

December 2018

Market commentary

The 2018 bear market extended to the end of December, most crypto-currencies showing negative returns for the month. Bitcoin dropped 6.5%, Ripple 1.8% and Litecoin 5.4%. Ethereum bucked the trend with a 18.3% return in December. (source: Cryptocompare).

The December results lead us to a 2018 return of -72.9% for Bitcoin, -82% for both Ethereum and Ripple and -86.7% for Litecoin. (source: Cryptocompare).

Recent news points to further adoption of the blockchain technology amongst institutions. MUFG and Akamai Technologies announced that they had agreed to strengthen their strategic alliance towards the full-scale launch of a new payment network business and establishment of a joint venture, Global Open Network. The new company will utilize MUFG's presence in the payment business and Akamai's intelligent edge platform, which offers world-class speed and security, with the aim of providing an open payment network in Japan based on new blockchain technology by the first half of 2020.

Interestingly enough, a major reason for the drop in crypto asset prices during 2018 might be related to technical factors. Mt. Gox trustee, in charge of liquidating the assets of Mt. Gox, the now-defunct cryptocurrency exchange, liquidated more than \$312 million worth of Bitcoin (source: Cointelegraph). This represented a serious drag on Bitcoin price in a context of lower volumes and shift in investors' sentiment.

Portfolio commentary

Blockchain Strategies Fund's USD and EUR share class declined respectively 10.6% and 11.6% in December. As a result, the Fund's 2018 performance was -56.3% and -53.3% for its USD and EUR share classes.

The performance achieved in 2018 was undeniably a setback given the magnitude of the drop incurred (despite the long-term positive prospects of the crypto asset class) but one that was always possible in such an immature and volatile asset class. Whilst stringent risk management measures, sound diversification techniques and active management have allowed us to do much better than the typical crypto currency and most fund managers, there was no safe-haven to be found in the crypto asset class last year, cash aside.

The Fund continued to outperform the average crypto fund manager, with a 2018 outperformance of 27.6% and 32.3% respectively for its USD and EUR share classes (performance benchmarked against the Eurekahedge Crypto Currency hedge index). The Fund also delivered on the initial promise to provide participation to crypto assets at a lower risk than a comparable investment in a crypto currency or single fund manager. As long-term investors in Crypto assets, we understand that the 2018 bear market has taken its toll on investors' psychology. However, we have a long-term view and position ourselves for the next cyclical bull market. Risks remain high and the end of the current bear market is still unclear. Nevertheless, we recognize that, while timing a bear market bottom remains a difficult exercise, the drawdown and market shakeout experienced in 2018 may actually pave the way for a long awaited contrarian entry point for investors interested in gaining exposure to the emerging crypto asset class.

Our portfolio remains unchanged during December. We kept roughly half of the portfolio invested in multi-strategy funds focusing on alpha generation, roughly a quarter of our asset allocation on systematic strategies focusing on absolute returns, the remaining part being invested in a tracker offering exposure to companies with exposure to blockchain and Cash. Those decisions were in line with the risk management strategy that was implemented during the last quarter of 2018.

Overall, we believe that our portfolio of investments is still well positioned to continue generating alpha to our investors. The current cyclical bear market currently stands at drawdown levels consistent with previous market bottoms, therefore offering, in our opinion, interesting long term entry points for investors willing to build exposure on the crypto asset class.

Performance

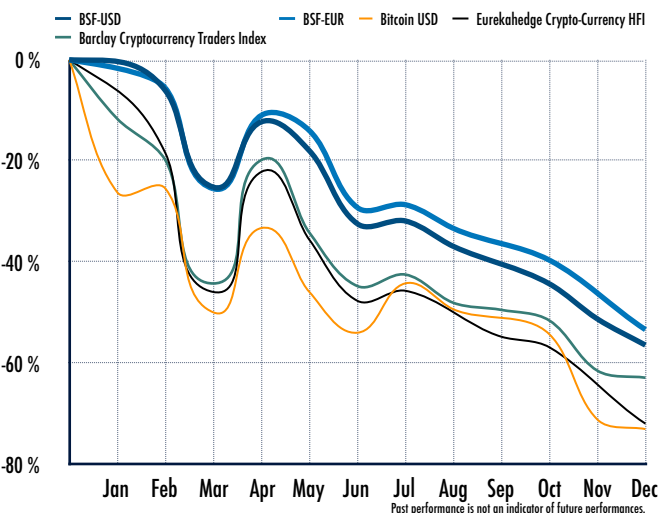
(as of December 31 2018)

Source: BlockAssetManagement, Eurekahedge CCHF, Barclay Hedge, Crypto Compare
Past performance is not an indicator of future performances.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
BSF-USD	-0.31%	-5.74%	-20.34%	17.23%	-6.48%	-17.59%	0.81%	-7.36%	-5.91%	-6.17%	-12.44%	-10.58%	-56.35%
BSF-EUR	-1.65%	-3.96%	-21.07%	19.42%	-3.36%	-17.69%	0.79%	-6.54%	-5.94%	-3.69%	-12.54%	-11.63%	-53.29%
Bitcoin USD	-26.16%	1.04%	-32.80%	33.19%	-18.88%	-14.89%	21.14%	-9.16%	-6.15%	-3.83%	-36.78%	-6.54%	-72.94%
Eurekahedge Crypto-Currency HFI	-6.04%	-13.11%	-33.67%	43.80%	-17.20%	-18.39%	3.11%	-11.22%	-6.63%	-3.86%	-29.83%	-5.42%*	-71.86%
Barclay Cryptocurrency	-11.63%	-9.21%	-30.42%	43.68%	-17.86%	-16.04%	4.10%	-8.37%	-6.47%	-3.24%	-19.17%	-3.61%**	-62.79%

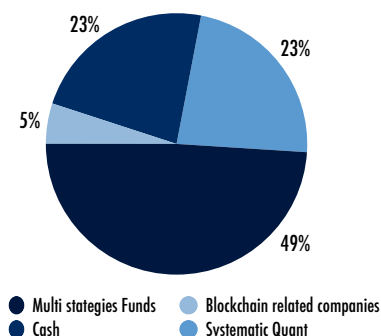
* Eurekahedge Crypto-Currency Hedge Fund Index : performance as at 31 December 2018.

** Barclay Cryptocurrency Traders Index : estimated performance for December 2018 calculated with reported data from 28 funds as of February 13th 2019.



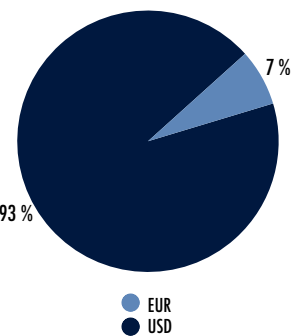
Portfolio

(as of December 31, 2018)



NAV December

BSF-USD	43.65
BSF-EUR	46.71

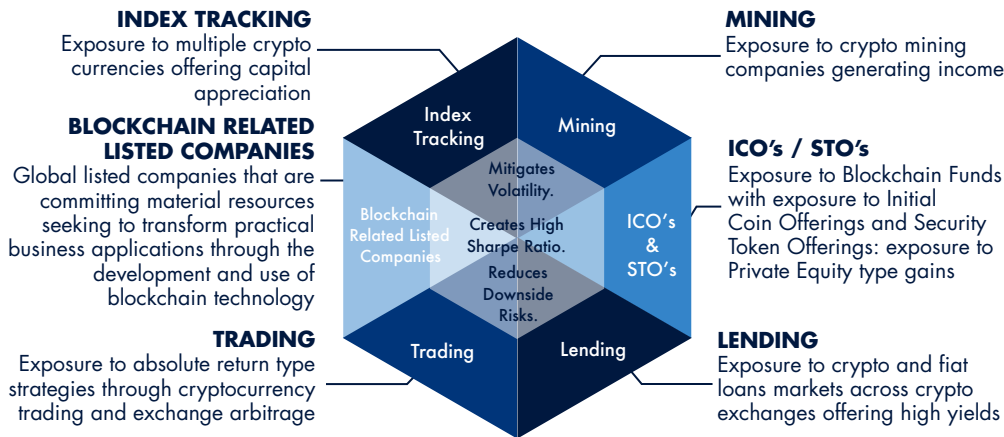


Investment Program

Blockchain Strategies Fund (BSF) is the world's first fund of funds focusing on blockchain technology investment opportunities such as Funds focusing on all aspects of digital currencies and listed companies using blockchain technology. The Fund has been designed to offer investors full access to the world's newest and fastest growing asset class with the benefits of sound risk management and portfolio diversification to reduce volatility.

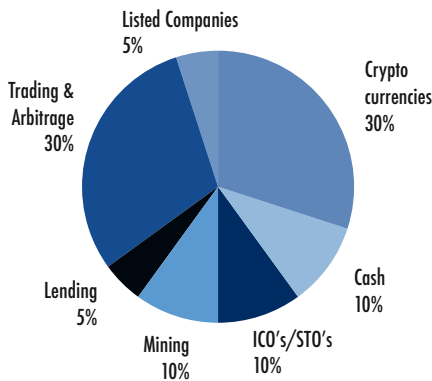
Investment Strategy

By combining exposure to multiple cryptocurrencies together with Trading, Mining, Lending, Private Equity (ICO) and Blockchain related listed companies' strategies, the Fund aims to create better risk/return profile by reducing volatility.



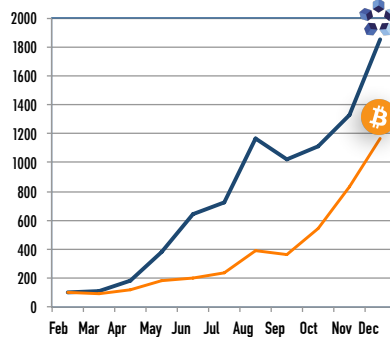
A MULTI STRATEGY DIVERSIFYING INTO VARIOUS MARKETS, MANAGERS AND BLOCKCHAIN INVESTMENT STYLES.

Model Portfolio



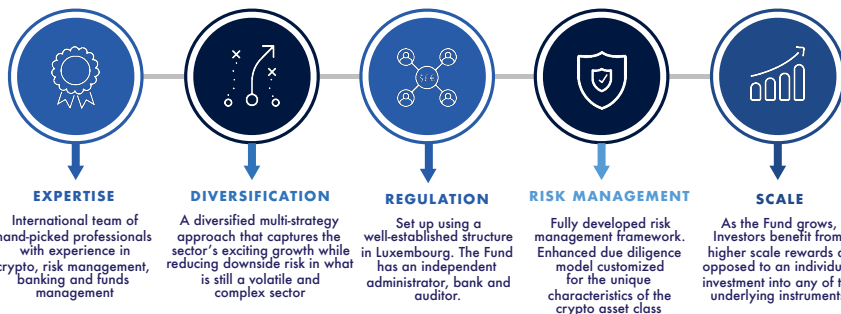
2017 Performance

(Back-testing illustration as from Feb to Dec 2017)



Your Specialist Asset Manager

The Fund bridges the gap between fiat and crypto asset classes by applying risk management techniques and customizing them to the crypto emerging asset class.



Disclaimer

This document does not constitute an offer of investment advisory services by Block Asset Management S.a.r.l. nor does it constitute an offering of limited partnership interests in the Fund; any such offering will be made solely pursuant to the Funds private placement memorandum. An investment in the fund is suitable only for qualified investors that fully understand the risks of such investment and only in jurisdictions in which such an offer is lawful. Interests in the Fund are speculative and involve a high degree of risk. You should be aware that you could lose all, or a substantial amount, of your investment in the Fund. Cryptocurrencies can be extremely volatile and subject to rapid fluctuations in price, positively or negatively. Investment in one or more crypto-currencies may not be suitable for even a relatively experienced and affluent investor and independent financial advice should be sought where applicable.

The domicile of the Fund is Luxembourg. The Representative of the Fund in Switzerland is OpenFunds Investment Services AG, with its registered office at Seefeldstrasse 35, CH-8008 Zurich, Tel +41 44 500 31 08, www.open-funds.ch. The Paying Agent in Switzerland is Società Bancaria Ticinese SA, Piazza Collegiata 3, 6501 Bellinzona (Tel: +41 (0) 91 821 51 21, http://www.bancaria.ch/). The distribution of Units of the Fund in Switzerland must be made exclusively to Qualified Investors. The place of performance and jurisdiction for the Units of the Fund distributed in Switzerland is at the registered office of the Representative. Publications to Swiss investors in respect of the Interests in the Fund are effected on the electronic platform www.fundinfo.com.

Key Fund Facts

Fund Name: **Blockchain Strategies Fund**
Fund Manager: **Block Asset Management**
Admin.: **Banque de Patrimoines Privés**
Bank: **Banque de Patrimoines Privés**
Auditor: **Mazars Luxembourg**
Legal: **Eversheds Sutherland**
Swiss Representative: **OpenFunds**
Dealing / Liquidity: **Monthly**
Currencies: **USD / EUR**
Registration: **CSSF Luxembourg**
Fund type: **Open ended**
Incorporation: **Luxembourg**
Management Fee: **2.5%**
Performance Fee: **25% (10% Hurdle)**
Redemption Fee: **5% (in first 12 months)**
Eligibility: **Qualified Investors**
ISIN USD: **LU1738364063**
ISIN EUR: **LU1738363925**
Bloomberg Ticker USD: **BLCSUSD LX**
Bloomberg Ticker EUR: **BLCEUR LX**

Key Benefits

- ▶ Blockchain Strategies Fund offers a diverse and broad access to the blockchain technology and crypto currencies. The Block Asset Management team includes experts with over 100 years combined experience in the fund & asset management industry (Credit Suisse, Citibank, Societe General, UBS, Barclays & Lloyds).
- ▶ The Fund bridges the gap between fiat and crypto asset classes by applying proven risk management techniques and customizing them to the emerging crypto asset class. Via the Fund, investors gain diversified exposure to this dynamic new asset class by way of the funds unique six-prong investment approach.
- ▶ Maximum drawdowns can be reduced applying active Risk Management to a diversified portfolio of underlying Funds/cryptocurrencies thus creating a smoother investment journey (less volatility).
- ▶ Blockchain Strategies Fund has strict fund concentration, strategy allocation and liquidity rules limiting maximum exposure single manager, single fund, single exchange & single currency.
- ▶ Block Asset Management is registered as AIFM with the CSSF in Luxembourg. The Fund has an independent Administrator, Custodian & Auditor. The Funds legal advisor is Eversheds Sutherland.
- ▶ Whilst the Funds is still within its first year of trading the underlying funds do have an established track record ranging from 1 to 3 years. The combined AUM of the underlying funds is over \$1 bn.

Executive Board Block AM

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Founder & CEO
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CCO & Head Investor Relations
Daniel Vegue Domínguez
Partner & Chief Strategy Officer
Yannis Georgandelis
Advisor
Antonio Llabrés
Partner & CMO
Juan Carlos Serrano
COO

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CEO Coinshares
Blockchain/Crypto Advisor
Marco Abele
Founder & CEO Tend Swiss
Blockchain & ICO Advisor
Peter Kambolin
CEO Systematic Alpha Advisor