

## Key Fund Facts

**Fund Name:** Blockchain Strategies Fund  
**Admin.:** Banque de Patrimoines Privés  
**Fund Manager:** Block Asset Management  
**Bank:** Banque de Patrimoines Privés  
**Auditor:** Mazars Luxembourg  
**Legal:** Eversheds Sutherland  
**Dealing / Liquidity:** Monthly  
**Currencies:** USD / EUR  
**Registered:** CSSF Luxembourg  
**Fund type:** Open ended  
**Incorporation:** Luxembourg  
**Management Fee:** 2.5%  
**Performance Fee:** 25% (10% Hurdle)  
**Redemption Fee:** 5% (in first 12 months)  
**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 a registered AIFM. The Fund has an independent Administrator, Bank & Auditor. The Funds legal advisor is Eversheds Sutherland.
- ▶ Whilst the Fund of Funds is a new launch and has no current track record the underlying funds do have an established track record ranging from 3 years to 7 months. The combined AUM of the underlying funds is over \$1bn.

## Team

A team of seasoned professionals with experience in crypto, risk management, banking and investment funds.

**Manuel E. De Luque Muntaner**  
Founder & CEO

**Kevin Ballard**  
CCO & Head Investor Relations

**Ryan Radloff**  
Blockchain/Crypto Advisor

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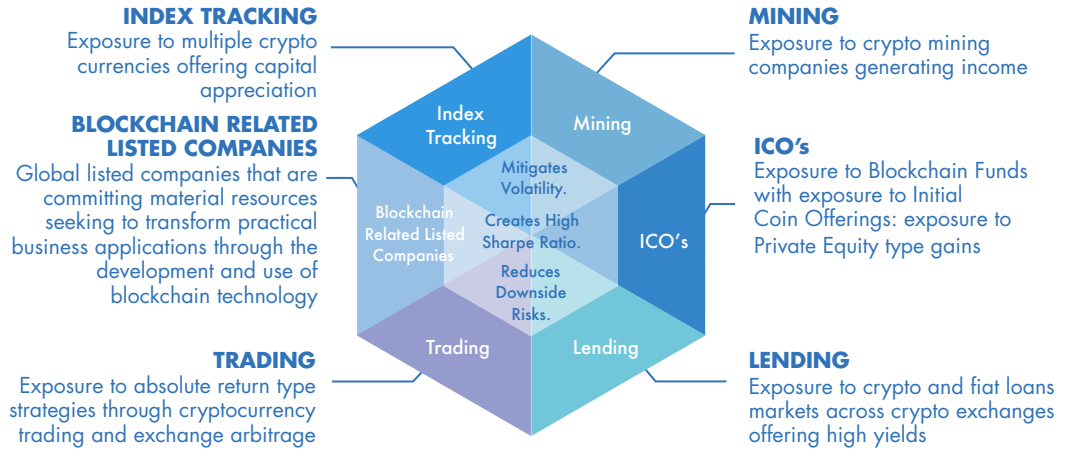
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## Investment Program

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.

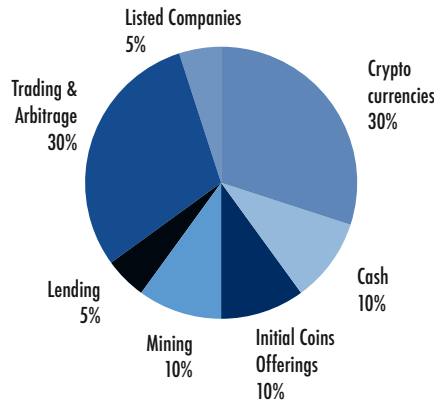
## Investment Strategy

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.



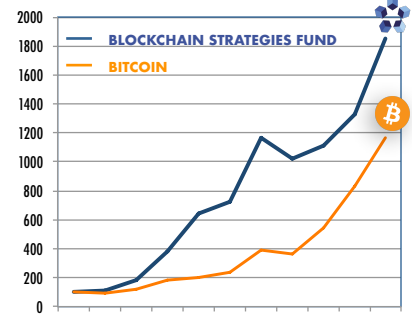
## A MULTI STRATEGY DIVERSIFYING INTO VARIOUS MARKETS, MANAGERS AND BLOCKCHAIN INVESTMENT STYLES.

### Model Portfolio



### Performance

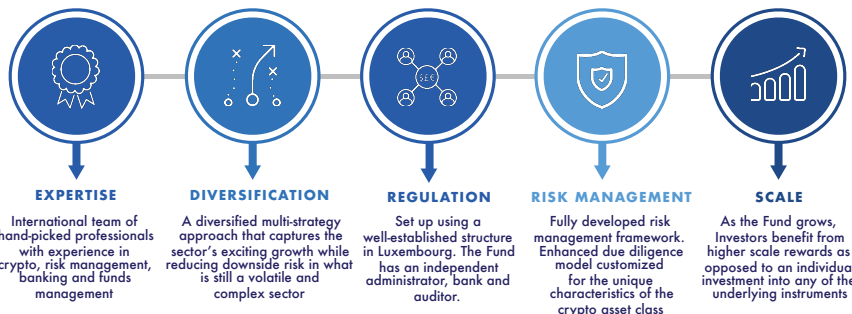
(Back-testing illustration as from 28/02/2017)



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.

### January 2018

#### Subscription Highlights

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#### Portfolio commentary

The sharp sell-off during the month led us to postpone the timing of investments and wait for better entry points. This decision translated in the Fund holding a higher percentage of its assets in cash for the month of January than usual. However, we did take advantage of what we perceived to be a low entry point in Bitcoin and Ethereum and have therefore taken a long position towards the month end. We also have exposure to investments in Blockchain related listed companies. As a result, the Fund achieved a practically flat month's return for January with the USD and EUR share class retreating only marginally, by 0.3% and 1.6% respectively. The Fund's monthly outperformance was also significant against all crypto currencies.

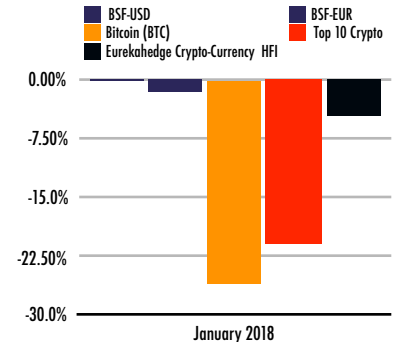
The big picture has not changed though. Blockchain technology adoption remains in its early stages and crypto currencies' market capitalization stands at a fraction of Gold's total market capitalization, with a significant catch-up to be expected in the coming years.

We believe that safety and regulatory issues reinforce the case for proper portfolio diversification within this immature and turbulent asset class. A multi-manager approach should also prove to be a good hedge against single manager default risk or an unexpected trading loss wiping out investors' assets.

The Fund has now deployed the majority of its cash holding by making a number of significant investments in early February, focusing on specialized funds having met BAM's due-diligence criteria and being able to capitalize on a higher market volatility environment, through non-directional strategies. Besides, replication strategies are currently significantly underweighted, and this underweighted stance is expected to be kept until a more positive market trend is re-established. We will continue to monitor our underlying managers' performance and apply sound risk management principles to reduce risk when / if necessary. We are also expecting the current market environment to provide excellent opportunities for the BSF over the next few months and beyond.

#### Performance

Performance Jan 2018	
BSF-USD	-0.3 %
BSF-EUR	-1.7 %
Bitcoin (BTC)	-26.7 %
Top 10 Crypto	-21.0 %
Eurekahedge Crypto-Currency HFI	-4.55 %



#### Market commentary

January 2018 proved to be one of the most challenging months the crypto market has seen over the last three years, with a number of factors converging to erase 2017's end of year returns. In fact, the cryptocurrency market had lost \$340bn at one point in January with the combined value of more than 1400 cryptocurrencies having fallen from over \$800bn to \$460bn (data from coinmarketcap.com).

Analysts have pointed to many reasons for this including; regulatory concerns, reduced trading volumes in Asia, Bitcoin futures and an unsustainable price run up leading to an overdue, necessary & expected correction.

Fears over a regulatory crackdown, primarily in Asia where the governments of China, South Korea & Indonesia have been most vocal about clamping down on the trading of cryptocurrencies, have certainly weighted greatly on investors' sentiment (South Korea being the world's third largest market for cryptocurrencies). Trading platform eToro confirmed to Business Insider that "Asian volumes have been tailing off" while FXPro said "the market seems overwhelmed by rumours regarding a complete currency ban in South Korea and the prohibition of mining in China due to high electricity consumption".

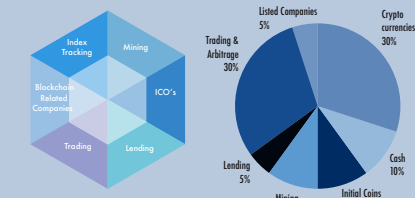
Elsewhere Russia is also discussing regulation with Vladimir Putin quoted as saying "legislative regulation will definitely be required in future" in response to questions about cryptocurrencies. In the U.S. the Commodity Futures Trading Commission issued subpoenas to virtual-currency exchange Bitfinex and Tether, a popular coin pegged to the US dollar, questioning the additional counter-party risk which is embedded in the instrument (as reported by Bloomberg on the 30th January). The UK has seen Lloyds Banking Group introduce changes to ban customers from using credit cards to buy cryptocurrencies from January 2018.

In Japan, Coincheck reported that more than \$530 million worth of NEM in its hot wallet were stolen by an unknown group of hackers. Investors were rightly startled and concerned by the hack, as CoinCheck is one of the largest cryptocurrency exchanges in the Japanese market (Blockchain Strategies Fund has no exposure to CoinCheck). This highlighted significant vulnerabilities and weak risk management as, unlike cold wallets, which are secure and kept offline, hot wallets can be accessed if servers are breached by hackers.

All of these factors will have likely contributed to the general market depreciation seen in January/early February with many smaller investors fearful and rushing for the exit. Other factors will have added to this shift in sentiment, with some people using the money to buy goods (Chinese New Year). On the bright side, Ethereum, continued to gain on Bitcoin and now represents almost a quarter of the total crypto asset market.

It's worth noting that its normal for cryptocurrency prices to fluctuate and major corrections have occurred on multiple occasions since the birth of Bitcoin in 2008/9. Thomas Bertani, the CEO of cryptocurrency wallet Co. Eido said "the biggest factor driving the crash is the market overheating" (Bitcoin rose over 200% from October to December) "the last year has once again seen a massive growth and hype cycle, like it has several times before, which needs to go back to normal after the current cycle reaches its peak".

Each time there has been major media led concern, however Bitcoin and the crypto market in general have always bounced back stronger, proving the industries resilience and the fact that the underlying technology is transforming the financial world and how we perceive money.



**INDEX TRACKING**  
Exposure to multiple crypto currencies offering capital appreciation

**BLOCKCHAIN RELATED LISTED COMPANIES**  
Global listed companies that are committing material resources seeking to transform practical business applications through the development and use of blockchain technology

**TRADING**  
Exposure to absolute return type strategies through cryptocurrency trading and exchange arbitrage

**MINING**  
Exposure to crypto mining companies generating income

**LENDING**  
Exposure to crypto and fiat loans markets across crypto exchanges offering high yields

**ICO's**  
Exposure to Blockchain Funds with exposure to Initial Coin Offerings: exposure to Private Equity type gains

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