# Hedging Against Volatility in the Cryptocurrency Markets

**Interview with: Enzo Villani, Founder & CEO, Alpha Sigma Capital**

The cryptocurrency markets have demonstrated extreme volatility, but investors can hedge against volatility and benefit from what the markets can offer, according to Enzo Villani, Founder & CEO, **Alpha Sigma Capital**.

Alpha Sigma Capital is an investment firm at the **marcus evans Private Wealth Management Summit June 2021** and the **Private Wealth Management Summit September 2021**.

**Crypto markets have demonstrated extreme volatility. How can investors protect themselves against major up and down swings?**

There are a few key approaches that we have encountered in hedging volatility. These include investing in cryptocurrencies that have real-world use cases and business models, using fundamental research to determine the validity of projects, and utilizing algo-based Bitcoin futures products with mean-reversion strategies to take advantage of the volatility and protect against the downswings.

**Why did it take institutions in the investment industry so long to start deploying capital into crypto?**

In most cases, the reason was it was too early. Most large institutions are focused on leading edge systems and technologies. They are seeking alpha based on beating the S&P 500 by ten percent points. The S&P over the last five years has performed quite well. The zero-interest rate climate has created a market for free money and leverage to deploy into stocks. Now that Bitcoin and the blockchain adoption rate has increased, and the dollar has been debased, creating potential interest rate increases, the traditional assets classes will start to see some pressure. The market for Bitcoin and the entire alt coin market was smaller than any one of the top five stocks in the market. Institutional investors need liquidity, and the Bitcoin market was not there yet. Of course, the last piece was regulatory. The market was new and bleeding edge from a regulatory standpoint, institutions would have been irresponsible to have entered the market at such an early stage.

**Do you believe that the crypto markets are properly regulated?**

The digital asset (crypto) markets are relatively new and have not seen the level of regulation that traditional asset classes have undergone. However, this is not necessarily a negative aspect in and of itself, as with increased regulation will come more investors who feel comfortable entering the space.

The team at Alpha Sigma Capital (ASC) has been working in the regulated environment of financial services and technology for over 30 years. Our experience stems from companies like Nasdaq, Prudential, and private equity firms like H.I.G. Capital. At ASC, we utilize fair disclosure rules when publishing our research, and use liquidity adjusted returns for tokens and cryptocurrencies that do not reach our liquidity threshold but nonetheless, are investments we want to carry in the portfolio. The issue is that digital assets take on many forms; a commodity, a currency, and a stable-pegged coin are only some of the use cases. As regulators start to understand the multi-faceted nature of digital assets and separate the technology from the use cases, we will see regulations become more defined, although they may not look the same as current financial markets.

**Crypto is defined as a currency and yet most people are trading the currency rather than purchasing goods and services with it? What is your definition of crypto?**

I believe that the term "digital asset" is more appropriate. Cryptocurrencies are one type of digital asset, the most well-known being Bitcoin. Although the original thesis of Bitcoin was for it to act like digital money, as the asset grew in popularity and the price rose precipitously, it became clear that it was more akin to digital gold. Any asset which moves with as much volatility as Bitcoin and other digital assets, does not work as an asset to transfer value. There are other digital currencies and protocols that are more appropriate for transactions. At ASC, we invest in the promising protocols of tomorrow, as well as, holding the current leaders of the digital asset transactional world. There are also interoperability systems that are focused on interchanging and routing transactions across multiple currencies, blockchains and protocols. We envision a world where there are key leaders in protocols combined with private and public blockchains (also called DLTs) that will provide a vast network like the internet that is a decentralized framework with no one owner.

**What is your biggest fear about the crypto markets?**

I would not necessarily say fear but rather risk. We measure and take risk controls very seriously. First and foremost, we conduct rigorous due diligence. You must know the projects and companies you are investing in. Before we invest, we take a deep dive and look at the financials, talk to management, and gain as much insight as possible. Secondly, from an infrastructure point of view, we do consider "black swan" events that could create challenges in the crypto markets. These events such as technology infrastructure breakdowns, hacks, and 51 percent attacks are all under consideration. The fact is that as the market grows, the more decentralized the markets becomes, and the better off we all are. Limiting centralized control is in everyone's best interest.

You must know the projects and companies you are investing in

The **Investment Network – marcus evans Summits** group delivers peer-to-peer information on strategic matters, professional trends and breakthrough innovations.

Please note that the Summit is a closed business event and the number of participants strictly limited.

For more information please send an email to **press@marcusevanscy.com** or visit the event websites below:

Private Wealth Management Summit June 2021:

**www.s2.privatewealthsummit.com**

Private Wealth Management Summit September 2021:

**www.f1.privatewealthsummit.com**

## Contact


Sarin Kouyoumdjian-Gurunlian, Press Manager, **marcus evans**, Summits Division

Tel: + 357 22 849 313
Email: **press@marcusevanscy.com**


For more information please send an email to **press@marcusevanscy.com**



## About Alpha Sigma Capital

Active Investing in the Blockchain Economy.™
Alpha Sigma Capital (ASC) is an investment fund focused on emerging blockchain companies that are successfully building their user-base, demonstrating real-world uses for their decentralized ecosystems, and moving blockchain technology towards mass-adoption. ASC is focused on companies leveraging blockchain technology to provide value-add in areas such as fintech, AI, supply chain, and healthcare. You can find more information at **www.alphasigma.fund**

## About **marcus evans** Summits

**marcus evans** Summits are high level business forums for the world's leading decision-makers to meet, learn and discuss strategies and solutions. Held at exclusive locations around the world, these events provide attendees with a unique opportunity to individually tailor their schedules of keynote presentations, case studies, roundtables and one-on-one business meetings.

For more information, please visit: **www.marcusevans.com**

## Upcoming Events

Elite Summit (Europe) - **www.elitesummit.com**

European Pensions & Investments Summit - **www.epi-summit.com**

Private Wealth Management APAC Summit - **www.pwmsummit.com**

To view the web version of this interview, please click here:
**http://events.marcusevans-events.com/pwm2021-enzo-villani**