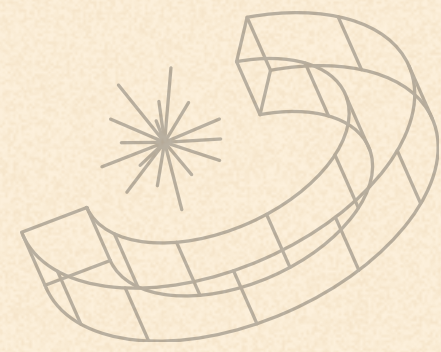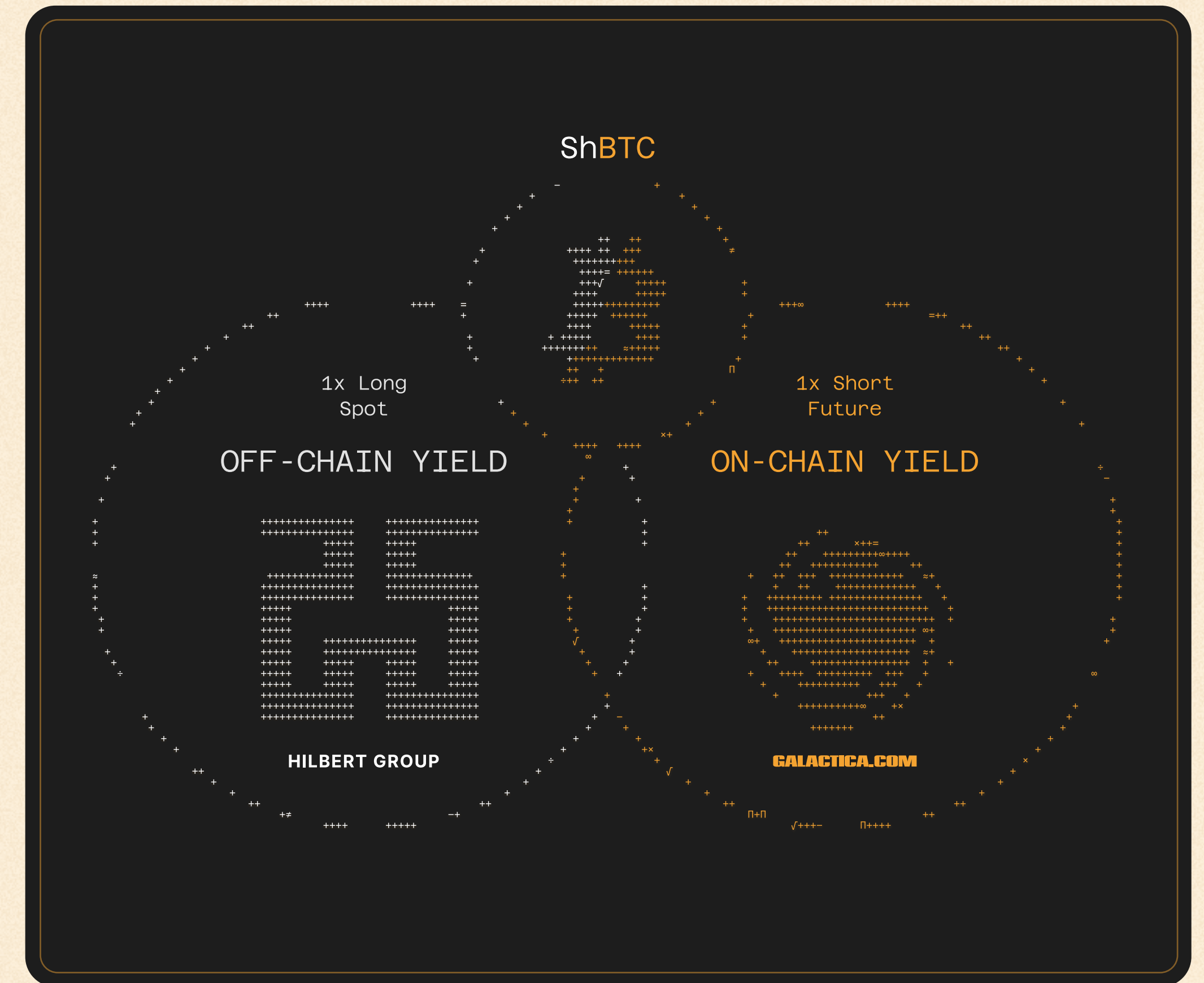# SYNTETIKA

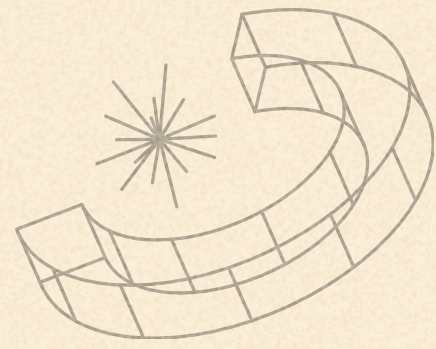## THE YIELD FOR THE INTERNET OF ASSETS

WHAT IS SYNTETIKA?

Syntetika is a protocol designed to **bridge TradFi and DeFi** to arrive at structured products with superior risk/return profiles by capturing **on-chain and off-chain yield opportunities**.

Our goal is to build infrastructure capable of providing **global, compliant, and accessible financial products**.
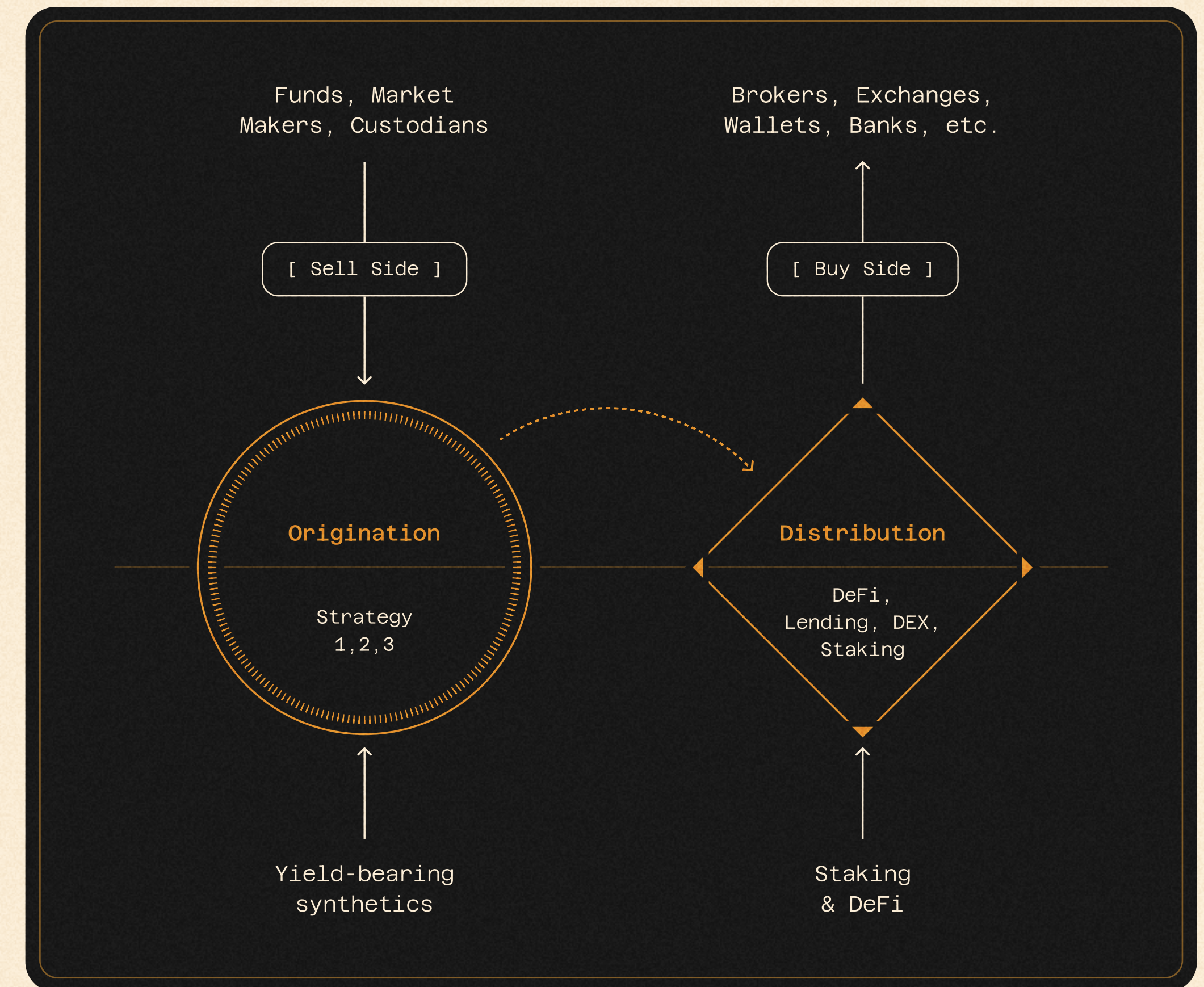
Thanks to our **compliant privacy stack**, we are best equipped for both **B2B and B2C** origination and distribution.

ShBTC

1x Long
Spot

1x Short
Future

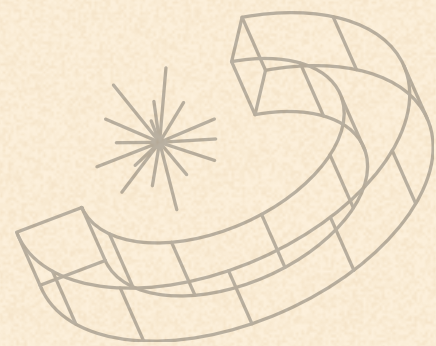OFF-CHAIN YIELD

ON-CHAIN YIELD

HILBERT GROUP

GALACTICA.COM

WHAT DOES SYNTETIKA DO?

✳ Syntetika functions as a vault protocol connecting structured product originators (sell-side) with interested buyers (buy-side).

✳ Initially launching as a synthetic Bitcoin protocol that provides backbone liquidity for the "Internet of Assets".

✳ Provides a solution with Bitcoin-based yield generation at its core.

Funds, Market Makers, Custodians

[Sell Side]

Brokers, Exchanges, Wallets, Banks, etc.

[Buy Side]

Origination

Strategy 1,2,3

Distribution

DeFi, Lending, DEX, Staking

Yield-bearing synthetics

Staking & DeFi

MARKET OVERVIEW

According to Binance only **~0.8% of the bitcoin supply** is currently being used in DeFi, and this presents a large **"untapped opportunity"**. [1]

Julian Love, a deal analyst at Franklin Templeton Digital Assets, said the **"Bitcoin DeFi"** opportunity could be as much as **$1 trillion**. [2]

Ethena, synthetic dollar protocol reached remarkable **$5B TVL** with its novel design for synthetic yield-bearing stablecoin. [3]

The future role of stablecoins in the U.S. debt market is significant when viewed against the backdrop of a relative **decline in foreign holdings of US debt**. Over the past decade, foreign ownership has shrunk from **34% to 23%**, with strong historical players like China and Japan also reducing their treasury positions in an absolute sense. [4]

Approximately **74% of BTC has not changed hands** for most of 2024 and **45% of bitcoin hasn't moved in more than 3 years**. [5] [6]

SYNTETIKA:SEIZING THE OPPORTUNITY
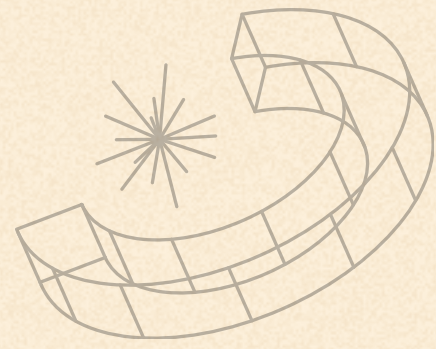
Operating in a post-Biden regulatory environment that appears more crypto-friendly and adoption-focused.

Building upon the two most proven utilities in Web3: Bitcoin (internet store of value) and DeFi (improved financial infrastructure).

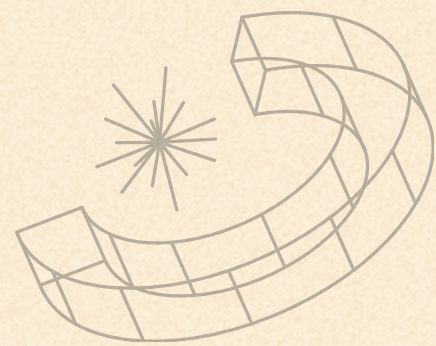Going beyond typical Bitcoin DeFi, by creating a comprehensive platform for on-chain structured products.

Designed to capture both on-chain and off-chain yield opportunities.

Features a compliant privacy stack making it suitable for both B2B and B2C origination and distribution.

Serves as the liquidity layer for brokers, wallets, blockchains, and exchanges needing to satisfy diverse user demands for structured products.

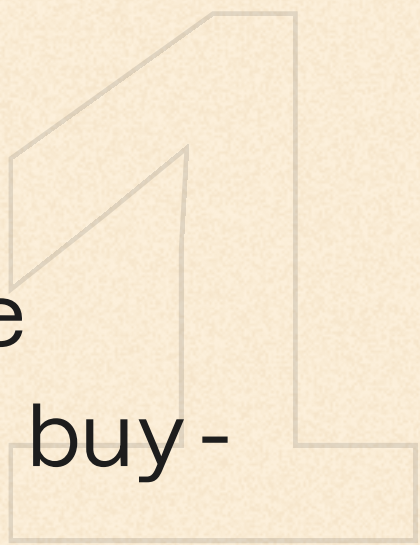Accommodates a wide range of products from barrier options to synthetic dollars originating from delta-neutral trading strategies.
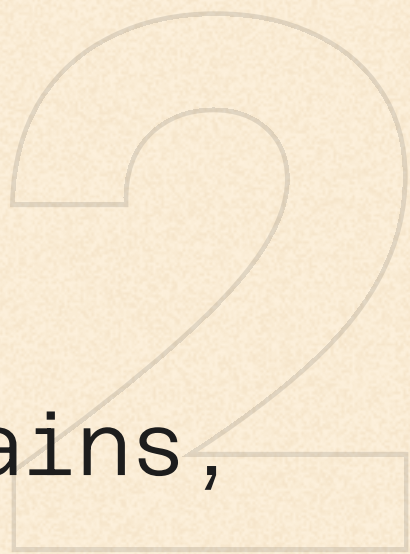
ShBTC®

SYNTHETIC BITCOIN SOLUTION

Vault Protocol: Matches sell-side originators with buy-side demand.

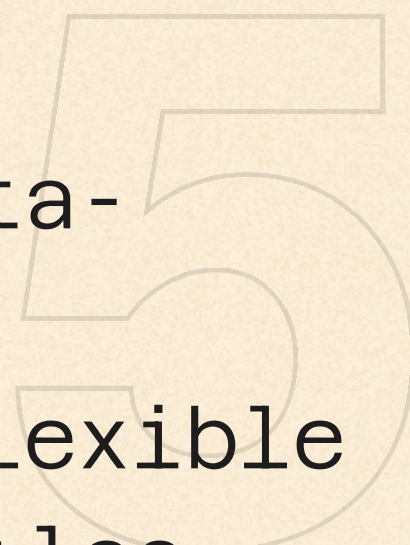**Liquidity Layer**: Serves brokers, wallets, blockchains, and exchanges.

Supports diverse products from barrier options to synthetic dollars.

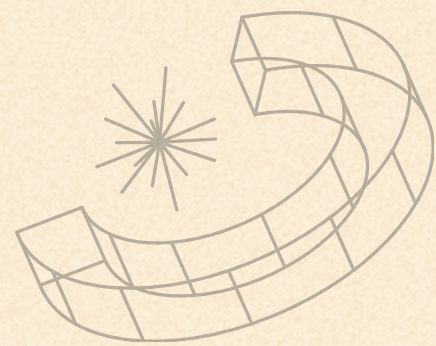Platform for creating and managing on-chain structured products.

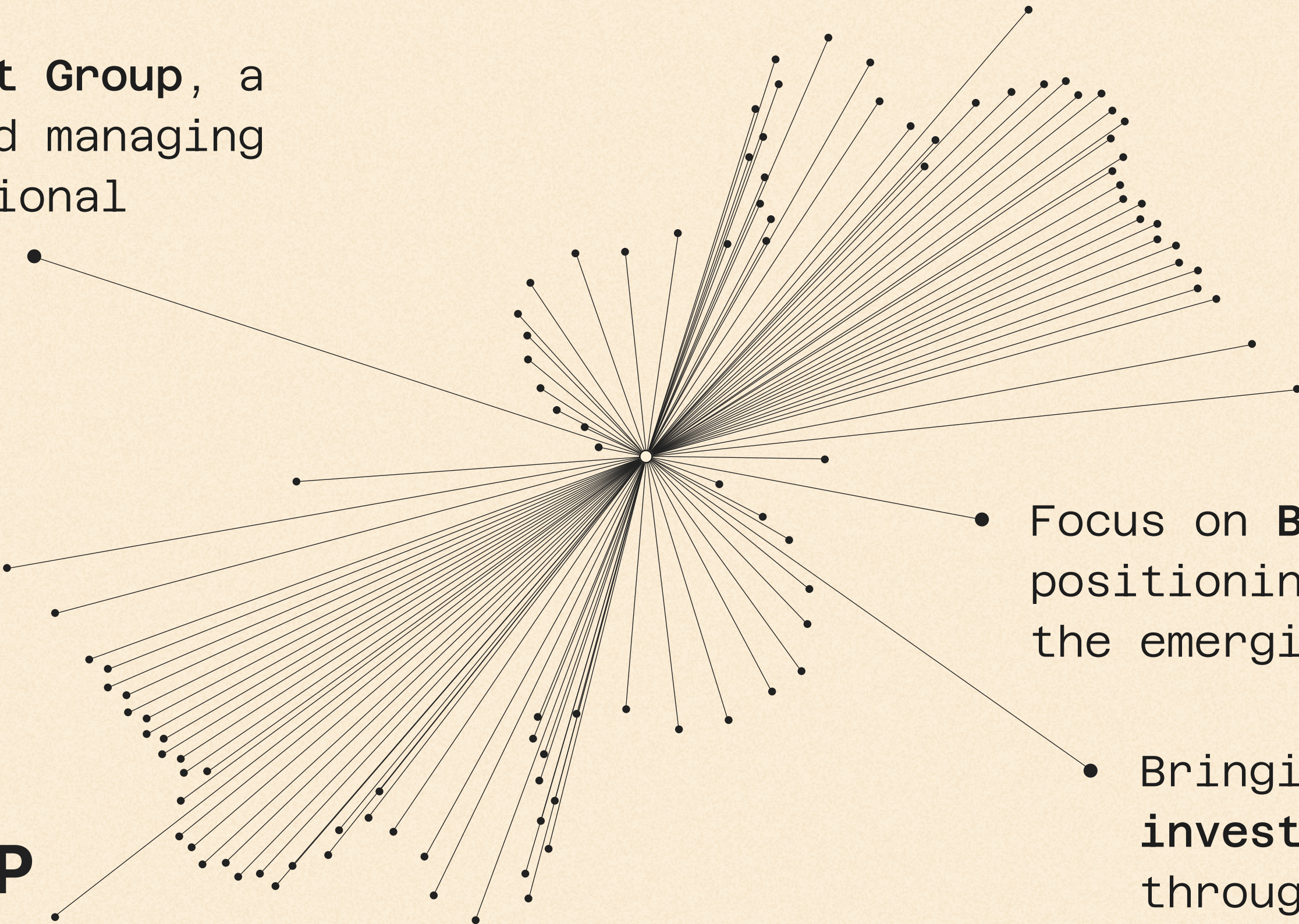Accommodates delta-neutral trading strategies and flexible risk/return profiles.

Providing BTC holders with the ability to earn yield with idle BTC.

TOKENIZING INSTITUTIONAL — GRADE FUNDS

Partnership with Hilbert Group, a Nasdaq-traded hedge fund managing portfolios for institutional clients **like Xapo Bank**.

⊐5 HILBERT GROUP

Focus on **Bitcoin-native strategies**, positioning BTC as the cornerstone of the emerging **Internet of Assets**.

Bringing **institutional-grade investment strategies** on-chain through tokenization.

YIELD GENERATION MODEL
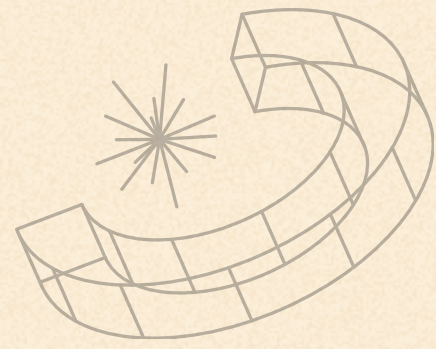
Syntetika's synthetic BTC - hBTC: a crypto-native, fully-backed, programmable reserve asset

- *Uses Bitcoin-native delta-neutral basis strategies (similar to **Ethena / Falkon**).*
- *Peg stability through delta hedging against protocol-held backing assets.*
- *Composable throughout **DeFi** ecosystem.*

ShBTC: Liquid staking token (LST) of **hBTC**

- *Automatically accrues **100%** of off-chain generated yield*
- *Yield amplification: When only **50%** of **hBTC** is staked, **APY** effectively doubles.*
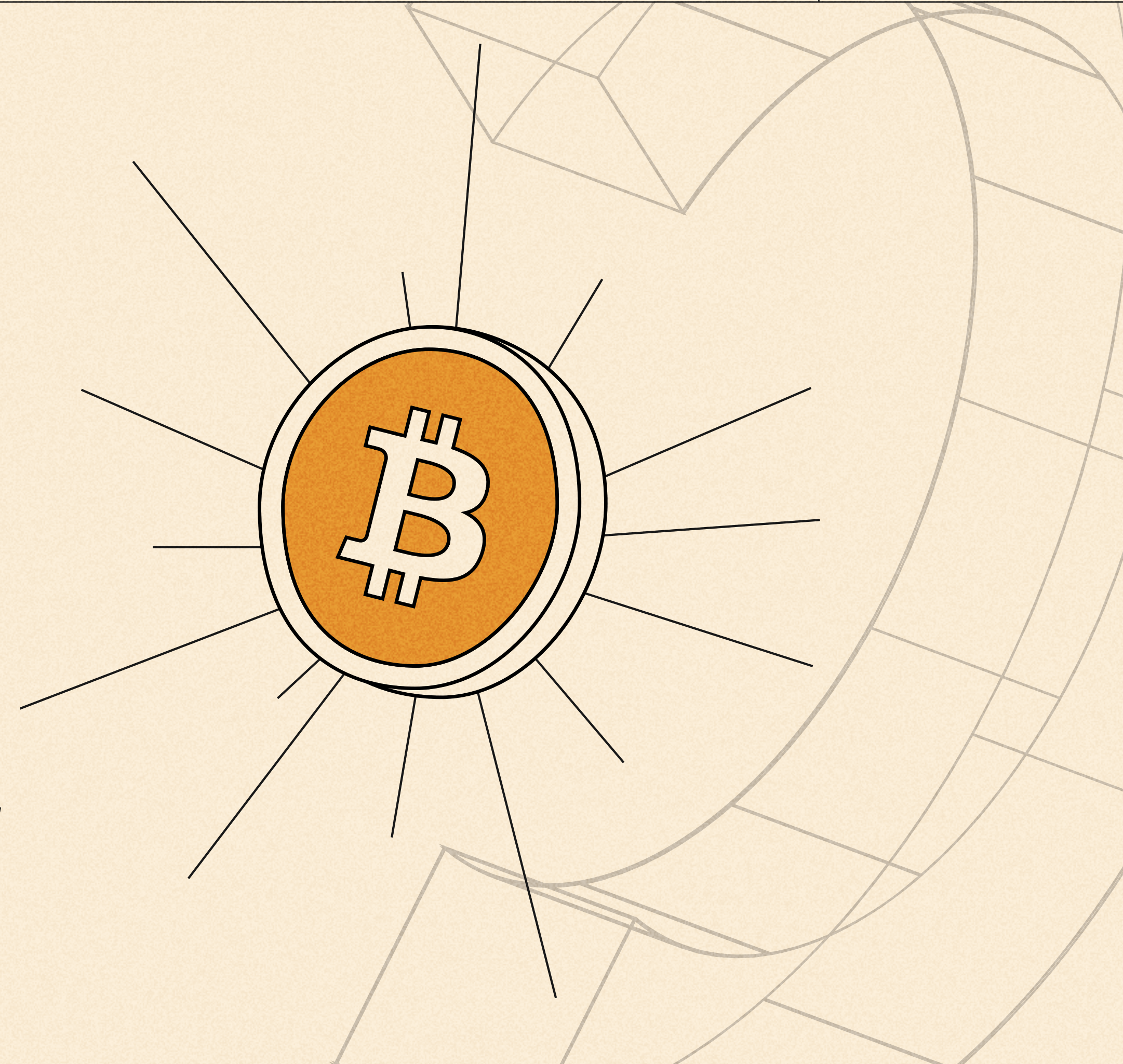
HILBERT'S DELTA—NEUTRAL STRATEGY
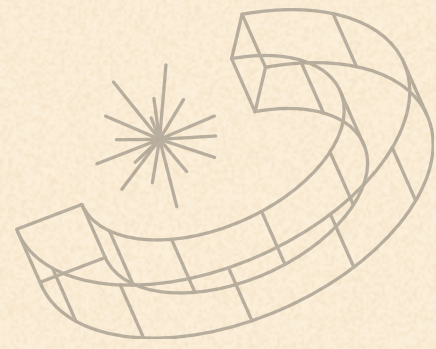
✳ **A BTC-based program that represents a market-neutral strategy**
that generates alpha by exploiting inefficiencies in Bitcoin's interest rate curve.

✳ **Use Artificial Intelligence and Machine Learning**
Our models aim to generate the highest possible "Basis" from the spot and perpetual
BTC markets.

✳ **Arbitrage the BTC yield curve and apply proprietary methods**
We capture additional yield by exploiting structural inefficiencies in the BTC
interest rate curve.

✳ **The strategy is always market-neutral with deep liquidity**
It operates on the front end of the BTC yield curve, ensuring access to high
liquidity levels.

✳ **Historically generated ~36% annualized returns**
Performance tracked from December 2023 to present.

MAX SUPPLY:

21M BTC

hBTC APY:

23.16%

[MINTING TERMINAL]

| Deposit | My transactions |

2025-04-03 14:42   Status: Pending

Amount   BTC Hash   Galactica Hash
0.0150001 BTC   bc1qxyhxOwlhhx...Owlh   hxOwlhbc1qxybc...1qxy

---

2025-04-03 14:42   Status: Pending

Amount   BTC Hash   Galactica Hash
0.0150001 BTC   bc1qxyhxOwlhhx...Owlh   hxOwlhbc1qxybc...1qxy

---

2025-04-03 14:42   Status: Received

Amount   BTC Hash   Galactica Hash
0.0150001 BTC   bc1qxyhxOwlhhx...Owlh   hxOwlhbc1qxybc...1qxy

---

2025-04-03 14:42   Status: Minted

Amount   BTC Hash   Galactica Hash

MINTING hBTC

MAX SUPPLY:

21M BTC

hBTC APY:

23.16%
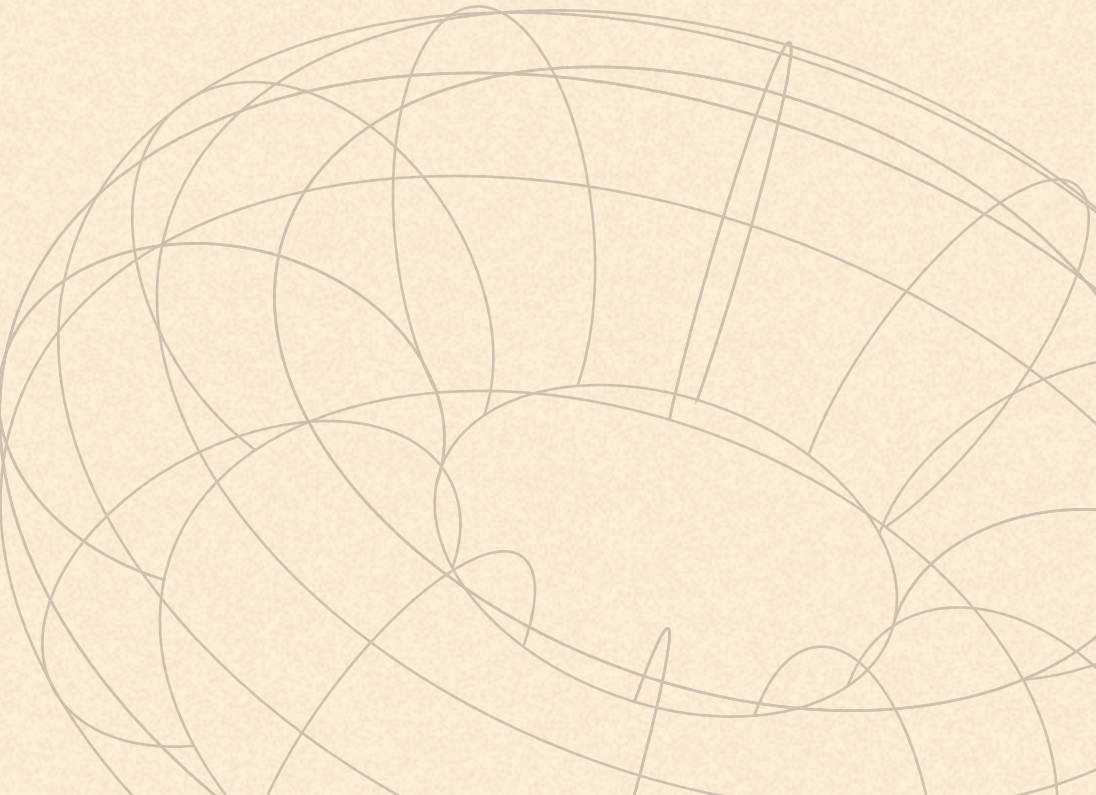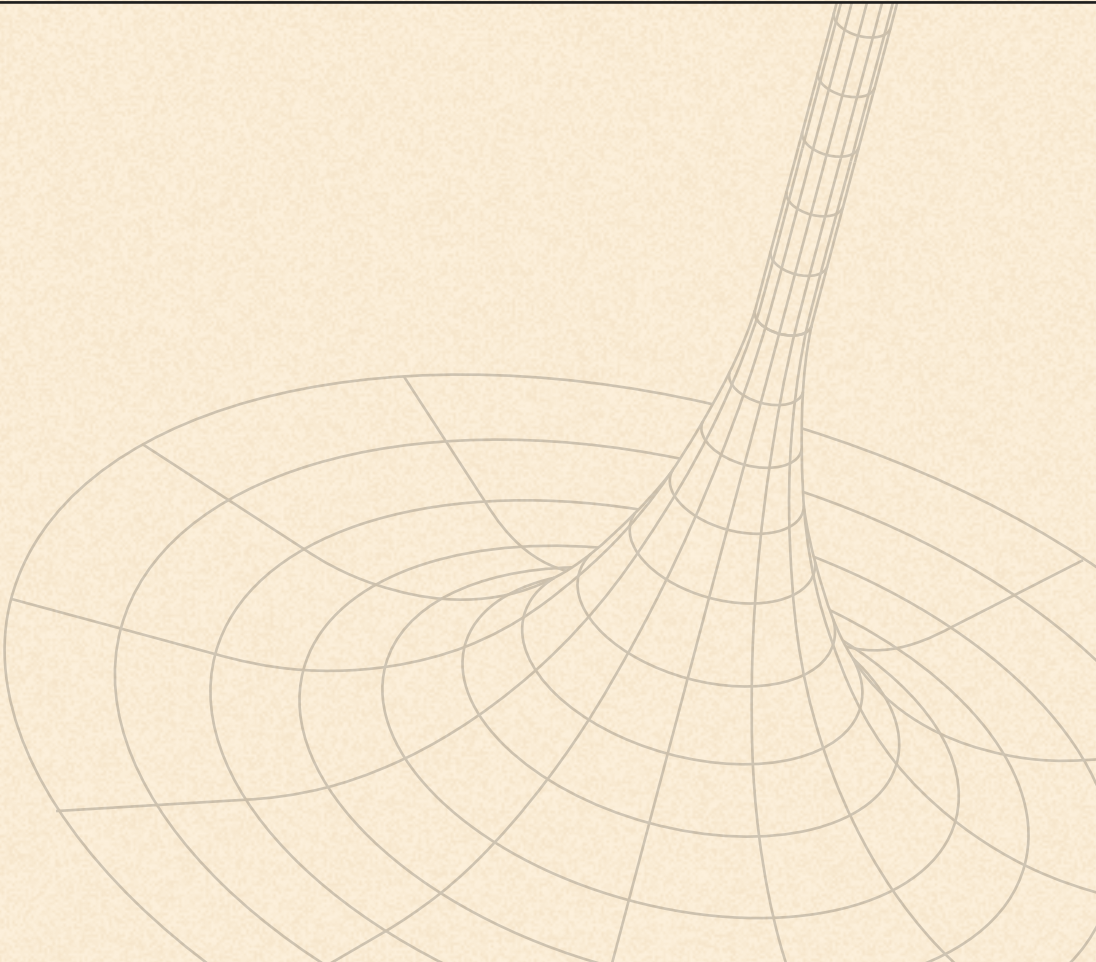
[STAKING TERMINAL]

Stake	Unstake

You Send

0.0150001   hBTC

Balance: 0.0150001 hBTC   MAX

↓

You Recieve

0.0150001   ShBTC

Balance: 0 ShBTC

[STAKE]

Transaction Gas: 0.008 GNET

POWERED BY GALACTICA

STRATEGIC PARTNERS

Hilbert Group
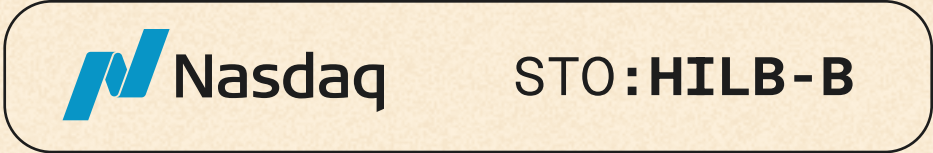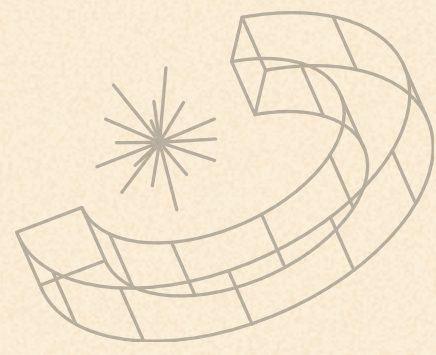
Crypto Asset Manager with $500M AUM. Partner with Xapo Bank operating the Xapo Byzantine's Bitcoin Yield Fund.

Co-founder by Dr Niclas Sandström & Dr Magnus Holm, PhDs in Theoretical Physics.

CEO Barnali Biswal, former Goldman Sachs Veteran MD.

Galactica.com

Co-founded by Swissborg.com, Europe's permier brokerage firm and crypto community, Galactica.com's protocol core is powered by Fully Homomorphic Encryption (FHE) and Zero Knowledge Proofs (ZKP) stack to arrive at very applied use-cases aimed primarily at real users - web2 and web3 alike.

Private Pools Network (PPN)

With over 20 years of combined experience in software engineering and trading from UBS, SwissQuote Bank and Reduniq, Private Pools Network (PPN) delivers the cutting-edge technology stack behind Syntetika's tokenisation of Hilbert Group's funds and SyntX — a state of the art DEX with multi-asset index pools with proprietary order flow prioritisation, enabling trading and liquidity provision for tokenised RWAs.

TEAM
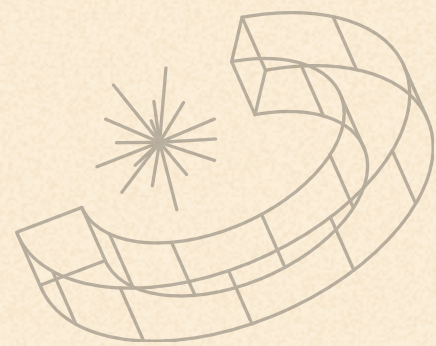
100+ years in TradFi, led by veterans from Goldman Sachs, JP Morgan, Morgan Stanley, and top hedge funds.

Expertise in quant trading, asset management, and financial engineering.

Strong background in institutional investments, risk management, and blockchain integration.

TEAM MEMBERS FROM

J.P.Morgan **CITADEL** **Morgan Stanley**

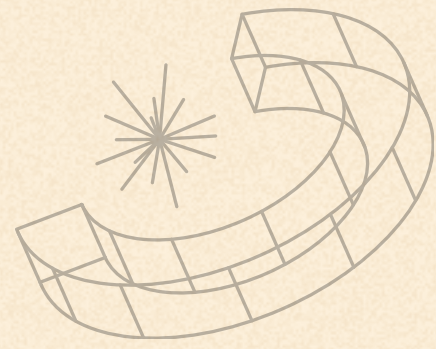**Goldman Sachs** **CREDIT SUISSE | FIRST BOSTON** **BARCLAYS CAPITAL** **FINISTERRE CAPITAL**

APPENDIX

TRANSFORMING GLOBAL FINANCE

The RWA Opportunity: Tokenizing the $95 trillion global stock market and other traditional assets (bonds, real estate, commodities) on blockchain

Core Value Proposition

- 24/7 trading beyond traditional market hours
- Fractional ownership of expensive assets
- Near-instantaneous settlement vs. T+2 in traditional markets
- Global accessibility without geographic restrictions
- DeFi composability for trading, lending, and collateralization
- Transparent and immutable transaction records

Market Validation

- 87% of institutional investors have expressed interest in tokenized assets [1]
- Treasury Products Market Cap rising from $700M to $5.8B from Oct 2023 [2]
- RWA TVL in DeFi reaching over $11B [3]
- Private securities market projected to reach $250 billion by 2027

TECH INFRASTRUCTURE & COMPLIANCE

Tokenization Process Components

1. Asset Acquisition and Custody: Legal entities purchasing and securing traditional securities
2. Tokenization Layer: Smart contracts representing ownership rights
3. Compliance Infrastructure: zkKYC technology ensuring regulatory adherence
4. Decentralized Exchange: Marketplace for trading tokenized securities
5. Liquidity Provision: Market makers ensuring efficient price discovery
6. DeFi Integration: Connections to lending protocols and yield strategies

Smart Contract Architecture

- Two-layer approach with non-fungible tokens (NFTs) representing specific assets
- NFTs include valuation series and acquisition details
- Conversion to fungible ERC20 tokens for standardized tradable units

Privacy & Compliance Solutions

- Zero-knowledge proofs (zkKYC): Verifying users meet requirements without collecting personal data
- Fully Homomorphic Encryption (FHE): Performing computations on encrypted data
- Built on Cosmos SDK, CometBFT, and EVM compatibility
- Project EPIC integration for encrypted confidential transactions

STRUCTURED PRODUCTS ON GALACTICA NETWORK

Building Blocks

- **Core Financial Instruments**
  - Spot: Direct asset ownership with immediate delivery
  - Forwards/Futures: Price-locked contracts for future settlement
  - Options: Call and Put rights with premium payments
- **Crypto-Native Mechanisms**
  - Staking Yields: Network security rewards
  - Liquidity Provision: Fee earnings from DEX participation
  - Decentralized Borrowing & Lending: Interest rate markets
- **Adapted Traditional Components**
  - Fixed Income/Bonds: Replaced with staking, lending protocols, and yield-bearing stablecoins
  - Swaps: Cash flow exchange agreements adaptable to DeFi

Privacy & Compliance Solutions

- **Capital Protection:** Various notes with participation, barriers, twin win, or coupon features
- **Yield Enhancement:** Discount certificates, reverse convertibles with different barrier and coupon structures
- **Participation:** Tracker, bonus, outperformance, and twin win certificates
- **Leverage:** Warrants, mini-futures, and constant leverage products

Detailed Product Examples

1. Capital Protection Note with Participation (CPNP)
- **Goal:** Protect initial investment while offering upside potential
- **Target Investor:** Cautious investors expecting moderate gains
- **Structure:**
  - Protection Component: Yield-generating stablecoin lending or staking
  - Participation Component: Call options on underlying assets (e.g., ETH)
- **Payoff Profile:** Full principal protection with capped upside participation
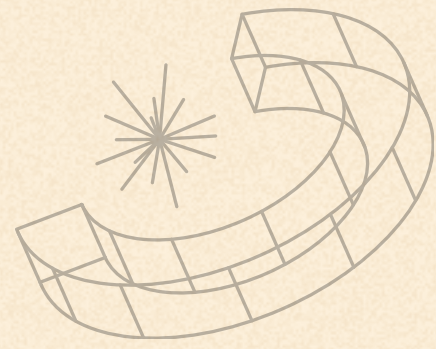
2. Barrier Reverse Convertible (BRC)
- **Goal:** Enhanced yield with conditional downside risk
- **Target Investor:** Investors expecting stable or slightly rising prices
- **Structure:**
  - Yield Component: Premium from selling downside protection (Put options)
  - Barrier Mechanism: Protection voided if price breaks below threshold
- **Payoff Profile:** High fixed coupon with potential asset conversion at loss if barrier breached

3. Outperformance Certificate
- **Goal:** Leveraged participation in positive price movements
- **Target Investor:** Strongly bullish investors willing to accept amplified risk
- **Structure:**
  - Core Component: Direct spot asset holding (e.g., ETH)
  - Leverage Component: Call options at/near initial price
- **Payoff Profile:** >100% participation in upside, 1:1 downside exposure

DEFI-TRADFI CHALLENGES AND SOLUTIONS

Adapting Traditional Building Blocks

- Bond replication through predictable yield streams
- Addressing creditworthiness in pseudonymous environments
- Creating reliable fixed income substitutes through staking and lending

Enhancing Privacy for Institutional Adoption

- FHE enabling confidential fund subscriptions and private trading
- ZK technology protecting participant identity and transaction patterns
- Combined stack creating compliant "dark pools" for institutional activity

The Path Forward

- Infrastructure Development: Building robust, secure tokenization frameworks
- Regulatory Advancement: Establishing clear guidelines for tokenized securities
- Market Education: Bridging understanding between TradFi and crypto participants
- Liquidity Growth: Attracting market makers for efficient markets
- Protocol Expansion: Extending beyond equities to other asset classes

MARKET OVERVIEW
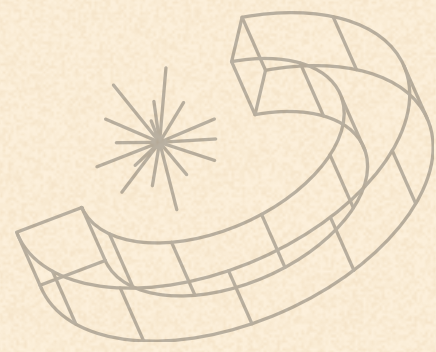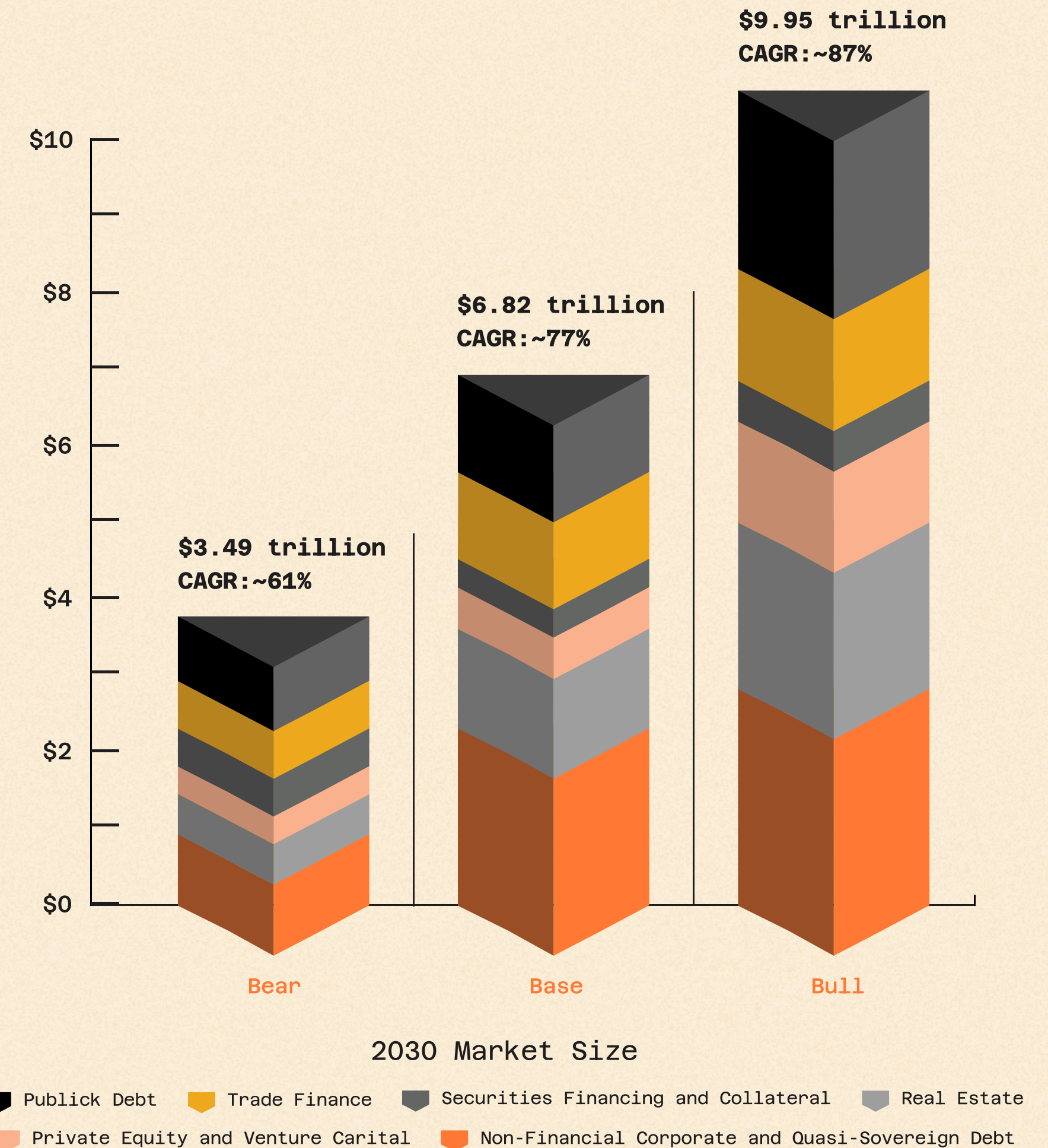
It's estimated that the market value for tokenized assets will be between US$ 3.5 trillion in a bear-case scenario and US$ 10 trillion in a bull-case scenario by 2030. [7]
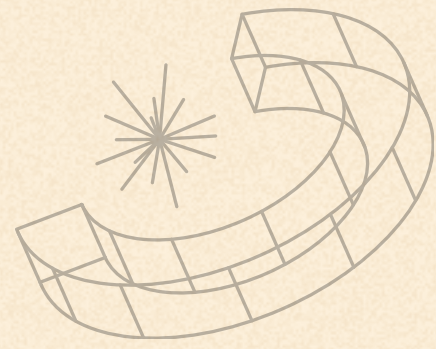
For real estate it's estimated:
- Bear case: 15% of total
- Base case: 20% of total
- Bull case: 25% of total

For the base case, it's assumed that tokenization will capture about ~10% of the net assets of regulated open-end funds worldwide, which was ~US$ 70 trillion at the end of Q2 2023.

For the bull case, the CAGR is comparable to the one we have observed historically for the growth of crypto owners. The bear case is ~0.5x the base case.

$3.49 trillion
CAGR:~61%

$6.82 trillion
CAGR:~77%

$9.95 trillion
CAGR:~87%

Bear   Base   Bull

2030 Market Size

- ■ Publick Debt
- ■ Trade Finance
- ■ Securities Financing and Collateral
- ■ Real Estate
- ■ Private Equity and Venture Carital
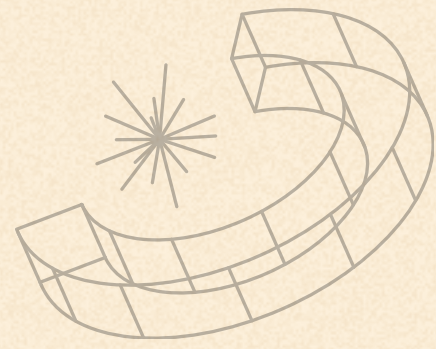- ■ Non-Financial Corporate and Quasi-Sovereign Debt

According to BCG Tokenized assets are projected to reach $16T by 2030, yet they will represent less than 1.8% of the global $900T asset value [8]

Current TVL of Real World Assets sector is $11B [9]

Although significant progress has been made in integrating RWAs on-chain, the current market across public blockchains like Ethereum, Arbitrum, Avalanche, Optimism, and Base is still largely dominated by stablecoins, which make up 97% of the market share [10]
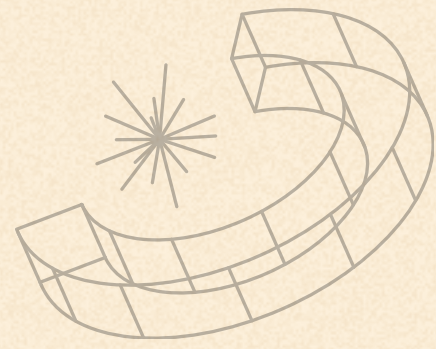

Source: Boston Consulting Group
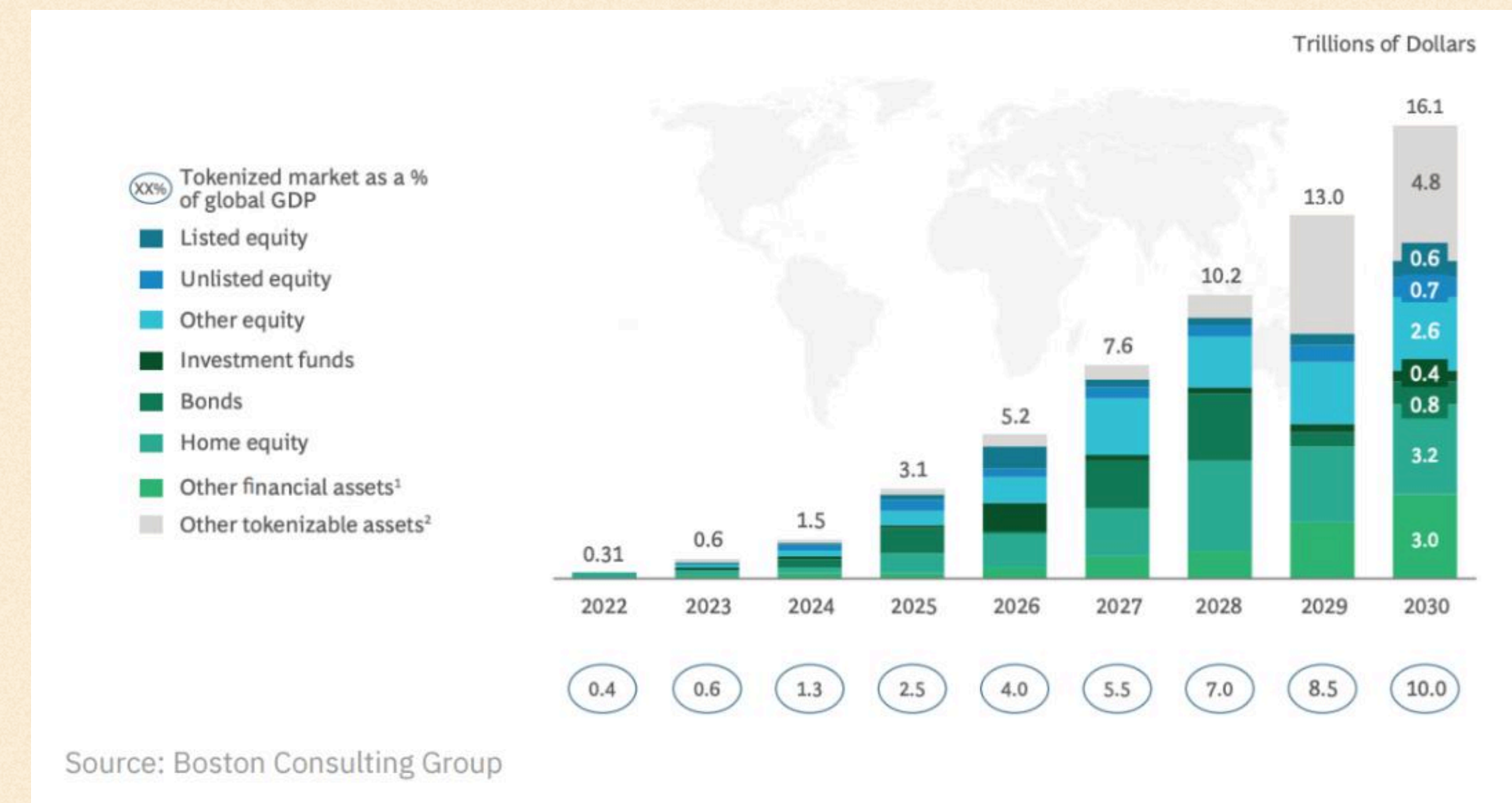
SYNTX:THE RWA DECENTRALIZED EXCHANGE

- A Balancer-style Decentralized Exchange

- Enables liquid secondary market for ShBTC and other Real-World Assets

- Designed with familiar DeFi mechanics users already understand

SYNTX:THE VISION

- Democratize access to exclusive investment opportunities like SpaceX and OpenAI

- Enable global secondary liquidity for traditionally illiquid assets like private equities

- Strategic partnership with Galactica.com to offer on-chain secondary markets for securities

- Bridge traditional finance and DeFi with familiar blockchain infrastructure