

## January 2019

### Market commentary

January started on a sober note, most crypto-currencies showing negative returns for the month. Bitcoin dropped 8.9%, Ripple 12.4% and Ethereum 19.9%. Litecoin bucked the trend with a 4.6% positive return (source: cryptocompare). 3 factors may have contributed to this. The Ethereum Classic 51% attack in the first week of the year, Ethereum's proposed January upgrade 'Constantinople' delayed until the end of February and finally the launch of Bakkt was also delayed. The Bakkt launch is widely perceived to become one of the major crypto events of 2019 which can significantly expand crypto adoption.

The January results lead us to a cumulated return of -75.4% for Bitcoin, -64.7% for the Barclay Crypto currency Traders index and -74.7% for the EurekaHedge Crypto Currency Hedge Fund index since 31/12/17 (source: cryptocompare). This represents a significant drawdown, with a good chunk of the gains achieved during the last bull cycle having now been reversed.

In more positive news VanEck, CBOE and SolidX Partners refiled their collaborative Bitcoin ETF application to the U.S. SEC (which reopened following a near-five-week government shutdown). From this point, the SEC supposedly has 240 days to make a final decision on the Bitcoin-centric product, which would put us in the fourth quarter of this year.

The Wall Street herd may just be around the corner, according to an exclusive from Bloomberg, later seemingly corroborated by Fidelity, who's crypto subsidiary, Digital Asset Services, will be launching its flagship Bitcoin custody product by March. The Bloomberg report claimed that the company has begun to onboard a select set of "eligible clients" for its cryptocurrency custodial program. Mike Novogratz, the Galaxy Digital head, once claimed that an offering like Fidelity's regulated, secure, and trusted crypto custody could catalyse a wave of interest from Wall Street's largest entities.

Given the depressed investor's sentiment and the persistence of the current bear market, we understand that investing into the asset class looks risky. However, we also recognize that, while timing a bear market bottom remains a difficult exercise, the high 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.

### Portfolio commentary

Blockchain Strategies Fund's USD and EUR unit class declined respectively 3.3% and 3.4% in January 2019. As a result, the Fund's cumulated performance since inception stands now at -57.8% and -54.9% for its USD and EUR unit classes, to be compared with a -74.7% return for the average fund manager (measured against the EurekaHedge Crypto Currency Hedge Fund index). The Fund outperformed both Bitcoin and most other crypto focused funds in January 2019 too.

Our portfolio strategy remains unchanged in January, with roughly half of the portfolio being invested in multi-strategy funds focusing on alpha generation via lending, mining & arbitrage exposure, one fifth being invested in systematic strategies focusing on absolute returns via trading & arbitrage and the remaining part being invested in a mixture of trackers offering long hold exposure to cryptocurrencies, companies with exposure to blockchain and cash. Those decisions also continue to be in line with the risk management strategy that has been implemented during the last semester 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 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 January 31 2019)

Source: BlockAssetManagement, EurekaHedge CCHF, Barclay Hedge, Crypto Compare

	Jan18	Feb18	Mar18	Apr18	May18	Jun18	Jul18	Aug18	Sep18	Oct18	Nov18	Dec18	YTD18	Jan19	YTD19
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%	<b>-56.35%</b>	-3.33%	<b>-3.33%</b>
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%	<b>-53.29%</b>	-3.38%	<b>-3.38%</b>
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%	<b>-72.94%</b>	-8.92%	<b>-8.92%</b>
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%	-5.41%	<b>-71.86%</b>	-10.14%*	<b>-10.14%</b>
Barclay Cryptocurrency	-11.63%	-9.21%	-30.42%	43.68%	-17.86%	-16.04%	4.10%	-8.37%	-6.47%	-3.24%	-19.17%	-3.33%	<b>-62.58%</b>	-5.55%**	<b>-5.55%</b>

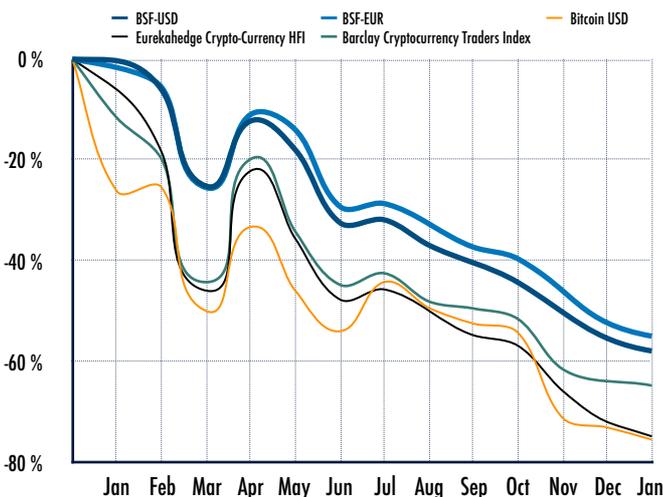
\* EurekaHedge Crypto-Currency Hedge Fund Index : based on 42.86% of funds which have reported January 2019 returns as at 28 February 2019

\*\* Barclay Cryptocurrency Traders Index : estimated performance for January 2019 calculated with reported data from 23 funds, estimated performance for December 2018 calculated with reported data from 29 funds as of February 27th 2019.

Past performance is not an indicator of future performances.

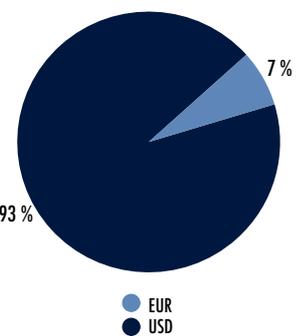
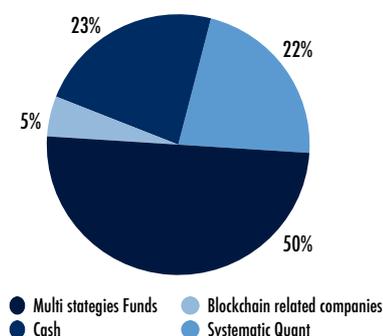
#### NAV January

BSF-USD	42.20
BSF-EUR	45.13



#### Portfolio

(as of January 31, 2019)

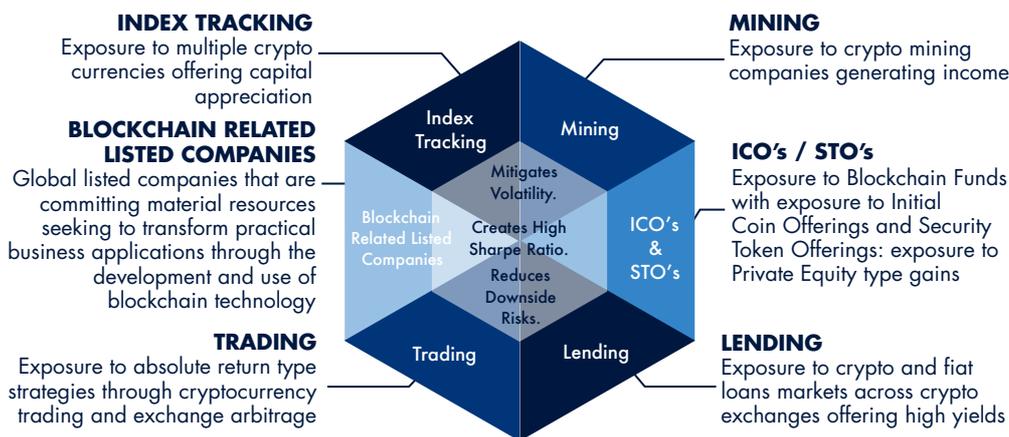


### Investment Program

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.

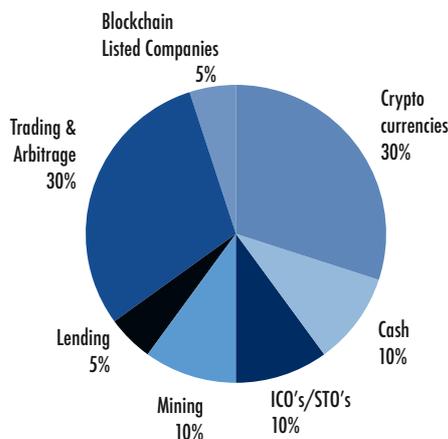
### Investment Strategy

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.



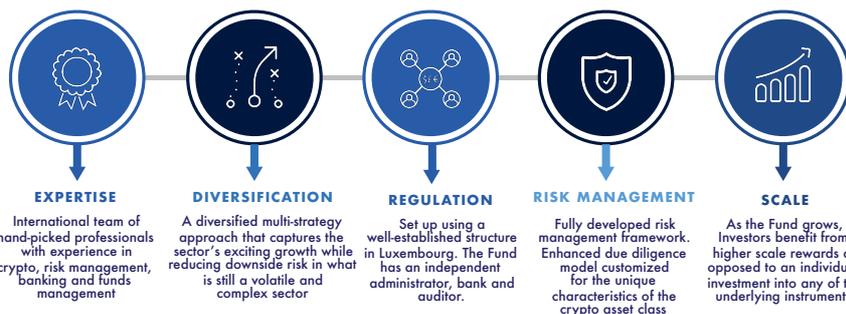
### A MULTI STRATEGY DIVERSIFYING INTO VARIOUS MARKETS, MANAGERS AND BLOCKCHAIN INVESTMENT STYLES.

#### Model Portfolio



### 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:** 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 \$1 bn.

### Executive Board Block AM

**Manuel E. De Luque Muntaner**  
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**  
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Blockchain/Crypto Advisor  
**Marco Abele**  
Founder & CEO Tend Swiss  
Blockchain & ICO Advisor  
**Peter Kamblin**  
CEO Systematic Alpha Advisor