



2022

ANNUAL

Report

Q4 2022

Lunar

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Disclaimer

This Annual Report includes forward-looking statements. Forward-looking statements may be identified by the presence in those statements of the words “may”, “will”, “expect”, “intend”, “anticipate”, “believe”, “attempt”, “seek” or “project” or the negatives, derivatives, and variations of those words or comparable terminology. Luna Fund, LLC (“Lunar”) has based these forward looking statements on advice received from its management (“Management”). Based on Management’s current expectations and projections about future events, which are inherently uncertain and likely to vary from the discussion of forward-looking statements contained in this Annual Report, about Lunar Fund, LLC and the relevant markets, including without limitation (I) Adverse changes in the relevant market, and (II) general economic and business decisions. The Company undertakes no obligation to publicly update or revise any forward-looking statements in light of these risks, uncertainties and assumptions. Forward looking events discussed in this quarterly report may not occur.



Explanation Of Quarterly Report

During the fourth quarter of 2022, Management elected to make some significant changes to the capital allocation of the Lunar Fund. We have deployed capital into products with greater potential for yield while pivoting away from assets with low trading volume and thin liquidity. The fund's assets declined overall in Q4 of 2022, however we expect this to be a temporary situation due to an expected annual sell-off prior to Christmas.

We understand that this investment performance may be abnormal for many legacy investors, but we encourage to continue looking towards the long term. We have locked in value via a sacrifice phase for PulseChain and personally began development on projects that support the ecosystems Lunar is invested in. Our dedication to furthering the value of the portfolio goes beyond just managing investments, but actively producing the tools necessary for growth and fruition in the de-fi space.

Thank you for your continued support. While times are tough like the present, we pursue the many great opportunities that the world of crypto has given us.

Sincerely,

HEX Management

Investment Thesis

We believe that deploying capital into yield-producing protocols is an effective way to grow and sustain a blockchain investment portfolio. In short, Lunar's investment thesis is: produce new coins/tokens from your existing coins/tokens.

By focusing on yield rather than appreciation, the Lunar portfolio seeks to at least partially insulate its underlying assets against price volatility. Such efficient, income-producing blockchain protocols, include staking, rebasing and liquidity provisions, as well as benefits from occasional airdrops and incentive rewards.



Performance

Lunar's Q4 Performance reports a 29.25% loss this quarter. Crypto bear markets or "Crypto Winters" have happened many times before. It is rough and difficult, but like many downturns there are open opportunities when vigilantly seeking for them

Starting Assets

\$635,831

Total Assets

\$449,882

Net Gain

-\$185,950

Current ROI

29.25%

Earnings Per Share

-\$29,250

LUNAR
Q4 Report

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**Asset Breakdown &
Overall Holdings**



Staking (Hex)

[Hex](#) is a smart-contract protocol designed to replicate the second most popular legacy banking product¹, Certificates of Deposit. The HEX contract has a built-in inflation rate of 3.69% annually, however this inflation is paid only to "Stakers" who lock their tokens in the smart contract. According to [Staker.App](#), Although the APY is variable, an average length stake (5.5 years) is currently earning ~38% APY due to a stake participation rate of around 10%². Lunar was one of the first blockchain funds with HEX exposure. The tShares created through staking HEX continue to form the basis of our investment portfolio and offer considerable upside by way of airdrops including the upcoming [Pulse](#) (PLS), [Hedron](#) (HDRN) and [Liquid Loans](#) (LOAN) projects.

Current APY projected

20.93%

Principal Hex Quantity:

4,573,092

Total tShares

516

End of Quarter Holdings:

\$85,517

HEX Earned Per Day:

3,246

End of Quarter Coin Price:

\$0.0187

1. <https://medium.datadriveninvestor.com/a-surprising-risk-for-crypto-investors-right-now-louis-thomas-explains-a01424e511e4>

2. <https://medium.datadriveninvestor.com/defi-market-leader-hex-soars-to-new-highs-2caaf0f6443#~:text=The%20average%20HEX%20stake%20length,receive%20high%20yield%20on%20>

3. <https://panteracapital.com/portfolio/>



Liquid HEX

Liquid Hex constitutes a portion of our assets held from the previous liquidity pool as well as completed stakes. Having liquid assets on our books allows us to deploy into other opportunities that have growth potential. Some of these may be other liquidity pools, upcoming project launches, or staking. We have seen multiple projects that are close to deployment that could yield a great opportunity for us to leverage our liquid assets for long-term gain. Hex's evaluated price has had a large downturn due to the cyclical bear market. We believe that at some point upon the end of the bear market Hex could have a large return to its higher prices.

Current Holdings:

\$2,094.25

Principal HEX:

3,581,625

End of Quarter Hex Price:

\$0.0226

Coin/Token Releases (PLS/PLSX)

Due to exceptionally high gas fees introduced into the consensus mechanism by the Ethereum Foundation, the Ethereum blockchain is becoming unusable for many projects that require advanced computation¹. HEX and 1INCH are two such projects that Lunar currently has exposure to. As a result, the developers behind the HEX project have proposed to clone and improve the Ethereum blockchain, moving to delegated proof of stake, introducing fee burning, eliminating block rewards and reducing block time to 3 seconds.

The new project is called [Pulse Chain](#) and is set to be released some time in 2022. In addition, Pulse Chain will also clone the entire Ethereum system state. This will create a copy of every ERC-20 token in existence according to Richard Heart and represents no less than the largest airdrop in blockchain history². Lunar has participated in the PLS coin release and has additional exposure via the airdrop.

Current Projected APY: (Inconclusive due to Mainnet launch being in late testing phase)

N/A

Current Holdings:

\$197,694

Projected Coin Ownership On Release

1,976,940



1INCH Liquidity Reward

1INCH is the reward token provided by the ETH-HEX pool. This asset is functionally the profits from the pool, which prevents a dilution of the underlying ETH-HEX asset. It is fairly common for LP hosting to reward users in a native token for providing liquidity. Many Liquidity Pairings also set aside extra coins of the native pool prior to raising coins to provide a higher incentive to supply liquidity. Considering ETH-HEX are both established projects, the only payout is in 1INCH, rather than 1INCH, ETH, and HEX. 1INCH can also be leveraged for further staking/LPs and creates a system where we have daily compounding yields.

Current total tokens held

10,532

End of Quarter Coin Price:

\$0.3849

Current Holdings:

\$4,056



Icosa (ICSA)

Icosa (ICSA) is a protocol which builds upon the Hedron protocol to add HDRN staking and additional incentives for staking HEX as well as jumpstarting the Hedron borrowing system. Icosa is built by the same team behind the Hedron protocol, ensuring seamless integration. We are able to stake ICSA for both HDRN and ICSA. Like HDRN staking, ICSA yield comes from daily burnt HDRN. HDRN yield comes from borrowed HSI HEX stakes and EES penalties collected by the contract over time.

Staked ICSA:

106,130.39

End of Quarter Coin Price (ICSA):

\$0.284

End of Quarter Value (ICSA):

\$66,086.45

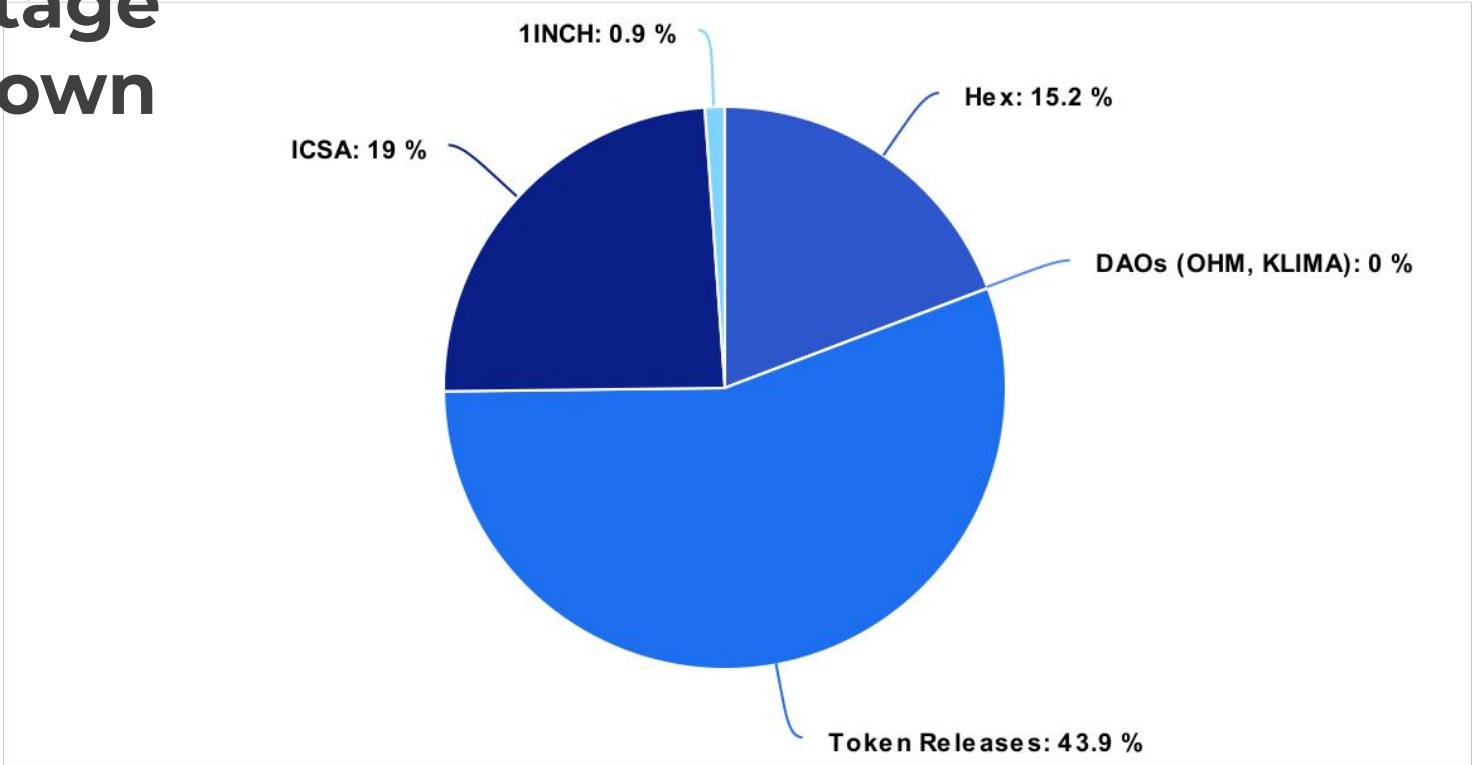
End of Quarter Coin Price (HDRN):

\$0.00000109

End of Quarter Value (HDRN):

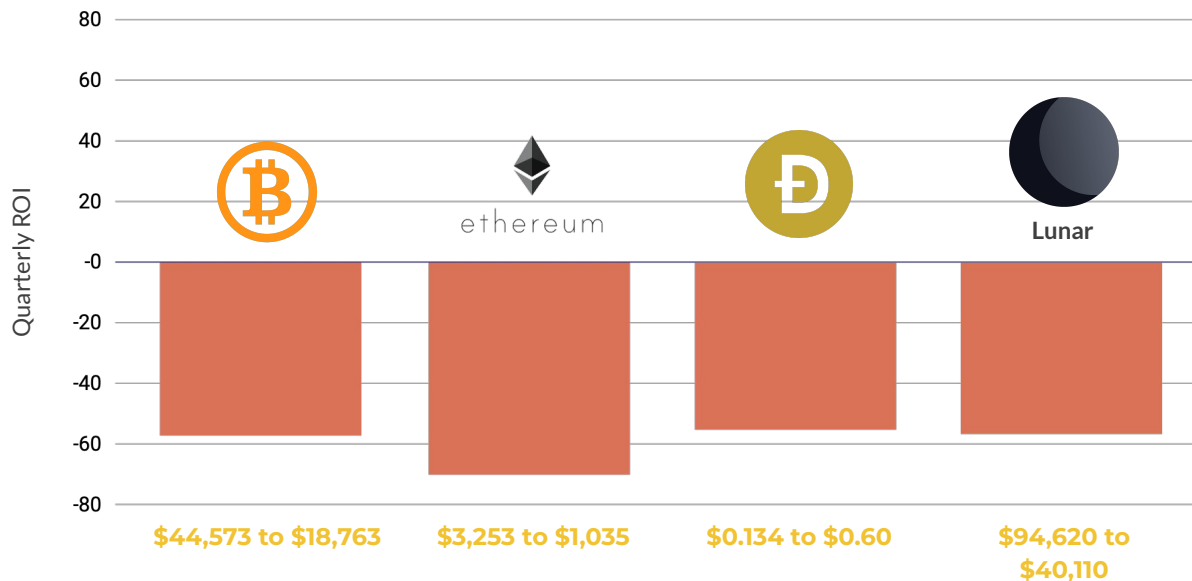
\$2,176

Percentage Breakdown



Comparative Returns Delta

With our current quarterly ROI of -29.25% we are relatively performing similar to Bitcoin¹. Considering our assets are Layer 2s build upon Ethereum or EVMs, we see a potential in which the upswing is much more rewarding than simply investing in BTC or ETH. If the bear market perpetuates, a continued downswing may occur in a variety of asset classes instead of just flat price movement.





Moving forward we continue to be incredibly optimistic regarding our future prospects. The market will continue to have its ups and downs, but the long game is still to be played. We believe in a future where crypto continues to expand and prosper in which we will all ideally benefit from.

Thank you for your investment in Lunar Fund. If you have any questions regarding this report or your individual investment, please do not hesitate to contact us at (512) 790 - 6812 or get@liquidoz.com.

The Lunar Team

Thank

You

