

PROPHECY DEFI

Foundational Principles

Our mission is to harness advanced financial strategies and latest developments in digital assets, crafting investment solutions that are intelligent, secure, and sustainable. We are committed to adapting to the dynamic landscape of crypto investments, ensuring long-term viability in every strategy.

Investment Philosophy



Expertise Meets Innovation

Leveraging cutting-edge technology and deep market insight, Prophecy DeFi offers unique investment strategies, including Smart Beta approaches and narrative-driven investments, to outperform traditional market indexes.



Dynamic Investment Approach

We specialize in leveraging the crypto market's inherent volatility, utilizing sophisticated analysis and comprehensive back-tested models to navigate and capitalize on its boom-and-bust cycles effectively.

DECODING CRYPTOCURRENCY



Cryptocurrency is a digital form of currency, engineered for enhanced security and, in numerous instances, anonymity. It exclusively exists in an electronic format and employs advanced cryptography for security purposes, significantly reducing the likelihood of counterfeiting.



Blockchain Technology

Every cryptocurrency operates on a technology called blockchain. Blockchain is a digital ledger. Each 'block' in the chain contains a number of transactions, and each time a new transaction occurs, a record of that transaction is added to every participant's ledger. The decentralized nature of blockchain technology reduces the risk of fraud and censorship.



Decentralized Networks

Unlike traditional currencies, cryptocurrencies operate on a decentralized network using distributed ledger technology. This means no central authority, such as a government or bank, controls them. Instead, they are maintained by a worldwide network of individual users' computers, ensuring transactions are more democratic and transparent.



Economic Impact

Cryptocurrencies offer the promise of lower transaction fees than traditional online payment mechanisms, and unlike government-issued currencies, they are operated by a decentralized authority. Today, they are not just an investment vehicle but also a technology shaping the future of numerous industries, including finance, real estate, and more.

DIGITAL CURRENCY ERA



Emergence of Altcoins

Diversification of the crypto ecosystem begins with the arrival of altcoins like Litecoin, offering variations in blockchain technology and use cases.



The ICO (Initial Coin Offering) boom marks a surge in crypto fundraising, drawing attention from investors and regulators worldwide.

2009 2011-2013 2015 2017



The genesis of digital currency – Bitcoin emerges as the first decentralized cryptocurrency, introducing the world to the potential of blockchain technology.

The Birth of Ethereum and Smart Contracts

Ethereum launches, introducing smart contracts to the blockchain landscape, significantly broadening the applications and utility of blockchain technology.

The Rise of DeFi

Decentralized Finance
(DeFi) gains momentum,
offering a new paradigm in
financial services through
blockchain, from lending to
insurance without
traditional intermediaries.



The development of Layer 2 solutions like Arbitrum and Lightning Network addresses scalability and efficiency, paving the way for broader adoption and usability of blockchain technology.

2019-2020 2020-2021

2021-2022



Mainstream Adoption and Institutional Investment

Cryptocurrencies gain
widespread recognition, with
major corporations and
financial institutions adopting
and investing in digital assets,
marking a new era of
acceptance

2023

Regulatory Frameworks and ESG Focus

2023 marks a significant year for the maturation of the crypto industry, with governments worldwide working towards establishing clear regulatory frameworks. This year also sees a heightened focus on ESG (Environmental, Social, and Governance) aspects of cryptocurrencies, emphasizing sustainable and socially responsible practices in the digital asset space.

This shift reflects a growing awareness of crypto's impact beyond financial markets, aiming for a balance between innovation, investor protection, and social responsibility.

CRYPIONARKEIDYNAMICS

Total Valuation of Cryptocurrencies



Market Cap Now

\$1.36 trillion, showcasing a strong recovery phase



Historical Context

Previous low at \$758 billion, with an all-time high reaching \$3.02 trillion.

THESE FIGURES HIGHLIGHT THE MARKET'S DYNAMIC NATURE AND CAPACITY FOR SIGNIFICANT GROWTH.

Boom-and-Bust Cycles

Four-Year Trends

The crypto market typically experiences substantial growth followed by corrections every four years.

Market Milestone

The 2017 peak demonstrates how new technologies and investor interest can rapidly expand the market.

Future Growth Prospects

Upcoming Catalyst

The 2024 halving is anticipated to initiate a new growth cycle.

Emerging Drivers

Innovations and increasing mainstream adoption are key factors shaping future market expansion.

Opportunity Window

Each cycle presents distinct opportunities for informed investment strategies.



BIJ COIN IN NUMBERS

1st

Bitcoin

The 1st Cryptocurrency to Reach a \$1 Trillion Market Cap, a feat achieved in only 12 years, surpassing major tech companies like Apple in market growth speed.

2009

The Genesis

The first Bitcoin block, known as the Genesis Block, was mined in 2009, marking the start of the revolutionary Bitcoin blockchain.

\$1 TRILLION

Total cryptocurrency market cap

Led by Bitcoin, surpassed \$1 trillion in 2021, highlighting Bitcoin's dominant role in the crypto industry.

21

MILLION

Bitcoin's Finite Supply

Capped at 21 million, with about 1.74 million Bitcoins still to be mined, underscoring its scarcity and value.

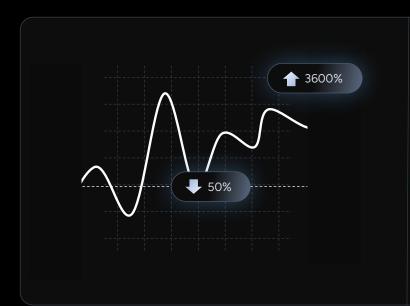
50%

CORRECTION

Historical Resilience

Bitcoin has consistently rebounded to new 'All Time Highs' within three years following corrections over 50%.

BICHISIORICAL DAIA



Past Corrections and Recoveries

- Historical corrections show a pattern where Bitcoin often corrects over 50%, then makes new all-time highs within three years.
- Examples include a 56.3% correction in August 2012 followed by a 3600% climb to an all-time high (ATH), and an 82.6% correction in April 2013 followed by a 2226% rise to ATH.

Resilience and Growth

- Despite significant corrections, such as an 86.9% drop in November 2013 and an 83.6% drop in December 2017, Bitcoin has consistently achieved new highs, exemplifying its resilience and long-term growth potential.
- This pattern was observed again after a 77.8% correction in November 2021.



BEYOND BITCOIN



The Genesis of Ethereum

Inception Point

Ethereum was introduced in 2015, envisioned by Vitalik Buterin and co-founders.

Digital Progression

Created to expand the possibilities beyond what Bitcoin offered – a programmable blockchain.



Beyond a Currency

Smart Contracts

Ethereum introduced the concept of 'smart contracts,' self-executing contracts with terms directly written into code.

Diverse Applications

This innovation paved the way for decentralized applications, opening a world of possibilities from finance to gaming.



Unique Proposition

Versatile Blockchain

Unlike Bitcoin, which is primarily a digital currency, Ethereum is a platform for building decentralized applications.

Token Utility

Ether, Ethereum's native currency, is used not just for transactions but also to power operations and applications on the network.



Impact on Blockchain

Driving Innovation

Ethereum's introduction of smart contracts has been a gamechanger, influencing numerous blockchain projects and industries.

Developer Network

Boasting a strong developer community, Ethereum continues to be at the forefront of blockchain innovation and adoption.

BEYOND BIJ COIN





Market Triumph

ROI Comparison

Since 2017, Ethereum (ETH) has consistently outperformed Bitcoin (BTC) in terms of ROI.

Key Drivers

Ethereum's growth is bolstered by its expansive ecosystem, strong developer activity, and its pivotal role in decentralized applications (DApps).



Growth Factors

Ecosystem Expansion

Ethereum is the second-largest crypto asset by market capitalization, backed by a robust platform for DApps and tokens.

Continuous Improvements

Ongoing upgrades, like the transition to Ethereum 2.0, are enhancing Ethereum's efficiency, scalability, and security.



Scaling Solutions

Performance Enhancements

Solutions like Arbitrum tackle Ethereum's challenges with high fees and slower transaction times by processing transactions offchain.

Adoption Potential

These Layer 2 solutions offer faster, cheaper transactions while maintaining security, potentially driving broader adoption and value appreciation for Ethereum.



Interconnected Growth

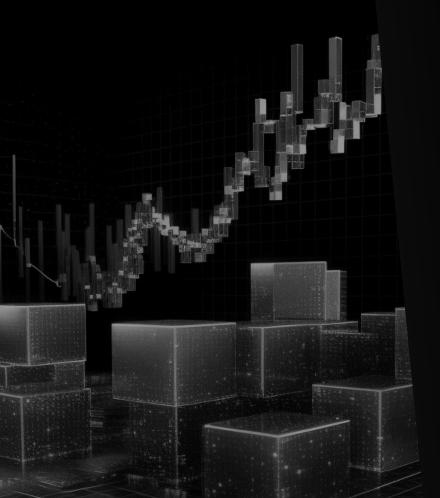
Market Evolution

Layer 2 solutions not only support Ethereum's scalability but also contribute to its overall market growth.

Risk Management

Investments in Ethereum and its Layer 2 scaling solutions offer a smart beta exposure, combining high growth potential with strategic risk management.

INVESTMENT STRATEGY





Ethereum's Strategic Significance Ethereum, a frontrunner in blockchain innovation, is a key component of our investment strategy. Our involvement in Ethereum's robust and evolving ecosystem aligns with the decentralized finance (DeFi) revolution. The platform's wide array of applications and ongoing enhancements present substantial opportunities for long-term growth.



Layer 2
Scalability
Solutions

To tackle Ethereum's scalability challenges, we are strategically investing in Layer 2 solutions like Arbitrum. These technologies are vital in enhancing transaction speeds and reducing costs, thereby significantly improving the user experience and fostering wider adoption. Advancements in Layer 2 solutions are instrumental for the long-term value appreciation of Ethereum and its network.



Balanced Crypto Investment Our investment strategy is comprehensive and well-rounded. By incorporating Ethereum, Bitcoin mining stocks, and Layer 2 solutions into our portfolio, we harness the distinct advantages of each asset category. This diversified approach not only taps into the individual potential of these assets but also equips our portfolio to navigate the shifting currents of the cryptocurrency market effectively.

LEDCER VALIDATION

Fundamental Concept -

Mining is the process by which new cryptocurrency coins or tokens are created and transactions are verified and added to the blockchain.

Digital Ledger Maintenance

Miners use powerful computers to solve complex mathematical puzzles, which validates transactions and secures the network.

The Mining Process

Miners compete to solve cryptographic puzzles.

The first to solve the puzzle gets to add a new block of transactions to the blockchain.

Crypto Mining

Reward Mechanism

As a reward for their efforts, miners receive newly minted coins, like Bitcoin or Ethereum, as well as transaction fees.

Decentralization Mechanics

Securing the Network

Mining is crucial for maintaining the security and integrity of the blockchain. It prevents fraud and double-spending of coins.

Decentralization in Action

It epitomizes the decentralized nature of cryptocurrencies, as anyone with the necessary hardware and software can become a miner.

Network Consensus

Mining is a part of the consensus mechanism (like Proof of Work) that helps to achieve agreement among network participants on the state of the ledger.

Sustainable Evolution

Energy Consumption Concerns

Mining, especially for coins like Bitcoin, can be energy-intensive, leading to discussions about sustainability and the development of more energy-efficient methods.

Shift to Alternative Methods

Trends are emerging towards other consensus mechanisms like Proof of Stake, used by Ethereum 2.0, which are less energy-intensive than traditional mining.

MINING OPERATIORS



Network Guardians

Security Enforcers

Miners play a crucial role in enforcing the rules of a crypto-currency's protocol, ensuring network security and trust.

Key Drivers

Every transaction on the blockchain is verified by miners, making them pivotal in maintaining the blockchain's integrity.



Security Enforcement

Network Strengthening

A large, diverse mining community contributes to a more secure and robust network.

Incentivizing Participation

The reward system not only compensates miners but also incentivizes continuous participation and investment in the network.



Protocol Influence

Development Impact

Miners often have a significant say in protocol upgrades or forks, influencing the direction of a cryptocurrency's development.

Community Governance

In many blockchain ecosystems, miners are part of the governance, having a voice in key decisions.



Operational Hurdles

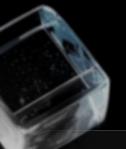
Market Fluctuations

The profitability of mining is closely tied to market prices, making it susceptible to market volatility.

Technological Advancements

Constantly evolving technology requires miners to regularly update hardware and software.





LEADING PLAYERS

MARA

Core Focus

One of the largest Bitcoin self-mining companies in North America.

Strategic Approach

Prioritizes operational efficiency and environmental sustainability in mining operations.

Strategic Approach

Offers strong growth potential through large-scale operations and a commitment to sustainability, appealing to the growing market interest in environmentally responsible mining.



Core Focus

Mines both Bitcoin and Ethereum with an emphasis on green energy.

Strategic Approach

Known for its global operations and utilization of renewable energy sources.

Strategic Approach

Attracts investors with a diversified mining approach and use of green energy, well-positioned in a market increasingly aware of environmental impact.

CleanSpark ♦

Core Focus

Pioneers in eco-friendly Bitcoin mining and energy management, utilizing proprietary technology for efficient energy consumption.

Strategic Approach

Implements advanced algorithms and microgrid solutions to ensure sustainable and cost-effective mining operations.

Strategic Approach

Represents a unique opportunity for investors interested in green technology and renewable energy within the cryptocurrency mining sector, poised for growth in a market shifting towards sustainability.

INVESTMENTTHESIS



Smart Beta Strategies: Advanced and Adaptive Surpassing traditional market returns through innovative, data-driven strategies.

Utilizing a mix of advanced analytics and financial models to navigate and exploit crypto market inefficiencies.

Cyclical Market Dynamics: Timing and Insight

- Capitalizing on the crypto market's inherent boom-and-bust cycles for strategic investment timing.
- Leveraging deep market insights to guide investment decisions in line with cyclical trends.

Investor Psychology:Beyond Market Trends

- Delving into how investor emotions and psychology influence market movements.
- Using these insights for proactive investment decisions, staying ahead of market sentiment.

High Correlation Assets:Core Investment Focus

- Investing in assets deeply integrated with the broader crypto market for significant impact.
- ◆ Ethereum for its expansion in decentralized applications, Bitcoin mining stocks due to their close alignment with Bitcoin's performance, and Layer 2 solutions such as Arbitrum to bolster scalability.

Narrative-Driven Investments: Story Meets Strategy

- Aligning investment choices with compelling market narratives that drive investor behavior and asset valuation
- Focusing on assets leading in market cycles, like Ethereum's role in blockchain scalability, to stay aligned with evolving market stories.



STRATECIC PRINCIPALS





Smart Beta Strategies

Definition

Smart beta strategies involve using alternative index construction rules to traditional market capitalization-based indices, aiming for better riskadjusted returns.

Application

Prophecy DeFi employs these strategies to capture outsized returns, leveraging factors like volatility, yield, and momentum.



Narrative-Driven Investments

Storytelling in Investment

Identifying and investing in cryptocurrencies and projects that are aligned with compelling market narratives and emerging trends.

Long-Term Vision

Focusing on narratives allows for a more visionary approach, investing in projects with strong potential for future growth and adoption.



Capitalizing on Market Cycles

Market Insight

Recognizing and utilizing the cyclical nature of the cryptocurrency market, marked by periods of rapid growth and correction

Strategic Approach

By understanding these cycles, Prophecy DeFi strategically enters and exits positions to maximize gains and minimize losses



Combining Analysis and Innovation

Data-Driven Decisions

Utilizing a sophisticated blend of methodologies, including technical analysis and market sentiment, to guide investment choices.

Innovative Outlook

Keeping an eye on technological advancements and regulatory changes to stay ahead in the dynamic crypto landscape.

FOCUSED ALLOCATION



Bitcoin (BTC)

Leading Cryptocurrency

As the first and most recognized cryptocurrency, Bitcoin remains a primary focus in the investment strategy.

Market Influence

Bitcoin's market movements often set trends for the wider cryptocurrency market.



Ethereum (ETH)

Innovation and Growth

Ethereum's role in enabling decentralized applications and smart contracts makes it a key investment focus.

Smart Beta Potential

Ethereum offers high potential for ROI and aligns with Prophecy's smart beta strategy.



Bitcoin Mining Stocks

Indirect Bitcoin Exposure

Investing in mining stocks provides exposure to Bitcoin's price movements.

Revenue Generation

Mining stocks benefit from the appreciation of Bitcoin's price, offering a unique investment opportunity within the crypto ecosystem.



Layer 2 Scaling Solutions

Enhancing Ethereum's Scalability

Investments in solutions like Arbitrum that address Ethereum's scalability challenges.

Narrative-Driven Investment

Layer 2 solutions align with the scalability narrative, a key focus of Prophecy's narrative-driven investment approach.

DIVERSE PORTFOLIO

Strategic Diversification

At the core of Prophecy DeFi's portfolio strategy lies a commitment to diversification and strategic allocation. This approach aims to optimize returns across a variety of asset classes, ensuring a well-rounded investment portfolio.

High Beta Bitcoin Mining Stocks

A key component of our portfolio is high beta Bitcoin mining stocks.

Selected for their strong correlation with Bitcoin's market movements, these stocks have the potential to significantly amplify price movements, offering our investors a unique exposure to the cryptocurrency market's performance.



Proprietary Top 25 Tokens Index

Our investment strategy is further enhanced by the creation of our own Top 25 Tokens Index. This carefully curated index includes the top 25 crypto assets based on market capitalization and trading volume, focusing on Smart Beta assets. These assets are chosen for their potential to provide superior risk-return ratios, diverging from the constraints of traditional market cap-weighted indices.

Emerging Markets and Asymmetrical Strategies

In addition to established assets, we place a strong emphasis on emerging markets. By adopting asymmetrical bet strategies, our portfolio is balanced with investments that have high-growth potential. This not only allows us to capture potentially high returns from these emerging assets but also effectively manages the overall risk exposure of our portfolio.

Adaptive Investment Approach

The integration of these diverse strategies underscores our goal to harness both the growth potential and resilience of our investments. We strive to build a robust portfolio that is adaptable to market fluctuations and poised to capitalize on emerging opportunities.

STRATECIC HOLDINGS



Bitcoin Mining Stocks

- High beta stocks included in the portfolio due to their strong correlation and amplified price movements compared to major alternative coins.
- These stocks offer indirect exposure to Bitcoin and potential for increased returns.



Index of Top 25 Tokens

- An in-house index of the top 25 crypto assets by market capitalization and trade volume is used to track performance and make strategic investments.
- Focus is on tokens with Smart Beta characteristics, superior risk-return ratios, and sufficient liquidity for trade execution.



Emerging Markets Allocation

- A portion of the portfolio is allocated to emerging markets, representing asymmetrical bets within Prophecy's strategy.
- These markets provide opportunities for significant returns, albeit with higher risk, aiming for potential outsized gains while managing overall risk exposure.

MODEL FRAMEMORK



High Accuracy Profile

Track Record

Prophecy's trading model has shown a remarkable accuracy profile of 92% over the last decade in the crypto market.

Reliability

This high level of accuracy underscores the model's effectiveness in navigating market trends and opportunities.



Partial Metrics Accuracy

Consistent Performance

Even when only 80% of the model's metrics are met, it still delivers data with an 80% accuracy rate.

Resilient Adaptability

This demonstrates the model's robustness and its ability to provide reliable insights under varying market conditions.



Confidence Intervals in Trading Model

Robust Thresholds

The model incorporates several confidence intervals that act as thresholds to validate and confirm the reliability of the generated data.

Ensuring Precision

These confidence intervals are crucial in enhancing the precision and robustness of the model's metrics.



Backtesting and Model Legitimacy

Backtesting Results

Extensive backtesting has established the model's legitimacy and effectiveness in the dynamic crypto market.

Informed Insights

The accuracy and backtesting results reinforce confidence in the model's ability to provide datadriven insights for investment decisions.

PROFIT STRATECY

Strategic Analytics

In-House Process and Trading Metrics

Prophecy's principal trader uses unique, internally developed methods for analyzing the market. This involves specialized metrics that are not commonly used by other traders or firms.

The strategies include:



Wyckoff Analysis

A technical approach that looks at supply and demand, price ranges, and market trends.



Elliott Wave Theory

A method of predicting market movements by identifying recurring wave patterns.



Focus on Wave Lengths

Special attention is given to understanding the length and duration of market trends and cycles.

Enhancing Profitability

Scaling Strategy

This refers to a carefully plannedapproach for entering and exiting investment positions. The goal is to increase profits (manage winners) and reduce losses (cut losers) effectively.

Balancing Risk and Reward

The strategy is designed to maximize gains while minimizing the potential for financial loss.

Dollar Cost Averaging (DCA) Strategy

Core Investment Approach

Dollar Cost Averaging involves regularly investing a fixed amount of money, regardless of market conditions. This technique can reduce the impact of market volatility.

Probable Range Signal

Investment decisions are based on a specific indicator known as the "Probable Range." This signal helps determine the optimal timing and amount for investments.

Allocation Adjustments

The strategy adjusts how much to invest based on where the current price falls within the Probable Range. This could mean investing more aggressively or cautiously, depending on market conditions

JIDE OF JRADE

Market Dynamics

- The crypto market, including Bitcoin, experiences boom-and-bust cycles similar to traditional markets, driven by supply and demand imbalances and investor psychology.
- During boom cycles, demand often outpaces supply, driving prices up, while bust cycles see an oversupply and selling pressure, leading to price drops.



Trading Sentiment

The relative newness and evolving nature of the crypto market result in inefficiencies like information asymmetry, limited regulatory oversight, and high volatility.

These inefficiencies present opportunities for arbitrage and profit generation, but also contribute to exaggerated price movements influenced by investor emotions like greed and fear.

Investment Cycles

Understanding boom and bust cycles allows investors to capitalize on the volatility for increased returns, aligning with Prophecy's investment strategy focused on smart beta and narrative-driven decisions.

SENTIMENT 1ACTICS





Market Evolution

The cryptocurrency market has evolved from its early, nascent stages to a more mature phase. This progression, however, comes with its own set of challenges, including information asymmetry and limited regulatory oversight, which directly impact investor confidence and the overall stability of the market.



Capitalizing on Inefficiencies Despite these challenges, Prophecy DeFi adeptly identifies arbitrage opportunities created by market inefficiencies. By expertly leveraging price discrepancies across different exchanges and token pairs, our approach transforms potential weaknesses in the market into profitable investment opportunities.



Behavioural Insights

Understanding investor behavior, particularly the emotional drivers like greed and fear, is integral to our investment strategy. These emotions often drive market trends and can lead to exaggerated boom-and-bust cycles. We place significant emphasis on analyzing and responding to these behavioral patterns, allowing us to make more informed investment decisions that are in sync with market dynamics.

LIDO CASE STUDY



Lido FinanceAn Emerging Market Opportunity

Overview

Lido Finance (LDO) represents an emerging market opportunity that aligns with Prophecy DeFi's Smart Beta investment thesis.

Ethereum's Influence

The investment process identified the growth potential of Ethereum and its positive impact on related tokens like LDO.

Strategic Allocation in LDO

Capital Deployment

Prophecy DeFi strategically allocates capital to Smart Beta investment opportunities in emerging tokens such as LDO.

Portfolio Diversification

By diversifying with tokens like LDO, the aim is to maximize returns while managing risk exposure effectively.

Riding the Ethereum and LDO Wave

Market Dynamics

As Ethereum's narrative gained momentum, LDO presented an opportunity to leverage its holdings, amplifying exposure to the positive trends in both Ethereum and Bitcoin.

Strategic Benefit

This investment approach capitalized on the combination of Ethereum's growth and LDO's specific market narrative.

Significant Returns from LDO Investment

Outcomes and Returns

Investing in Lido Finance in line with the overall strategy led to outsized returns, benefiting from LDO's appreciation relative to both Ethereum ar

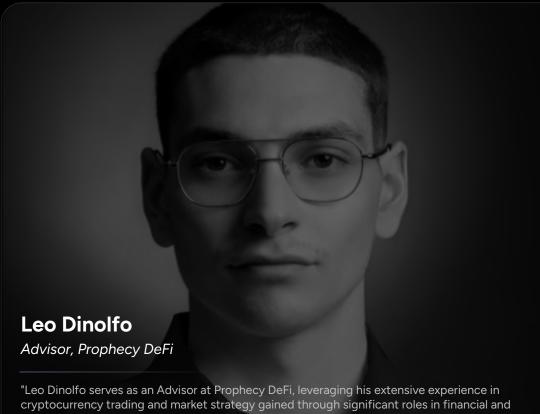
DYNAMIC LEADERSHIP



John McMahon is a distinguished finance executive with over two decades of extensive experience in the investment industry. As CEO of Prophecy DeFi, John brings his vast expertise in banking and finance, honed through senior roles at leading Canadian firms. His tenure includes impactful positions such as Managing Partner of Thought Launch Capital & Advisory, Vice Chairman and Head of Investment Banking at Research Capital, and Managing Director of Investment Banking at Industrial Alliance Securities. With a sharp acumen for strategic vision and a deep understanding of investment dynamics, John's leadership is pivotal in steering Prophecy DeFi towards its ambitious goals in the evolving landscape of decentralized finance.



DYNAMIC LEADERSHIP



"Leo Dinolfo serves as an Advisor at Prophecy DeFi, leveraging his extensive experience in cryptocurrency trading and market strategy gained through significant roles in financial and crypto organizations. His expertise, honed at a leading cryptocurrency platform, is complemented by his roles as Chief Investment Officer and Co-Founder of Metaweb Canada and as an Escalation Specialist and Director of Finance at VANA FINANCE. These positions underscore his skills in exchange trading, business strategy, and financial education. Leo's passion for the digital realm, particularly e-commerce and cryptocurrency, greatly benefits Prophecy DeFi's trading strategies. Additionally, his success in managing private investment accounts showcases his exceptional trading acumen and strategic foresight.

Zach Landau

Advisor, Prophecy DeFi

With over three years in entrepreneurship focusing on digital assets and decentralized finance, Zach Landau is an invaluable Advisor at Prophecy DeFi. His current role as a Sales and Business Development Associate at Ryki.io, a cryptocurrency OTC firm, complements his position as the head of strategy and business development at Metaweb. Zach's acumen in guiding traditional companies into the web3 realm, coupled with his experience in advising on strategy, fundraising, and collaborating with industry leaders, equips him with a unique perspective and strategic approach beneficial to Prophecy DeFi.

UCY NINAH [

