COWEN

Pyxis Capital Management, LLC

Pyxis Asymmetric Opportunities Fund LP

General Information

Strategy: Hybrid Venture (venture equity, illiquid tokens, liquid tokens)
Target raise ($MM): $25MM ($40MM cap)
First Close Target Date: January 2022
Sector Focus: Cryptoassets

Firm Information

Pyxis Capital Management ("Pyxis" or the "Fund") is a cryptoasset and digital currency investment firm focused on creating positively skewed, asymmetric return distributions via opportunistic implementation of exposures across the global cryptoasset ecosystem. The fund will be thematically oriented and long biased, targeting the most asymmetric returns across the space across public and private markets. Pyxis currently maintains $12.9mm of firmwide assets under management across two private vehicles. Pyxis is backed by ParaFi Capital, a ~$1B AUM cryptoasset fund focused on blockchain and decentralized finance markets.

Firm Inception Date: May 2021
Firm AUM ($MM): ~$12.9MM

	Yes	No
SEC Registered:	☐	☒
Qualified Professional Asset Manager (QPAM):	☐	☒
Separately Managed Accounts (SMA):	☐	☒

Investment Strategy

Pyxis will allocate capital opportunistically across the investable universe of cryptoassets including: (i) idiosyncratic opportunities (venture equity and special situations), private tokens and liquid tokens. The Fund will be thematically oriented and long biased, targeting the most asymmetric returns across the space. The unconstrained nature of the Fund will allow investors to capture value in a diversified portfolio of crypto-enabled protocols, applications built on top of crypto-enabled infrastructure, and equity in companies building valuable infrastructure (centralized and decentralized). The Fund intends to invest in a diversified portfolio of long duration, high-conviction investments with (i) highly defensive moats, (ii) excellent human capital, and (iii) product market fit that are expected to compound at high rates of return over extended periods of time.

Pyxis applies a rigorous, systematic, and disciplined investment framework that utilizes quantitative and fundamental analysis to assess and value both public and private opportunities within the cryptoasset ecosystem. Pyxis relies on a data-intensive, analytical approach to implement all facets of portfolio and risk management and has integrated fundamental blockchain and distributed ledger data tracking into all aspects of the Firm. Pyxis believes that deep fundamental understanding of crypto-economic protocols and incentives, coupled with professional portfolio and risk management expertise in traditional financial markets, enables the firm to derive differentiated market insights and target exceptional investment opportunities. Pyxis will systematically capture opportunities through a rigorous, disciplined and repeatable process by identifying, understanding and categorizing catalysts that generate alpha. The Fund will seek to invest in a predominately long, thesis-driven, diversified portfolio of cryptoassets.

Pyxis intends to trade and invest in cryptoassets, cryptoasset derivatives, and other instruments that the Pyxis believes present attractive opportunities and that are expected to contribute to positive excess returns relative to the risk contribution of the asset. Pyxis may use derivatives for a variety of purposes, including, but not limited to, (i) as a hedge against adverse changes in the market prices of cryptoassets (ii) as a substitute for purchasing or selling cryptoassets, (iii) to seek to increase the Fund's return as a non-hedging strategy that may be considered speculative, or (iv) to manage portfolio exposures.

The Fund represents a compelling investment opportunity for investors to capture value and achieve attractive risk adjusted returns across liquid and illiquid opportunities, both centralized and decentralized. Pyxis believes the closed-end hybrid nature of the Fund is the optimal structure to pursue investments across tokens and venture equity in a nascent and revolutionary set of technologies.

Investment Professionals Biography

Anthony Merriman, Chief Investment Officer

Mr. Merriman is a Managing Member of the General Partner and the Chief Investment Officer of the Management Company. Mr. Merriman has a decade of investment experience evaluating opportunities across equities, equity derivatives, special situations, and cryptoassets. Prior to co-founding the Management Company, Mr. Merriman was a Vice President of Morgan Stanley where he served as a portfolio manager for the Managed Solutions Group ("MSG") of Morgan Stanley Investment Management ("MSIM"), a $1.4 trillion dollar asset manager. Prior to joining MSIM, Mr. Merriman was a Vice President at AQR Capital Management ("AQR") where he served as a portfolio manager and head trader for AQR's volatility and merger arbitrage portfolios focusing on portfolio optimization, implementation and research. At AQR Mr. Merriman helped manage a $7 billion dollar portfolio. Previously, he worked as a portfolio manager and options market-maker at Bluefin Trading, LLC and PEAK6 Investments LLC where he focused on quantitative relative-value strategies in the Volatility Index ("VIX") and related products. Mr. Merriman's strategy experience includes volatility arbitrage, SPX dispersion, equity statistical arbitrage, managed futures, options market making, merger arbitrage, and global relative value. As an early investor in the digital asset market since 2013, Mr. Merriman has developed a deep network and expertise in the blockchain sector and was an early investor in Ethereum, Cosmos, Vechain, Basic Attention Token, Compound, and Uniswap. Mr. Merriman graduated with a B.Sc. in Management Science with a concentration in finance from the Massachusetts Institute of Technology.

Stephen Moskowitz, Chief Operating Officer

Mr. Moskowitz is a Managing Member of the General Partner and Chief Operating Officer of the Management Company, where he is responsible for all non-investment related activities, including, but not limited to, capital formation, operations and deal sourcing. Prior to co-founding the Management Company, Mr. Moskowitz was a Managing Director and Head of Business Development/Sourcing at Dominion Capital LLC ("Dominion Capital") ($100 million AUM+ single family office) where he was responsible for deal origination, syndications and partnerships. While at Dominion Capital, Mr. Moskowitz ran business development and strategic partnerships for a Dominion subsidiary, which focused on cryptoasset-based lending and directly sourced and closed a $20M senior secured loan with Bitfarms, a publicly traded bitcoin miner located in Quebec, Canada, (Nasdaq: BITF). Mr. Moskowitz has also served as an Advisor for ParaFi Capital LP, one of the largest alternative investment firms focused on blockchain and decentralized finance markets, since 2018. Prior to Dominion Capital, Mr. Moskowitz was an investment team member and Head of Business Development at Invest Hospitality, a lower middle-market family office backed private equity firm and operating company focused on the hospitality sector. Prior to Invest Hospitality, Mr. Moskowitz served as a Vice President at Champlain Advisors, LLC ("Champlain"), a boutique capital formation firm, where he engaged in client origination, due diligence and project management. Prior to joining Champlain, Mr. Moskowitz was a member of the Capital Markets team in the Merchant Banking & Real Estate Investing Division at Morgan Stanley. Prior to Morgan Stanley, Steve was a Vice President at Forbes Private Capital Group ("FPCG"), where he assisted private equity funds and hedge funds to raise capital. Prior to FPCG, Mr. Moskowitz worked as a corporate attorney for Schulte Roth & Zabel LLP, where he focused on mergers & acquisitions. As an early investor in the Digital Asset market since 2017, Mr. Moskowitz has developed a deep network and expertise in the blockchain sector. Mr. Moskowitz received a BA and JD from Emory University (*Boisfeuillet Jones Scholar*), and an MBA in finance from The New York University Leonard N. Stern School of Business blockchain sector.

Terms

Fund Type:	Closed End	**Minimum Subscription:** $250,000
Management Fee:	2.5% on committed capital	
Carried Interest:	20%	
Tiered Carry:	30% above 3x MOIC	
Waterfall:	European	
Investment Period:	5 years	
Fund Term:	10 years (plus approved extensions)	

Contact Information

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SOURCE: Pyxis

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CERTAIN RISKS OF HEDGE FUND AND FUND OF HEDGE FUND INVESTING

Investors should keep in mind that alternative investments such as hedge funds are speculative, involve a high degree of risk, may have substantial charges, and are suitable only for the investment of the high-risk capital portion of an investor's portfolio. Due to the strategies hedge funds may employ, the investor may lose their entire investment. If you cannot afford to lose your entire investment, hedge funds and funds of hedge funds are not suitable for you. Due to the risks of investing in a hedge fund or a fund of hedge funds, it is important to perform proper due diligence in evaluating and choosing fund managers with whom to place your money.

This summary of certain risks is not a complete list of the risks and other important disclosures involved in investing in a hedge fund or a fund of hedge funds. More complete disclosures are contained in a hedge fund's offering documents. Investors should read those documents carefully before investing to determine whether an investment is suitable in light of, among other things, their financial situation, need for liquidity, tax situation, and other investments. Privately offered investment vehicles commonly called hedge funds are unregistered private collective investment funds that invest and trade in many different markets, strategies, and instruments, including securities, non-securities, and derivatives. Funds of hedge funds are pooled investments in several unregistered hedge funds. There are substantial risks of investing in hedge funds. Investors could lose all or a substantial portion of their investment in a hedge fund. Investors must have the financial ability, sophistication, experience, and willingness to bear the risks of an investment in a hedge fund. An investment in a hedge fund entails risks that are different from more traditional investments and is not suitable or desirable for all investors. Only qualified eligible investors should invest in hedge funds. Investors should obtain investment and tax advice from their advisors before deciding to invest. Additional information on hedge funds is available from several sources including, in the United States, the Securities and Exchange Commission ("SEC") at http://www.sec.gov/answers/hedge.htm and the Financial Industry Regulatory Authority ("FINRA") at https://www.finra.org/investors/alerts/private-placements-risks.

The risks associated with investing in hedge funds and funds of hedge funds generally include:

- Limited Regulatory Oversight - Because private hedge funds are generally only open to a limited number of wealthy, financially sophisticated investors and do not advertise or publicly offer their securities, they are usually not required to register with the SEC. As a result, unregistered private hedge funds do not provide many of the investor protections that apply to registered investment products.
- Portfolio Concentration and Volatility - Many hedge funds may have a more concentrated or less diversified portfolio than an average mutual fund, UCITS (Undertakings for Collective Investments in Transferable Securities), or other authorized collective investment scheme. While a more concentrated portfolio can have good results when a manager is correct, it can also cause a portfolio to have higher volatility and/or greater losses.
- Strategy Risk - Hedge funds very often use speculative investment and trading strategies that may involve a high degree of risk. Many hedge funds employ a single investment strategy. Thus, a hedge fund or even a fund of hedge funds may be subject to strategy risk, associated with the failure or deterioration of an entire strategy. Strategy specific losses can result from excessive concentration by multiple hedge fund managers in the same investment or broad events that adversely affect particular strategies.
- Use of Leverage and Other Speculative Investment Practices - Many hedge fund managers use leverage and other sophisticated and speculative investment strategies and techniques such as options, short sales, arbitrage, hedging and leverage. Furthermore, managers may invest heavily in concentrated positions of a single issuer or market, distressed or bankrupt companies, derivative such as options and futures contracts, volatile international markets, and privately issued securities. Investors should be aware of the potential risks. When used prudently and for the purpose of risk reduction, these instruments can add value to a portfolio. However, when leverage is used excessively and the market goes against a portfolio, it can suffer tremendously. Also, managers can face additional risk when selling short. In theory, the loss associated with shorted stocks is infinite, because stocks have unlimited upside potential. While selling short can add return and risk reduction to a portfolio, managers need to pay special attention to their short positions. In the same way, when options are used to hedge a portfolio (i.e., short calls and buy puts), the portfolio's volatility can be reduced. However, when options are used to speculate (i.e., buy calls and short puts), a portfolio's returns can suffer and the risk associated with the portfolio can increase,
- Valuations - There are no specific rules on hedge fund pricing. There have been a number of high-profile instances where hedge fund managers have mispriced portfolios, either as an act of fraud or negligence. A fund of funds manager will look to the underlying hedge fund managers for fair valuations of the portfolio's interest in their funds. However, the fund of funds manager is limited to some extent in terms of verifying the accuracy of the valuations utilized by the hedge fund managers,
- Past Performance - Past performance is not necessarily indicative and is not a guarantee of a hedge fund's future results or performance. Some hedge funds may have little or no operating history or performance and may use hypothetical or pro forma performance that may not reflect actual trading done by the manager and should be reviewed carefully. Investors should not place undue reliance on hypothetical or pro forma performance.

- Limited Liquidity - Hedge funds are "illiquid" investments (investments that can't be sold or exchanged for cash quickly or easily). Investors in hedge funds often have limited rights to redeem or transfer their investments. In addition, since hedge funds are not listed on any exchange, it is not expected that there will be a secondary market for them. Repurchases may be available, but only on a limited basis. A hedge fund's manager may deny a request to transfer if it determines that the transfer may result in adverse legal or tax consequences for the hedge fund. In other words, you may not be able to get the money you invested in the hedge fund back when you want to liquidate the investment. Funds of hedge funds also typically require a "redemptive notice" (notice that you want to redeem your investment), often as much as three months in advance of the desired redemption date.
- Tax Risks - Investors in certain jurisdictions and in hedge funds may be subject to pass-through tax treatment on their investment. This may result in an investor incurring tax liabilities during a year in which the investor does not receive a distribution of any cash from the fund. In addition, an investor may not receive any or may receive only limited tax information from hedge funds, and funds of hedge funds may not receive tax information from underlying managers in a sufficiently timely manner to enable an investor to file its return without requesting an extension of time to file. In certain jurisdictions a lack of tax information may result in an investor being taxed on a deemed basis at an adverse rate of tax. The tax structure of hedge funds and funds of hedge funds may be complex. Cowen and Company, LLC is not a tax and/or legal advisor, therefore, you should consult with your tax advisor or attorney before investing in hedge funds or funds of hedge funds.
- Fees and Expenses - The expenses associated with investing in hedge funds are significantly higher than many other traditional investment vehicles. There are no limits on the fees a hedge fund can charge its investors, and several types of fees and charges are associated with investing in hedge funds and funds of hedge funds. These fees will reduce the value of your total investment and your return. Some funds of hedge funds are structured such that there are two levels of fees - one for the underlying hedge fund managers and one for the fund of hedge funds manager - which could result in a greater expense than would be associated with direct investment in a hedge fund, in addition, each underlying fund manager may charge an incentive fee on new profits regardless of whether the overall operations of the fund of hedge funds are profitable. All expenses are disclosed in the hedge fund offering documents. You should thoroughly check the fee structure to determine if this is the case for a fund of hedge funds, or if the marginal increase in fees and expenses is worth the diversification and service the fund of hedge funds offers.
- Reliance on Fund Manager and Lack of Transparency - A hedge fund's manager has total trading authority over the hedge fund. There is often a lack of transparency as to a hedge fund's underlying investments. As to a fund of hedge funds, the fund's manager may have complete discretion to invest in various underlying hedge funds without disclosure thereof to investors. Hedge funds and funds of hedge funds are not required to provide investors with information about their underlying holdings. Because of this lack of transparency, an investor may be unable to monitor the specific investments made by the hedge fund or to know whether the underlying fund's investments are consistent with the hedge fund's historic investment philosophy or risk levels. Some funds of hedge funds and their managers may rely on trading expertise and experience of third-party managers, the identity of which may not be disclosed to investors. Due to the risks mentioned above, it is important to perform proper due diligence in evaluating and choosing hedge fund managers to place your money with. There have been occasions when hedge fund managers took on too much risk in their portfolio and lost a substantial amount of their investors' money.
- Performance Comparisons - Hedge fund managers typically compare the investment returns of their funds to those of indexes of broad market averages or other, more specific benchmarks. In such cases, the index returns are shown for illustrative purposes only and are not representative of any particular product. Indexes are unmanaged general measures of market performance, do not incur management fees, costs and expenses, and cannot be invested in directly.

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Pyxis Asymmetric Opportunities Fund LP

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SPECULATIVE AND INVOLVE A HIGH LEVEL OF RISK, INCLUDING THAT HEDGE FUNDS:

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