

# BLOCKCHAIN STRATEGIES FUND

www.blockassetmanagement.com

July 2019

## Market commentary

After 5 consecutive months of positive returns, July 2019 experienced the first decline since January. Bitcoin, as has become the theme this year, outperformed most crypto currencies with a minor single digit drop of 6.3% in July. Other cryptos took a larger hit: Ethereum fell 24.6%, Ripple 18.7% and Litecoin 19.1% (source: cryptocompare).

The Eurekahedge Crypto Currency Hedge Fund Index, representing crypto hedge funds' performance fell by 12.8% for the month of July (www.eurekahedge.com as at 26/08/19).

There were interesting market developments though. For example, the company 'Blockchain', one of the world's largest digital currency wallet companies, announced the launch of a cryptocurrency exchange called the PIT and that aims to execute trades in microseconds for retail and institutional investors. In addition, Bakkt announced, after much anticipation, that they would finally launch a physically delivered Bitcoin futures product on 23<sup>rd</sup> September of this year. Those initiatives pave the way for further adoption of crypto assets amongst institutional investors.

## Portfolio commentary

Blockchain Strategies Fund's USD and EUR share class increased in July by 22.2% and 24.5% respectively. As a result, the Fund's cumulated performance in 2019 (as of end of July) stands now at +56.2% and +60.0% (USD & EUR share classes). The Fund massively outperformed all major cryptos and its benchmark during the month, with a 35.0% outperformance vs the Eureka Crypto Currency Hedge Fund Index (the index was down 12.8% for July).

The fund's outperformance in July was due to diversification and expert fund selection (and due diligence). We had selected a manager we believed had the best team, reputation and experience in researching and selecting ICOs. This proved to be particularly rewarding as a this long standing investment, exited newly listed (on exchanges) ICOs at sizeable profits, pushing upwards the portfolio value of our underlying fund. This is a great example that investments in crypto assets should be done with a long term investment horizon. Patience is key to harvest long term returns on projects that need time to get up to speed.

As a result, the Fund has delivered the 6<sup>th</sup> positive return in a row now, trending upwards while managing to curb the high volatility experienced in crypto markets.

Since launch, the Fund USD class outperformed the Eurekahedge Crypto Currency Hedge Fund Index by 22.3%. More importantly, performance was achieved with roughly half the volatility experienced by the index (37% volatility for the fund vs 67% volatility for the index). Max drawdown was also lower (-58% for the Fund vs -74% for the index).

In spite of July's setback, crypto markets' general trend remains positive and suggest further gains ahead, in the context of a developing new bull cycle. Current levels still offer attractive long-term entry points for investors willing to build exposure on the crypto asset class, in our opinion.

## Performance

(as of July 31, 2019)

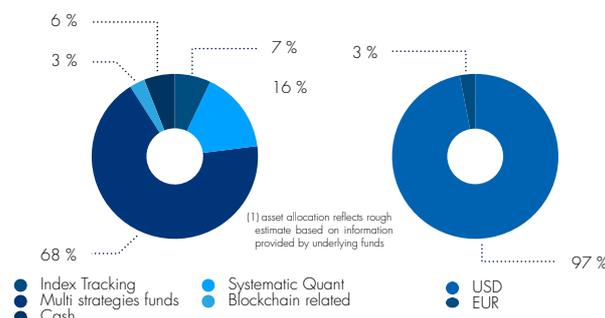
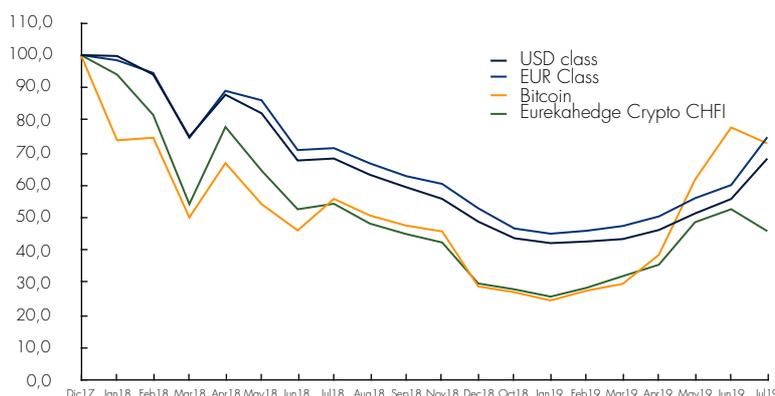
Past performance is not an indicator of future performances.

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Inception
BSF USD (Class A)	-0.31%	-5.74%	-20.34%	17.23%	-6.48%	-17.59%	0.81%	-7.36%	-5.91%	-6.18%	-12.45%	-10.59%	-56.35%	-56.35%
BSF EUR (Class B)	-1.65%	-3.96%	-21.07%	19.42%	-3.36%	-17.69%	0.79%	-6.54%	-5.94%	-3.70%	-12.54%	-11.63%	-53.29%	-53.29%
Bitcoin (BTC)	-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%	-72.94%
Eurekahedge Crypto CHFI	-6.04%	-13.11%	-33.67%	43.80%	-17.20%	-18.39%	3.11%	-11.22%	-6.63%	-5.73%	-29.83%	-5.26%	-71.81%	-71.81%
2019														
BSF USD (Class A)	-3.33%	1.22%	1.73%	6.42%	10.99%	8.67%	22.23%						56.17%	-31.83%
BSF EUR (Class B)	-3.38%	1.88%	3.24%	6.19%	11.11%	7.23%	24.46%						60.03%	-25.25%
Bitcoin (BTC)	-8.92%	12.02%	7.57%	30.10%	59.81%	25.94%	-6.31%						169.23%	-27.16%
*Eurekahedge Crypto CHFI	-8.60%	10.56%	12.58%	10.96%	36.69%	8.23%	-12.81%						62.83%	-54.11%

\* Eurekahedge Crypto-Currency Hedge Fund Index : Based on 58.82% of funds which have reported July 2019 returns as at 26 August 2019 (please note that those figures are estimates and will be revised when all funds have reported their performance, and published by the Index provider).

## Portfolio

(as of July 31, 2019) (1)

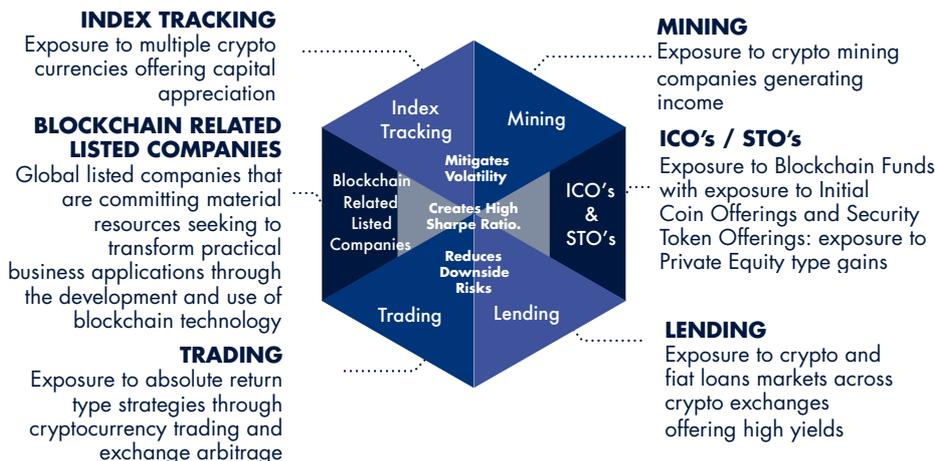


**Investment Program**

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.

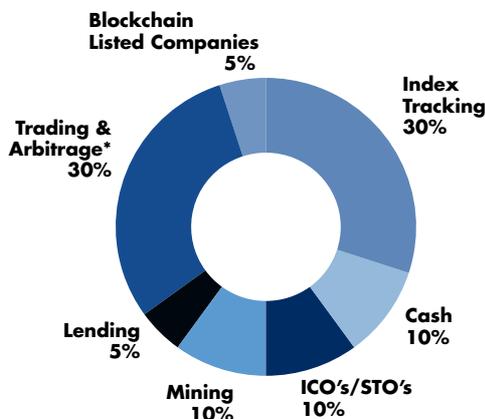
**Investment Strategy**

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.**

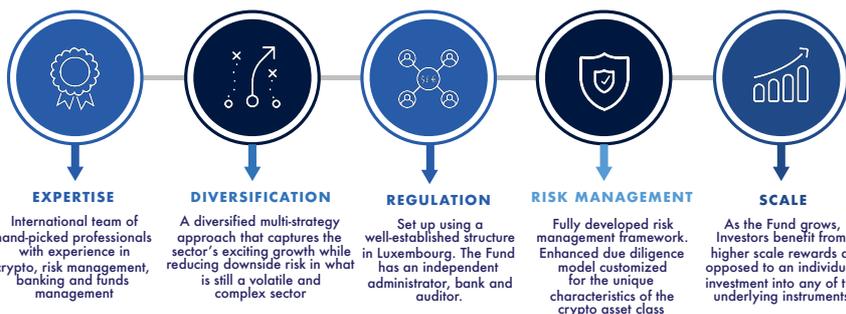
**Model Portfolio**



\*Including systematic strategies

**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.banca.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.

**Executive Board Block AM**

**Manuel E. De Luque Muntaner**  
Founder & CEO  
**Kevin Ballard**  
Co-Founder & CCO  
**Daniel Vegue Domínguez**  
Partner & Chief Strategy Officer  
**Yannis Georgandelis**  
Advisor  
**Antonio Llabrés**  
Partner & CMO  
**Juan Carlos Serrano**  
Partner & COO

**Advisory Board Block AM**

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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