

First UK Regulated Crypto Arbitrage Fund Manager Raises \$50 Million, Soft Closes to New Investors

- Nickel Arbitrage Fund closes to new investors two months after launch following strong backing by funds of funds and family offices
- Strategy converts extreme volatility of crypto into low-volatility market-neutral consistent returns
- Nickel deploys world's first secure institutional-grade custody solution for digital asset designed for secure trading at multiple exchanges

London, 9th September 2019 - A London-based hedge fund firm has broken new ground by creating the first digital assets arbitrage strategy fund run by a UK FCA-regulated manager.

The Nickel Arbitrage Fund draws on its partners' combined 50 years' experience in investment management, quant modelling and fixed income arbitrage at major Wall Street firms including Bankers Trust, Goldman Sachs and JPMorgan to apply market-neutral, low-latency algorithmic trading to crypto securities.

Within two months of its launch, the fund soft-closed to new investments after securing US\$50million from funds of funds and family offices in the UK, Europe, North America and Singapore.

By exploiting pricing inefficiencies in digital assets, Nickel's strategy harnesses the extremes wings in crypto markets to deliver low-volatility, consistent performance. Prior to creating the fund, Nickel's partners managed similar strategies and delivered double-digit annual returns without a single monthly loss since March 2017-even when the collapse of the crypto market in 2018 saw Bitcoin tumble 72%.

Investing techniques employed by Nickel include triangular arbitrage, futures basis trades, swap trading and volatility arbitrage, all benefitting from price displacements. To exploit these swings, Nickel has built sophisticated automated trading systems. By venturing only in digital assets that have corresponding futures and swap markets, Nickel manages to maintain an overall market-neutral exposure to volatile crypto-assets.

"We're taking our expertise and well-researched techniques from trading traditional fixed income and currency arbitrage strategies to the newly developing and innovative derivative digital asset markets," said Michael Hall, Chief Investment Officer of Nickel in London.

"As long as digital assets and their derivatives trade on multiple exchanges across the globe, with sufficient speed and execution quality, we can profitably make markets, while improving liquidity for other market participants," said Alek Kloda, Portfolio Manager.

While crypto arbitrage funds exist in Singapore and the US, regulatory hurdles have held back similar attempts in Europe until now.

In launching the fund, Nickel has also become the first fund manager globally to provide a solution for securely managing digital assets on multiple trading platforms—one of the most pressing problems for crypto-currency investors. Until now, hedge funds have been using a self-custody model for digital assets. Since blockchain transactions are irreversible, the risk of a single point of failure has been the key reason for institutional investors avoiding exposure to the asset class at any significant scale.

By contrast, Nickel ensures that no single counterpart to the investment process has the ability to move funds without sign-off from multiple parties. Movement is restricted within a perimeter of white-listed addresses controlled by the fund that are fixed and pre-approved through multiple cross-organisation, air-gapped authorisations.

“In addition to our arbitrage strategy, we are developing an extended suite of dedicated investment solutions, all designed to provide secure and transparent access to the digital assets space,” said Anatoly Crachilov, CEO. “Our vision is that it’s simply a matter of time until digital assets become part of institutional portfolio allocation for forward-looking investors around the world, and we aim to build an institutional-quality gateway to this high-octane world of digital assets.”

In keeping with a responsible approach to asset preservation, Nickel has deployed capital cautiously while ramping up its automated trading capabilities. The fund may reopen to investors for a limited window later this year as capacity for its trading strategies increases alongside crypto market liquidity and full deployment of its trading strategies.

“Nickel’s fund close signals a watershed moment for institutional crypto trading,” said David Fauchier, CIO at Cambrial, and early investor, who runs a fund of funds specialised in crypto arbitrage strategies. “The uniquely experienced team coupled with the firm’s advanced custody solution have won endorsement from institutional investors.”

About Nickel Asset Management

Nickel Investment Management is a privately-owned London-based investment firm that offers a range of digital asset strategy solutions for institutional investors. The firm deploys highly sophisticated low-latency algorithmic trading, pursuing a range of arbitrage strategies in both spot and derivative markets. Nickel was founded by former traders and investment professionals combining over 50 years of investment experience gained in global hedge funds, such as Vega Capital, MacroSynergy and Liongate, and major Wall Street banks, including Bankers Trust, Goldman Sachs and JPMorgan. Nickel Investment Management is an Appointed Representative of Helford Capital Partners LLP, which is authorised and regulated by the FCA. The fund was registered as an Alternative Investment Fund in early 2019.

About Nickel's Leadership Team

Anatoly Crachilov brings 24 years of experience in investment management. Prior to joining Nickel, he worked at Goldman Sachs on portfolio construction for professional family office clients. He earned an Executive MBA degree from the University of Oxford, and later studied in the first global cohort of investment professionals to complete the Oxford Blockchain Strategy Programme.

Michael Hall has over 25 years of experience in hedge funds and investment banks. Previously he traded a fixed income relative value portfolio for a multi-billion dollar hedge fund in Madrid, and traded for Bankers Trust's New York arbitrage prop desk. He has an MBA in Finance from the Wharton Business School.

Alek Kloda brings 10 years of experience in macroeconomic research for the hedge fund industry. He has worked for Liongate Capital Management and Toscafund and previously set up a successful algorithmic cryptocurrency arbitrage system. He holds an MSc in Monetary Economics from the London School of Economics.

For more information, interviews and images, please contact:

Nickel Investor Relations

ir@nickel.digital

+44 20 7170 1733