly positive months (e.g. +16.47%, +13.28%, +13.29%).
- Indicates the strategy can capture outsized gains during favorable market conditions.
- Negative months are scattered, not forming long losing streaks.
- Drawdowns do not extend for consecutive quarters.

It would be attractive to market participants seeking:

- Risk-Adjusted Crypto Exposure.
- Diversified Quantitative Alpha.
- Dynamic Portfolio Management.
- Consistent Compounding.
- Institutional Liquidity.
- Alternative Return Stream.



Risk Considerations

The DG04 strategy involves significant risks, and prospective investors should carefully assess the following risk factors before making an investment decision. While this summary highlights key considerations, it is not exhaustive. Additional risks may be detailed in the definitive offering documents.

Market and Volatility Risks

DG04's aggressive long exposure to digital assets inherently subjects the strategy to heightened market volatility and drawdown risk. While short positions (up to -60%) are employed as hedges, the strategy's directional bias toward bullish conditions increases sensitivity to adverse market movements. Digital assets such as Bitcoin (BTC), Ethereum (ETH), and other top-cap cryptocurrencies may exhibit sharp price swings driven by macroeconomic events, regulatory developments, and shifts in investor sentiment, all of which may negatively impact the strategy's performance.

Strategy and Execution Risks

DG04 employs quantitative models, including Sharpe ratio optimization and alpha/drawdown analysis, to allocate capital. These models are subject to execution risks including latency, slippage, and market impact, especially during periods of stress. The strategy's active rebalancing and high exposure levels may lead to increased transaction costs, unfavorable execution, or liquidity mismatches. Furthermore, reliance on signal-based asset selection may result in missed opportunities or erroneous trades due to model drift, overfitting, or invalid assumptions under real-world conditions.

Counterparty and Exchange Risks

DG04 operates across multiple centralized exchanges (e.g., Binance, Bitfinex, OKX), introducing risks related to counterparty solvency, exchange integrity, and custodial practices. Risks include exchange insolvency, security breaches, API instability, and operational failures that may impact trade execution or result in asset loss. While risk controls such as position limits per venue are implemented, these measures may not fully protect capital in the event of systemic exchange failures or forced delistings.

Regulatory and Legal Risks

The evolving regulatory landscape for digital assets poses substantial uncertainty for strategies like DG04. Regulatory bodies may introduce restrictions on trading certain assets, impose compliance obligations, or modify rules governing leverage and derivatives. Such changes could directly affect DG04's ability to maintain exposure or rebalance portfolios. The use of unregulated exchanges and instruments like perpetual contracts may further expose the strategy to enforcement actions or limitations that hinder operational continuity.

Operational and Systemic Risks

DG04's trading system, hosted across cloud infrastructure, depends on robust uptime, secure data pipelines, and reliable execution engines. Nonetheless, operational risks persist, including infrastructure outages, cyber threats, integration failures, and human error in monitoring or strategy calibration. Despite safeguards such as automated monitoring, failovers, and internal reconciliations, these events could lead to substantial disruptions or unintended exposure.

Performance and Model Risks

The strategy is driven by proprietary algorithms that depend on historical data, market signals, and quantitative assumptions. These models may underperform during atypical market regimes, non-linear behavior, or unforeseen macro events. There is no guarantee that the strategy will continue to generate positive alpha, and over-optimization or reliance on trailing performance metrics like Sharpe ratios may reduce adaptability. Historical returns do not imply future success, and periods of drawdown or underperformance should be expected.

Liquidity and Redemption Risks

Despite its focus on the most liquid digital assets, DG04 may face liquidity shortages during volatile or panic-driven market conditions. Slippage, widening bid-ask spreads, or halted trading could impair the strategy's ability to adjust exposures or exit positions efficiently. Additionally, as the strategy does not offer investor-directed redemption windows, participants may lack short-term liquidity or access to capital during dislocation events.

Concentration and Correlation Risks

DG04's focus on top-market-cap assets and high conviction long positions may result in unintended concentration risk. During periods of correlated downturns across major digital assets, the strategy's hedging mechanisms may prove inadequate. Portfolio construction aiming for alpha may deviate from neutral benchmarks, increasing exposure to specific assets or sectors, thus magnifying losses under systemic stress.

General Investment Risks

Participation in the DG04 strategy involves a high degree of risk and the potential for significant or total capital loss. There is no assurance of profit, preservation of capital, or achievement of the strategy's investment objectives. Investors should be prepared for periods of volatility, negative returns, and reduced liquidity. Only sophisticated, accredited, or institutional investors with appropriate risk tolerance should consider an investment in DG04.

Disclaimer

This summary does not encompass all potential risks, and further detail is provided in the Fund's definitive offering documents. Investors are strongly encouraged to conduct their own due diligence and seek professional advice before investing. Past performance is not indicative of future results, and no representation is made regarding the achievement of investment goals or risk mitigation. For further inquiries, contact investments@devinegroup.xyz



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