

CRYPTO FUND DUE DILIGENCE REPORT

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EXECUTIVE SUMMARY

This document provides a comprehensive due diligence assessment of Ethereum-based crypto investment opportunities, highlighting key metrics, risk factors, and compliance considerations for potential investors. The analysis leverages automated data collection and validation processes to ensure accuracy and reliability in a rapidly evolving market environment.

FUND OVERVIEW

Fund Name: Ethereum Alpha Opportunities Fund

Launch Date: January 15, 2023

AUM: \$157.4 Million

Strategy: Long-term Ethereum ecosystem investment with selective DeFi protocol exposure

Management Fee: 2.0%

Performance Fee: 20% (with high water mark)

Minimum Investment: 5 ETH or equivalent (\$17,500)

Lock-up Period: 6 months with quarterly redemptions thereafter

WALLET INFRASTRUCTURE

Primary Wallets

Wallet Type	Address	Balance	Security Features
Cold Storage	0x7b2e78D4dfB9a4E2A789B752c48c3ecD5F03F66E	1,245 ETH	Multi-sig (4-of-7), Hardware Security
Hot Wallet	0x9A87e5F1cBD73D2e96C97087172cc478dCAE7d42	125 ETH	Multi-sig (3-of-5), Daily limits
Staking Wallet	0x3Dc6E84771F5D5B56f63A2eAb18c909B5Ba9dD54	980 ETH	Validator nodes with distributed key shards

Security Protocols

- Hardware wallet implementation using Ledger Enterprise solutions

- 24/7 transaction monitoring with anomaly detection
- Multi-signature authorization required for transactions >5 ETH
- Time-locked transactions for withdrawals exceeding 50 ETH
- Regular security audits conducted by CipherBlade (Last: March 2025)

INVESTMENT PORTFOLIO

Current Allocations

- **Ethereum Direct Holdings:** 62.5%
- **DeFi Protocol Liquidity:** 18.3%
- **ETH Staking:** 14.2%
- **NFT Blue Chips:** 2.5%
- **Layer 2 Projects:** 2.0%
- **Cash/Stablecoin Reserve:** 0.5%

Top DeFi Protocol Exposures

1. Aave v3: \$12.5M (supplying ETH, earning interest)
2. Uniswap v4: \$9.8M (liquidity provision)
3. Compound: \$6.2M (supplying ETH and DAI)

ETH Staking Strategy

- Validator nodes: 28 active validators
- Annual staking yield: 3.8-4.2%
- Withdrawal capability: Enabled (post-Shanghai upgrade)
- Slashing insurance: Covered up to 50 ETH per validator

RISK ASSESSMENT

Market Risk Factors

Risk Factor	Rating (1-10)	Mitigation Strategy
ETH Price Volatility	8	Staggered entry/exit, options hedging
Smart Contract Risk	7	Audited protocols only, exposure caps
Regulatory Changes	6	Jurisdictional diversification, legal advisors
Liquidity Risk	5	Stablecoin reserves, tiered redemption process
Technical Risk	4	Multiple custody solutions, backup procedures

Historical Performance (Annualized)

- 2023: +187% (vs. ETH: +165%)
- 2024: +42% (vs. ETH: +38%)
- 2025 YTD: +15% (vs. ETH: +12%)
- Sharpe Ratio: 1.8
- Maximum Drawdown: 42% (May 2023 market correction)

COMPLIANCE FRAMEWORK

KYC/AML Procedures

- Enhanced due diligence for all investors
- Chainalysis integration for transaction monitoring
- Travel rule compliance for transfers >\$3,000
- Quarterly compliance reviews by Elliptic

Regulatory Status

- Registered with FinCEN as MSB (United States)
- VASP registration in EU (under MiCA framework)
- Cayman Islands Monetary Authority (CIMA) registered
- Singapore MAS exemption holder

Tax Considerations

- K-1 reporting for US investors
- Automated gain/loss calculation for all transactions
- Cross-border tax optimization strategy
- Quarterly tax accrual estimates provided

ON-CHAIN ANALYTICS

Trading Activity (30-Day Rolling)

- Transaction Count: 245
- Average Transaction Size: 6.2 ETH
- Largest Single Transaction: 85 ETH (Uniswap LP position)
- Gas Expenditure: 3.8 ETH

Network Metrics

- Average Gas Price: 28 Gwei
- Network Utilization: 74% (moderate congestion)

- Average Block Time: 12.4 seconds
- Active Addresses: 912,456 (7-day average)

TEAM ASSESSMENT

Key Personnel

- **Alex Chen, CIO**
 - Former Goldman Sachs Digital Assets
 - 8+ years in crypto, since 2017
 - ETH developer since Homestead
- **Sarah Matthews, Risk Officer**
 - Previously at BlackRock Risk Management
 - CFA, CAIA certifications
 - Implemented proprietary crypto risk models
- **Jayden Williams, Head of Trading**
 - Ex-Citadel quantitative trader
 - Specializes in MEV protection strategies
 - Developed custom execution algorithms

Security Team

- In-house security team with 5 members
- 24/7 on-call rotation
- Quarterly penetration testing
- Bug bounty program (up to 50 ETH rewards)

TECHNICAL INFRASTRUCTURE

Trading Systems

- Custom order routing across 8 exchanges
- Redundant custody solutions
- MEV-resistant transaction routing
- Slippage optimization algorithms

Monitoring Tools

- Dune Analytics custom dashboards
- Nansen portfolio tracking

- DefiLlama TVL monitoring
- Tenderly for smart contract alerts

RECOMMENDATIONS

Based on the automated due diligence conducted by our systems, the Ethereum Alpha Opportunities Fund demonstrates strong fundamentals and risk management practices. The fund offers exposure to ETH price appreciation with additional alpha generated through strategic DeFi positioning.

Key Strength Indicators:

- Transparent wallet infrastructure with multi-signature security
- Consistent outperformance vs. ETH benchmark
- Strong technical team with relevant experience
- Comprehensive compliance framework

Areas for Monitoring:

- Concentration in ETH-correlated assets
- Regulatory developments in key jurisdictions
- Smart contract exposure risk in newer DeFi protocols

Suggested Allocation: 5-15% of alternative investment portfolio depending on risk tolerance and existing crypto exposure.

DISCLAIMER

This report was generated using automated data collection and analysis tools as part of the Crypto Fund Due Diligence Automation project. While every effort has been made to ensure accuracy, cryptocurrency investments involve significant risk of loss. Past performance is not indicative of future results. This document does not constitute investment advice and should be used for informational purposes only.

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