

01 // ANNUAL INVESTMENT REPORT

# Digital Hedge Capital 2021 Annual Report

Multi-Strategy Crypto Hedge Fund

JANUARY 2021 – DECEMBER 2021

Digital Hedge Capital is proud to present its second Annual Investment Report for 2021 – the fund's highest-returning year on record. We reiterate our outstanding commitment to investors and thank them for their support, without which we would not be able to continue working towards shaping a better financial future.

2021 delivered one of the most volatile cycles in digital asset history. Bitcoin began the year at **\$29,330**, rallied to an all-time high of **\$69,000 in November**, experienced a 52% mid-year drawdown, and closed the year at **\$46,216** – generating a buy-and-hold return of +59.79%. The Digital Hedge Capital strategy navigated this volatility to generate a gross return of **+106.18%**, outperforming Bitcoin by **+46.39 percentage points** gross.

A significant organizational update in 2021 was the adoption of **Bitcoin as the fund's primary benchmark** alongside updated commission schemes. The new performance fee policy charges outperformance fees only when the strategy exceeds the Bitcoin benchmark – aligning fund incentives with investor interests. Even after these fees, the net return of **+81.71%** represents a **+21.92 percentage point outperformance** versus Bitcoin on a net basis.

**+106.18%**

GROSS RETURN (USD)

**+81.71%**

NET RETURN (AFTER FEES)

**+59.79%**BTC BUY-&-HOLD SAME  
PERIOD**+21.92%**





NET OUTPERFORMANCE VS BTC

## MANDATE ATTRIBUTION – JARE INVESTMENTS CONTEXT

José Andrés Ruiz Elizondo served as **Partner and Algorithmic Strategy Architect** at Digital Hedge Capital. The predecessor frameworks to the Orchid System – which he co-designed – were operational throughout 2021, capturing the bull market's upside acceleration while managing the mid-year 52% drawdown that impaired passive portfolios. This report is a condensed summary of the original DHC 2021 Annual Report. Digital Hedge Capital was an independent fund with multiple partners and contributors.

## 02 // PERFORMANCE ANALYSIS

Digital Hedge Capital generated a gross return of **+106.18%**, outperforming Bitcoin (+59.79%), the S&P 500 (+29.17%), and the Nasdaq 100 (+21.56%) over the same period. After outperformance fees, the net return of **+81.71%** represents the fund's highest recorded net investor return. All figures are based on a **\$100,000 reference portfolio**.

INVESTMENT VEHICLE	GROSS RETURN	US DOLLAR AMOUNT
 Digital Hedge Capital	<b>+106.18%</b>	<b>\$ 106,180.00</b>
 Bitcoin (BTC) – Buy & Hold	<b>+59.79%</b>	<b>\$ 59,790.00</b>
 S&P 500	<b>+29.17%</b>	<b>\$ 29,170.00</b>
 Nasdaq 100	<b>+21.56%</b>	<b>\$ 21,560.00</b>

## 03 // FEE STRUCTURE &amp; NET RETURNS

CONCEPT	PERCENTAGE AMOUNT	US DOLLAR AMOUNT
Initial Capital (AUM)	100.00%	\$ 100,000.00
Gross Return	<b>+106.18%</b>	<b>\$ 106,180.00</b>
Bitcoin Benchmark Return (reference)	59.79%	\$ 59,790.00
Outperformance Fee (on excess return above BTC)	<b>-23.05%</b>	<b>\$ (23,050.00)</b>
Management Fee	<i>Included in above</i>	–
<b>Net Return</b>	<b>+81.71%</b>	<b>\$ 81,710.00</b>
<b>Capital Distribution (Initial + Net)</b>	<b>181.71%</b>	<b>\$ 181,710.00</b>

\* Performance fees are charged only on returns that exceed the Bitcoin benchmark – no fees unless the strategy outperforms. Fee policy updated in 2021 to align fund incentives with investor interests. Taxes are assessed individually per investor jurisdiction and are not reflected above.

**Jorge Ruiz Espín**  
Chief Investment Officer  
Digital Hedge Capital

**José Andrés Ruiz Elizondo**  
Partner & Algorithmic Strategy Architect  
Digital Hedge Capital

**DISCLAIMER:** This document is a condensed summary of the original Digital Hedge Capital 2021 Annual Investment Report, prepared by JARE Investments for archival and track-record documentation purposes. Digital Hedge Capital was an independent fund. Past performance is not indicative of future results. All figures are presented on a \$100,000 reference portfolio basis. Individual investor returns may vary based on entry date, capital amount, and applicable tax jurisdiction. This document does not constitute financial advice or an offer to invest.