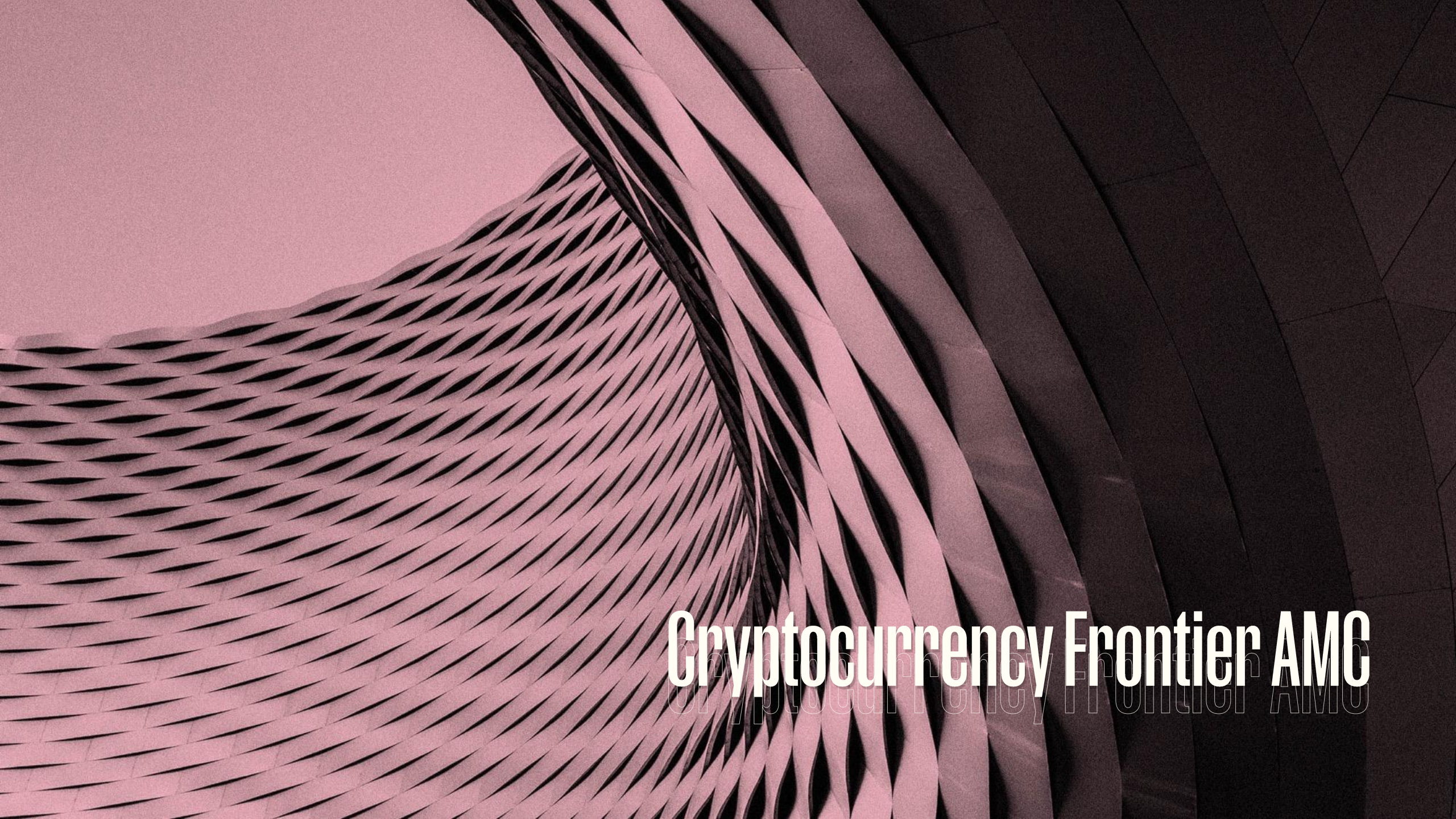
Zeltner&Co


Cryptocurrency Frontier AMC

Cryptocurrency Frontier

The Cryptocurrency Frontier AMC invests in Bitcoin and other cryptocurrencies providing staking rewards, such as Ethereum, Solana, Algorand and Polkadot. The certificate also uses market neutral strategies including cash and carries with futures and premium generation with options.

All the cryptocurrencies we hold are securely stored offline in cold storage with Bitcoin Suisse.

Product	**AMC**
Counterparty	**None**
Asset Class	**Alternative**

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Why Invest?

Risk-Adjusted Return

Unique Diversification Opportunity

Macroeconomics

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Why Invest?

Risk-Adjusted Return

Bitcoin & Co. has provided investors with a higher return than any other asset class over the past decade, with demand for Bitcoin continuing to grow while supply remains limited. In fact, the rate at which new Bitcoins are released falls by 50% approximately every four years, or 210,000 transactions, as total supply approaches its 21 million block limit. The resulting upward pressure on Bitcoin's price has led to it rising in value by on average over 200% per year since 2014.

Cryptocurrency Frontier AMC aims to deliver best execution and secure storage through its trading and custody practices. We have set up a special purpose vehicle in Jersey to issue the certificate, ensuring there are no counterparty risks. The crypto assets the certificate invests in are stored in a vault in cold storage.

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Why Invest?

Unique Diversification Opportunity

Investing in Cryptocurrency Frontier AMC represents an attractive opportunity to diversify your broad portfolio with crypto assets. The returns of Bitcoin & Co. have exhibited a low correlation with those of traditional asset classes as well high intra-volatility. Bitcoin's low correlation has enabled investors to increase the return of their broad portfolio without increasing the volatility of its returns. For example, a 2.5% allocation to Bitcoin in a 60/40 global stock and bond portfolio would have increased its Sharpe Ratio, a measure of risk-adjusted returns, by 41%.

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Why Invest?

Macroeconomics

Changing macroeconomic dynamics are challenging the traditional investment landscape. A rapid rise in inflation in Europe and the US has forced governments to raise interest rates at a time when both public and corporate debt levels are at all-time highs. It remains to be seen whether economies can sustain their current debt levels. Against this backdrop, investors are questioning the very concept of money and banking, prompting many to explore the borderless capital market rapidly growing on blockchain technology.

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Strategy

Allocation

We aim to invest 90% of the portfolio's assets in a range of cryptocurrencies and derivatives while holding the remaining 10% as a cash buffer.

The invested portfolio targets a 50-50 split between a core position in Bitcoin and Ethereum and satellite positions like Polygon, Algorand, Binance Coin, Maker, Polkadot, Moonbeam, Solana, FTX, Kusama, Cardano, Enjin Coin, Avalanche, and Moonriver.

Market neutral strategies using futures and options are employed during sideways and downward markets in order to continue to general yield in any environment.

All the cryptocurrencies we invest in are stored securely in Switzerland.

Investment Universe

Core	Bitcoin (BTC), Ethereum (ETH)
Satellite Staking Rewards	Polkadot (DOT), Kusama (KSM), Cardano (ADA), Moonbeam (GLMR),...
Satellite Non-Staking Rewards	Polygon (MATIC), Algorand (ALGO), Binance Coin (BNB), Maker (MKR), Solana (SOL), FTX (FTT), Enjin Coin (ENJ), Avalanche (AVAX), Moonriver (MOVR), Zilliqa (ZIL), Kyber Network (KNC), Decentraland (MANA), Basic Attention Token (BAT), Compound (COMP), Aave (AAVE),...
Derivatives	CME Bitcoin and Ethereum futures and options

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Key Terms

Product	Facts
ISIN	CH1162117928
Issuer	Asset Segregated SPV, Jersey
Paying Agent	ISP Securities AG
Asset Manager	Zeltner & Co GmbH
Type of Product	Actively Managed Certificate (AMC)
Category	Tracker Certificate
Currency	USD
Launch Date	16 June 2022
Term	Open-End
Fix Fee (Administration and Management Fee)	1.5%
Performance Fee	20% with High Watermark
Liquidity	Daily
Issue Price	100% of basket value
Nominal	USD 1’000
Agio	0%
Subscription Fee	0%
Redemption Fee	0%

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AMC Structure

Advisory Board	Zeltner&Co	ISP Securities	Cryptocurrency Frontier AMC / Investor	Smart Order Routing Software	Cold Storage	Interactive Broker
The **Advisory Board** provides investment advice	**Zeltner & Co. GmbH** is the appointed asset manager authorised to sign	**ISP Group** is the broker responsible for payment processing and provision of certificates	**Cryptocurrency Frontier AMC** is the certificate issued by the Special Purpose Vehicle (SPV), which holds ownership rights and makes payments	We use **CoinRoutes** as a software service designed to route trades to various exchanges to achieve best execution	**Bitcoin Suisse** is a regulated, licensed entity providing digital asset storage with one of the longest track records in the industry	**Interactive Broker** is a multinational brokerage firm with over $100 billion in assets under management. We use IB for trading cryptocurrency derivatives on the Chicago Mercantile Exchange.

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Investment Philosophy

Strategy

The Cryptocurrency Frontier AMC's strategy is to reinvest income earned from its positions in cryptocurrencies, which generate staking rewards, into a long-term position in Bitcoin. We automatically invest the proceeds in Bitcoin and consider to rebalance the portfolio once its weight in Bitcoin surpasses 25%. The target share of core cryptocurrencies is 30–60%, satellite cryptocurrencies is 20–50%, and a cash holding of 0–40%. Positions are built and rebalanced using puts and covered calls, respectively, to generate additional return. Cash and carry trades using CME futures are also employed for market neutral yield generation in response to downward momentum.

Asset Selection

The Advisory Board makes investment recommendations based on their assessment of the market, taking into account data analysis of staking rewards, use in on-chain transactions (removing governance, mixing and change transactions), and market capitalisation.

The certificate's investment universe is limited to coins with over USD 1 billion in market capitalisation, that have been on the market for at least a year, and that are tradeable on multiple exchanges in multiple geographic jurisdictions.

Advisory Board

The members of the Advisory Board have extensive experience in cryptocurrency markets and traditional finance. They provide their expert perspectives on all potential investments in a collaborative process. This includes their views on cryptocurrency market sentiment, new cryptocurrencies, the macroeconomic outlook, quantitative investment factors and risk management considerations.

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Process

	Purchase	Storage	Sale
Process	Cryptocurrency Frontier AMC uses smart order routing software to buy digital assets. Trades are divided into tranches and routed to regulated exchanges that offer best execution within a reasonable timeframe.	The digital asset custody is an audited cold storage vehicle offering multi-zone physical security, including institutional-grade configurable approval and access policies, mandatory two-factor authentication, address-based time delays and withdrawal address whitelisting.	The strategy aims to grow our investors' assets by capitalising on Bitcoin's volatility by dynamically rebalancing between uncorrelated cryptocurrencies. It generates staking rewards from participating in the validation of blockchain transactions.
Safety	The procured digital assets are credited to the custody account and moved into cold storage. The cold storage solution is regularly penetration-tested and critical source code is audited on every change.	PricewaterhouseCoopers audits the key ceremony and management processes along with the systems every year in accordance with the ISAE 3402 standard. This includes the multi-party approval policies, the hardware security modules and the offline storage of private key materials.	The custodian has been storing assets since 2018. It has a total of USD 2 billion in assets under management and over USD 100 million in equity.
Know-how	The ownership rights to the digital assets are held by the SPV in Jersey, which issues the certificates.	Bitcoin Suisse in Zug, Switzerland, is experienced in the storage of digital assets.	The members of the Advisory Board and management team have 21 years of combined experience in digital assets.

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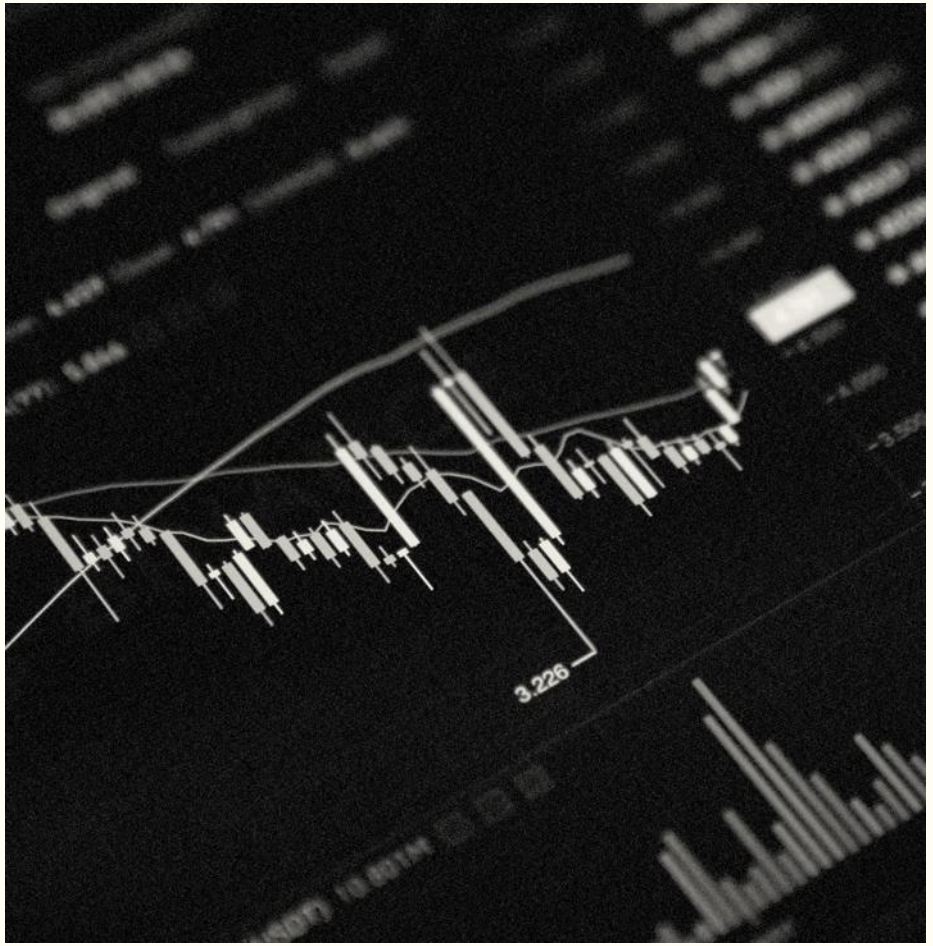
Core-Satellite Approach

The Cryptocurrency Frontier AMC is one of the few investment vehicles to offer a combination of cryptocurrency exposure, staking rewards, and premium generation from market neutral derivative strategies. The investment strategy produces multiple streams of income with the aim of outperforming passive Bitcoin investment vehicles. The portfolio takes a core position in Bitcoin and satellite positions in other cryptocurrencies. The satellite cryptocurrencies earn compounding staking rewards for helping to secure various blockchain networks. We reinvest the staking rewards in Bitcoin, thereby increasing the portfolio's allocation to Bitcoin over time. In addition to earning and reinvesting rewards, the strategy applies an actively managed rebalancing formula that has been designed to exploit cryptocurrency volatility while reducing risk, maximising the chance of sustainable increases in value over the long term. The investment universe is a function of potential returns, risk appetite, regulations and logistical considerations and therefore may expand or contract over time.



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Learn About Cryptocurrencies

Bitcoin

Bitcoin is a cryptocurrency that functions independently of any central authority. A cryptocurrency is a digital means of exchange that secures and verifies transactions using encryption. It was created as an alternative to existing fiat currencies with the aim of eventually being recognised as a global currency.

Ethereum

Ethereum is a decentralised blockchain network powered by the Ether token and that enables users to perform transactions, earn interest on their holdings through staking, use and store nonfungible tokens (NFTs), trade cryptocurrencies, play games, use social media and much more.

Blockchain

Bitcoin is based on a blockchain, which is a distributed digital ledger. Blockchain is a linked body of data made up of units called blocks, which contain information about each transaction, such as the buyer and seller, time and date, total value and a unique identification code for each exchange. Entries are connected in chronological sequence, forming a digital chain of blocks.

Decentralised Finance

Decentralised finance (DeFi), a term that has taken off since 2020, enables borrowing, lending, holding long and short positions and earning returns through yield farming. DeFi solutions are built on various blockchains. The ecosystem is composed of participants interacting in a peer-to-peer fashion, facilitated via distributed ledger technology and smart contracts, which keep the systems in check.

Staking Rewards

Staking requires users to participate in transaction validation on a proof-of-stake blockchain in exchange for rewards. An analogy with traditional finance would be receiving payment from a central bank to help govern and secure the central bank's currency and payment network.

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Sustainability

Decentralised finance has the potential to broaden financial inclusion by providing financial services to the world's two billion unbanked people. Cryptocurrencies also have the potential to strengthen the global financial system by decoupling the value of currencies from the debt and inflation levels of any one country. Not only do high government debt levels erode the value of traditional currencies, but inflation also causes purchasing power to decline over time. In contrast, cryptocurrencies, blockchain and decentralised finance are borderless technologies with algorithmically determined supplies and interest rates that have transparent and open-source design mechanisms.

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Advisory Board

Demelza Hays

Demelza Hays is the portfolio manager of Zeltner & Co's cryptocurrency actively managed certificate. As the director of research at Cointelegraph, she stays up to date with the latest academic and practitioner publications in the field of blockchain technology. Over the past eight years, she has authored over 20 reports on digital assets and managed two regulated cryptocurrency funds. In the past she has been on the Forbes 30 Under 30 list and has been a US Department of State Fulbright Scholar. In 2021, Demelza completed her PhD in Business Economics at the University of Liechtenstein. Inspired by her work in wealth management, her dissertation explored the role of cryptocurrencies within a diversified portfolio.

In her free time, she enjoys hiking, trail running, and collecting antiques from the Victorian era.

Thomas Zeltner

Thomas Zeltner is in charge of managing the family office and investment boutique. He has had a significant influence on the family's investment decisions since 2015 and steered the family through the succession phase. He serves Zeltner & Co both as Chairman of the Board and as CEO. He learned about traditional private banking from experienced peers, studied the latest research and best practices and always looks out for disruptive new techniques to find the best way to manage family wealth in the 21st century.

Thomas lives in Zurich and is an avid fan of motorsport – a passion he shared with his father. He enjoys spending time outdoors and keeping fit.

Advisory Board

Kim Wirth

Kim Wirth is the co-founder of Zeltner & Co. He is the firm's CIO and a member of the Board. Having worked in a variety of financial companies in fields such as real estate, private banking, investments and commodities, he has amassed considerable expertise that means he ideally placed to run a cross-asset-class investment office. His network of contacts includes experts in a wide range of asset classes and a number of industries.

Kim grew up in the countryside near the small town Solothurn and now lives in the centre of Zurich. He is the CIO – no time for hobbies.

Zeltner&Co

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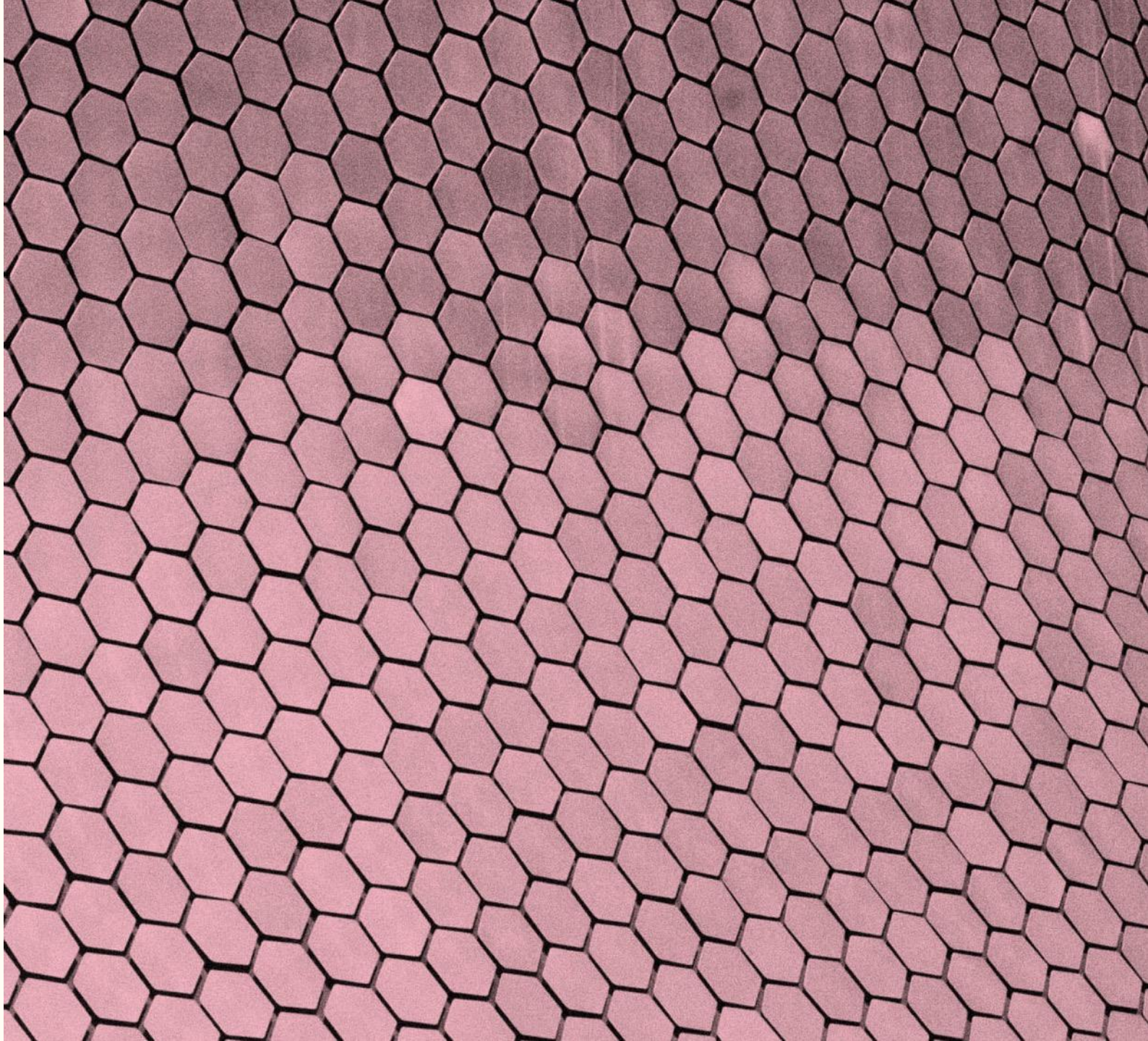
Zurich, March 2022