

October 2018 Market commentary

Another difficult month for crypto currencies and the 8th negative month in 2018 for the crypto asset class. Ripple declined 22.23%, giving back some of the previous month's gains. Ethereum was down 14.9% and Litecoin 18.7%. Bitcoin, the crypto benchmark, was also down 3.8%, a more subdued decline. (source: cryptocompare).

The October results lead us to a year-to-date return of -54.2% for Bitcoin, -73.3% for Ethereum, -78.1% for Litecoin and -77.1% for Ripple. (source: cryptocompare).

Volatility across crypto markets continued to trend lower during the month, with Bitcoin's 30-day volatility decreasing further and reaching a 1.46% low as of end of October (source: coindesk, bitvol). Such low readings are usually followed by a sharp move.

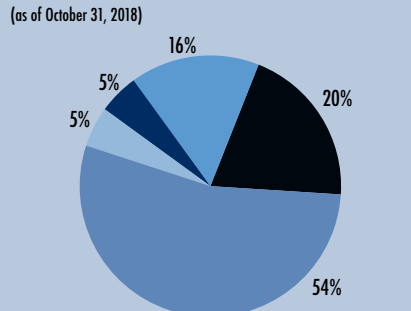
We cannot discard an 80 to 90% peak-to-valley drawdown before crypto assets complete the current bear market. This might translate in another 20% drop from current levels and Bitcoin reaching even lower levels (\$2000 possible). Such a sharp correction would not be new to this young asset class. We cannot help observing that those periods of doubts and uncertainty always provided investors with great entry points in the past - as they were followed by subsequent bull markets reaching new all-time highs. While we cannot guarantee that the current bear market will follow the same roadmap, there is clearly a case for considering the benefits of building exposure during such periods.

However its worth remembering that this time last year the market rallied with Bitcoin's price moving from \$5000 to almost \$20,000 in just over 30 days. Our point is that trying to time the market is difficult and with a monthly dealing fund like Blockchain Strategies Fund, any attempt to time the market to perfection is likely to mean missing a large portion of the uplift!

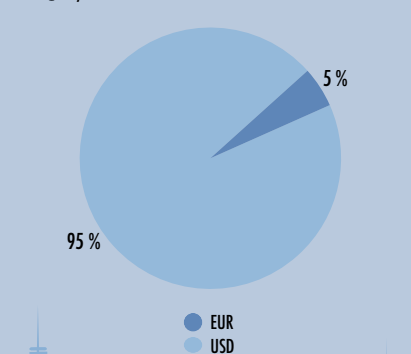
NAV October (as of October 31, 2018)

NAV	October
BSF-USD	55.76
BSF-EUR	60.44

Portfolio (as of October 31, 2018)



- Multi strategies Funds
- Blockchain related companies
- Index tracking
- Cash
- Systematic Quant



Portfolio commentary

Blockchain Strategies Fund's USD and EUR unit class declined 6.1% and 3.7% respectively in October, a performance consistent with the general evolution of crypto markets during the month. The Fund's year-to-date performance now stands at -44.2% and -39.6% for its USD and EUR unit classes.

The performance delivered this year is disappointing but easily explained by the occurrence of a fierce bear market following huge gains in 2017. As a reminder, the Fund's strategy is to provide exposure to crypto assets, so even though fund selection and diversification amongst various types of market segments and strategies helped us generate alpha for our investors, we were not able to escape the general trend towards much lower asset prices.

On the bright side, our fund continued to outperform the average crypto fund manager (the Eurekahedge Crypto Currency hedge index is down 56.7% as of end of October) and deliver 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.

We increased the allocation to multi-strategies and reduced cash to 15%. The allocation to Index tracking and ICOs remained significantly underweighted (no change). If key support levels do not hold, we will also fully exit all remaining replication/index tracking strategies so as to increase cash and reduce the short-term impact of further crypto asset price declines. Overall, we believe that our portfolio of investments is well positioned to continue generating alpha to our investors through opportunistic, trading and diversified strategies.

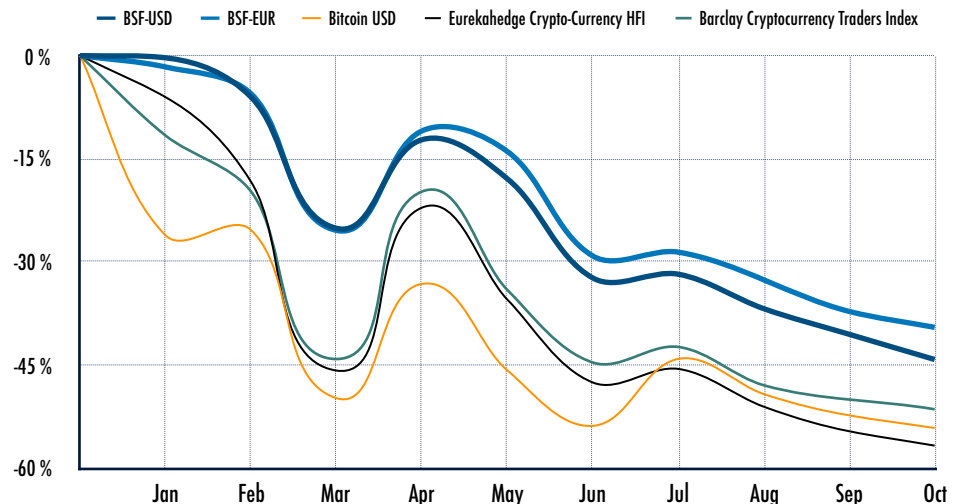
Performance (as of October 31, 2018)

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	YTD
BSF-USD	-0.31%	-5.74%	-20.34%	17.23%	-6.48%	-17.59%	0.81%	-7.36%	-5.91%	-6.17%	-44.24%
BSF-EUR	-1.65%	-3.96%	-21.07%	19.42%	-3.36%	-17.69%	0.79%	-6.54%	-5.94%	-3.69%	-39.56%
Bitcoin USD	-26.16%	1.04%	-32.80%	33.19%	-18.88%	-14.89%	21.14%	-9.16%	-6.15%	-3.83%	-54.21%
Eurekahedge Crypto-Currency HFI	-6.04%	-13.11%	-33.67%	43.80%	-17.20%	-18.39%	3.11%	-11.22%	-6.63%	-3.91%*	-56.78%
Barclay Cryptocurrency Traders Index	-11.63%	-9.21%	-30.42%	43.68%	-17.86%	-16.04%	4.10%	-8.37%	-5.25%	-2.98%**	-51.49%

* Eurekahedge Crypto-Currency Hedge Fund Index : estimated performance based on 76,47% of funds which have reported October 2018 returns as at 23 November 2018.

** Barclay Cryptocurrency Traders Index : estimated performance for October 2018 calculated with reported data from 19 funds, estimated performance for October 2018 calculated with reported data from 30 funds as at 23 November 2018.



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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**
 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: **BLCUSD LX**
 Bloomberg Ticker EUR: **BLCSEUR 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 \$1bn.

Executive Board Block AM

Manuel E. De Luque Muntaner
Founder & CEO

Kevin Ballard
CCO & Head Investor Relations

Daniel Vegue Domínguez
Partner & Chief Strategy Officer

Yannis Georgandelis
Advisor

Antonio Llabrés
Partner & CMO

Advisory Board Block AM

Manuel E. De Luque Muntaner
Founder & CEO Block AM

Ryan Radloff
CEO Coinshares
Blockchain/Crypto Advisor

Marco Abele
Founder & CEO Tend Swiss
Blockchain & ICO Advisor

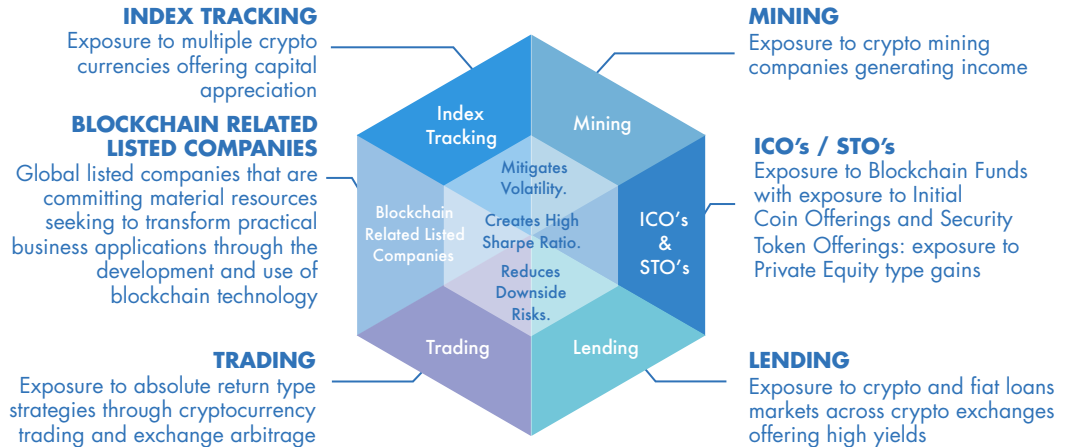
Peter Kambolin
CEO Systematic Alpha Advisor

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.

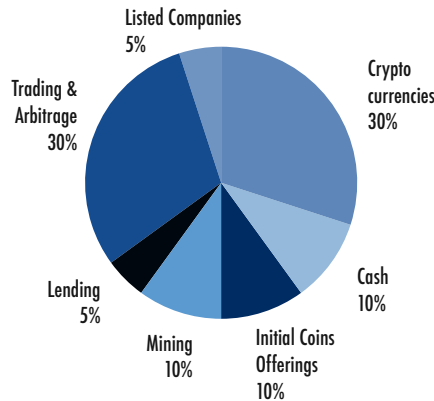
Investment Strategy

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.



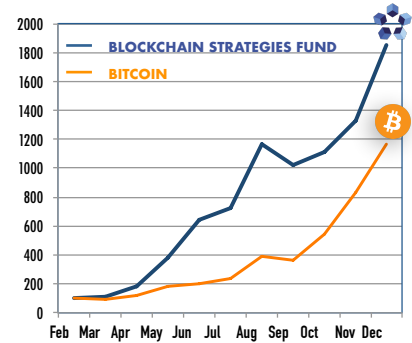
A MULTI STRATEGY DIVERSIFYING INTO VARIOUS MARKETS, MANAGERS AND BLOCKCHAIN INVESTMENT STYLES.

Model Portfolio



2017 Performance

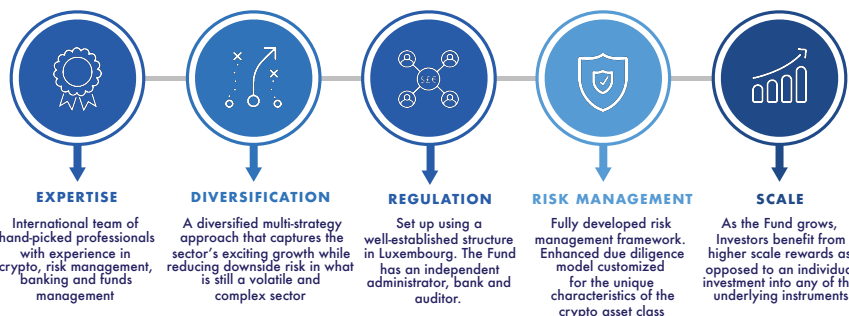
(Back-testing illustration as from Feb to Dec 2017)



Source: Block Asset Management Sàrl

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. Crypto-currencies 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.