

Velocity Capital Pitch Deck

Q4 2023

Value
Proposition

**A hedge fund with no
minimum that strives to be
the 'open source' of finance**

Velocity

Traction

- Onboarded **5+** analysts to employ our qualitative framework, create weekly stock pitches
- Outperforming the NASDAQ with a **19%** YTD return
- **6%** analyst acceptance rate out of **80+ applicants** ensures that we only onboard elite talent that fits our exact needs
- Over **\$50,000 AUM** and growing fast, currently making us the second largest hedge fund at UNC

The Problem

- Lack of accessibility
 - Hedge fund investment minimums as high as \$2M and growing
- High management fees
 - “2 and 20” fees severely eat into returns
- Lack of transparency
 - Hedge funds have a reputation for being opaque, making it difficult for investors to understand their investment strategy and track performance
 - In an era marked by Archegos and similar scandals, transparency is more relevant than ever
- Complexity
 - As hedge funds have grown to a \$1.2 trillion plus industry, so too have the complexities of hedge fund investing

Velocity's Solution

- Accessibility
 - Open to a wide range of patrons, including students & smaller investors
- Management fees
 - We implemented a fee structure that is competitive to that of other funds, to ensure investors get the most out of their holdings
- Transparency
 - We provide periodic detailed reports, utilizing technology such as digital dashboards to increase transparency and accessibility
- Complexity
 - We break down what we do to make it easy to understand

Velocity Cap. Overview

Velocity Capital is a student-run hedge fund established in 2021 by UNC students at the top of their class. Our strategy is focused on finding undervalued stocks and leveraging a conservative investment approach to generate superior returns for our investors.

- Our use of trend, mean reversion, and probability:
 - Assess market risk using an in-house macroeconomic data aggregator
 - Utilize several advanced hyperparameters to determine the statistically sound market moves of underlying assets



Our Mission

Provide investors with superior returns and risk management through a number of metrics that show our **transparency**, **commitment**, and **optimization**

- Purpose
 - Introduce a new type of strategy and investment vehicle
- Philosophy
 - Our approach to risk management is unique; we hedge against risk using a delta neutral portfolio
- Principles
 - Our fund is guided not only by directional and momentum-based trading, but also by ESG principles. Our commitment to ethics is a top priority



Research to Date

- Qual and Quant studies
 - Interviewed several fund managers
 - Logged minutes for interactions with partner agencies
 - Reviewed industry studies
- Data gathering
 - Through data scraping and APIs, we were able to collect accurate and relevant market data to train our models on
- Backtesting
 - We backtested our strategy's performance on FAANG stocks, digital assets, and index funds since inception

Progress in 2022

- Positive returns
 - For the second year in a row, our quantitative strategy has proven effective by ending the year higher than benchmark
- The Dream Team
 - With two Kenan Flagler Business students and a CS + Statistics student, our team of co-founders has diversified and plentiful experience
- Growing AUM
 - In 2022 alone, we gained \$15,000 of AUM from investors
- A second indicator
 - We doubled down on our strategy, completing a second market indicator to help us better gauge risk and opportunities

Goals for 2023

- **Outperforming benchmark**
 - Over the last two years, our strategy has outperformed >98.89% of investors. We want to continue outperforming while meticulously measuring and hedging against risk using long-dated put options
- **Building a diversified portfolio**
 - Efficiency of active management hypothesis
- **Expanding the investment team**
 - Onboard macro & business analysts at the top of their class at UNC
- **Fine-tuning our investment strategies**
 - The market is always changing. Iron condor strategies we used in the low volatility era of 2022 are no longer relevant; we must continually evolve our strategies to keep up with market trends and hold our edge

Timeline

Q1 '23

Q2 '23

Q3 '23

Q4 '23

Q1 '24

POC Development →

Partnership Outreach →

Investor Presentations →

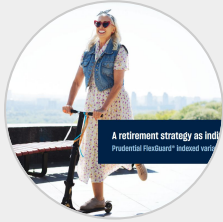
Velocity Development →

Transparency

An example of the profitability metrics we can provide for the past month based on a \$600 account



Transparency Cont.



Help you create an optimized portfolio that fits your needs



Actively manage risk through hedging and managing delta & omega exposure



Upgrade of current antiquated technology in place for data gathering



Blockchain can be used to automate investment agreements and reduce the need for intermediaries

Current POC

Our fund has been operating with a well-established investment strategy, and the results speak for themselves. Over the last two years, our performance has consistently outperformed industry benchmarks, demonstrating the effectiveness of our approach. This strong track record serves as a clear indication of our fund's potential to generate returns for our investors.

On the next slide, see our full code for our proprietary market risk indicator which analyzes treasury yields and strength of the dollar

Market Risk Indicator

```

// © Benjamin Goroshnik

//@version=4
study(title="Ben's Market Risk Indicator", shorttitle="MRI", overlay=true,
scale=70)

var table risk = table.new(position=position.bottom_right, columns=1, rows=1)

lowRisk = input(title="Low Risk", type=input.integer, defval=100)
moderateRisk = input(title="Moderate Risk", type=input.integer, defval=200)
highRisk = input(title="High Risk", type=input.integer, defval=300)

highlight(mri) =>
    col = color.green
    if (mri > lowRisk and mri < moderateRisk)
        col := color.yellow
    if (mri >= moderateRisk and mri < highRisk)
        col := color.orange
    if (mri >= highRisk)
        col := color.red
    col

riskLevel(mri) =>
    text = round(mri * 1000) / 1000
    text

dollar = input(title="Dollar Symbol", type=input.symbol, defval='dxy')
yield = input(title="Yield Symbol", type=input.symbol, defval='tnx')
mriConstant = input(title="Divisor", type=input.float, defval=6.472)

dxy = security(symbol=dollar, resolution='', expression=close)
tnx = security(symbol=yield, resolution='', expression=close)
mri = dxy * tnx / mriConstant

table.set_bgcolor(risk, highlight(mri))
table.cell(risk, 0, 0, tostring(riskLevel(mri)))

```

Create a TradingView script



Create risk threshold values



Access and map risk parameters



Display market risk assessment



Integrating Blockchain

- Adoption of emerging technologies
 - We embrace the latest advancements in technology, including blockchain and smart contracts. Benefits of using these technologies in the financial industry include increased security, efficiency, and transparency
- Integration of smart contracts
 - Allow for reduced costs and increased speed of execution
- Digital Asset Investment
 - Although representing a small part of our total holdings, we have a bullish investment thesis toward digital assets

Thank you

Benjamin Goroshnik
David Bass
Aryan Shelke