

# BLOCKCHAIN STRATEGIES FUND

www.blockassetmanagement.com

October 2019

## Market commentary

The major cryptocurrencies showed a positive return in October. Bitcoin and Ripple rallied respectively 10.9% and 15.8%, Litecoin rose 4.8% while Ethereum's performance was more subdued with a 2.3% return (source: CryptoCompare).

Currently the EurekaHedge Cryptocurrency Hedge Fund Index (representing crypto hedge funds' performance) is up 6.2% for the month of October. (www.eurekaHedge.com as at 02/12/19).

October was a month of great contrast. Crypto markets had been trending sideways with a bearish bias during the first three weeks of the month, that is until October 25th, when we saw a massive U-turn, with Bitcoin rallying almost 35% in just a couple of hours. This followed comments from Chinese President Xi Jinping, reasserting the importance of the blockchain technology and the increasing role that blockchain should play in the Chinese economy going forward. Those remarks were taken as a strong endorsement from the most significant economy in the world, which triggered renewed enthusiasm amongst the investment community.

October also saw Canadian Investment Fund Manager 3iQ receive initial approval from the Ontario Securities Commission (OSC) to launch a closed end Bitcoin Fund. This, it is expected, will enable them to offer Canadian retail investors a regulated, publicly traded Bitcoin Fund by the end of the year.

Crypto markets' general trend remains unclear in the short term. Nevertheless, the ongoing consolidation does not show the typical patterns associated with a new bear market so Block Asset Management's investment team remains constructive for the remainder of the year. On a longer term horizon (several quarters), the current cycle continues to develop in line with previous long term bull cycles. Current levels offer attractive long-term entry points for investors willing to build exposure on the crypto asset class, in our opinion.

## Portfolio commentary

Blockchain Strategies Fund's USD and EUR Share Classes declined 5.8% and 5.3% respectively in October. On the bright side, the Fund's cumulated performance in 2019 (to 31st October) remains solid at + 34.9% and 41.5% (USD & EUR classes).

The fund's underperformance in October was due to a short-term setback experienced by some of our underlying funds (multi-strategies segment of the portfolio), whose positions were at odds with the huge and unexpected one-day reversal on the 25th. A pull-back on some tokens within the portfolio added to the decline too. We expect to recover this negative performance as the market retraces (a result of diversification).

October saw the addition of 2 new funds to our portfolio, a quant trading fund and an exciting VC Fund. Both funds having passed our extensive due diligence process.

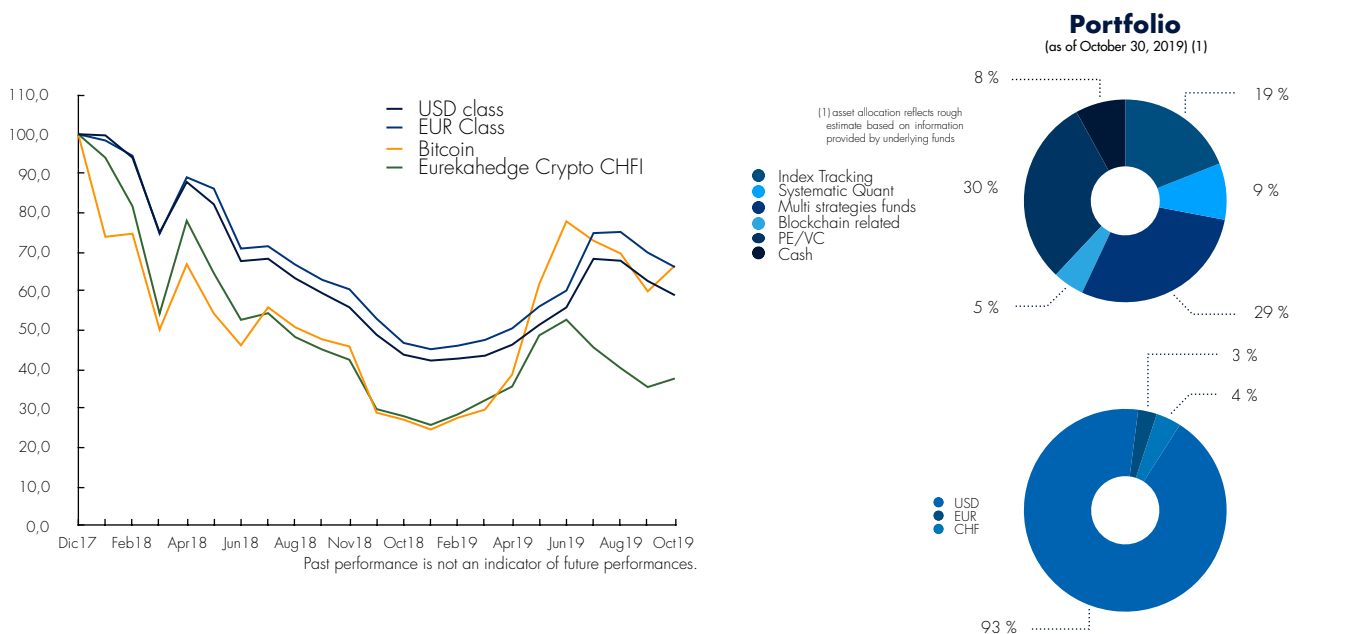
Since launch, the Fund has outperformed the EurekaHedge Cryptocurrency Hedge Fund Index by 21.3%. Interestingly enough, performance was achieved with roughly half the volatility (35% volatility for the fund vs 63% volatility for the index).

## Performance (as of October 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%	-0.70%	-7.62%	-5.84%			34.89%	-41.12%
BSF EUR (Class B)	-3.38%	1.88%	3.24%	6.19%	11.11%	7.23%	24.46%	0.39%	-7.02%	-5.30%			41.45%	-33.93%
Bitcoin (BTC)	-8.92%	12.02%	7.57%	30.10%	59.81%	25.94%	-6.35%	-4.51%	-13.88%	10.92%			145.49%	-33.58%
*EurekaHedge Crypto CHFI	-8.60%	10.56%	12.58%	10.96%	36.69%	8.23%	-13.43%	-11.58%	-12.05%	6.19%			33.49%	-62.37%

\* EurekaHedge Crypto-Currency Hedge Fund Index : Based on 46.67% of funds which have reported October 2019 returns as at 2 December 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).

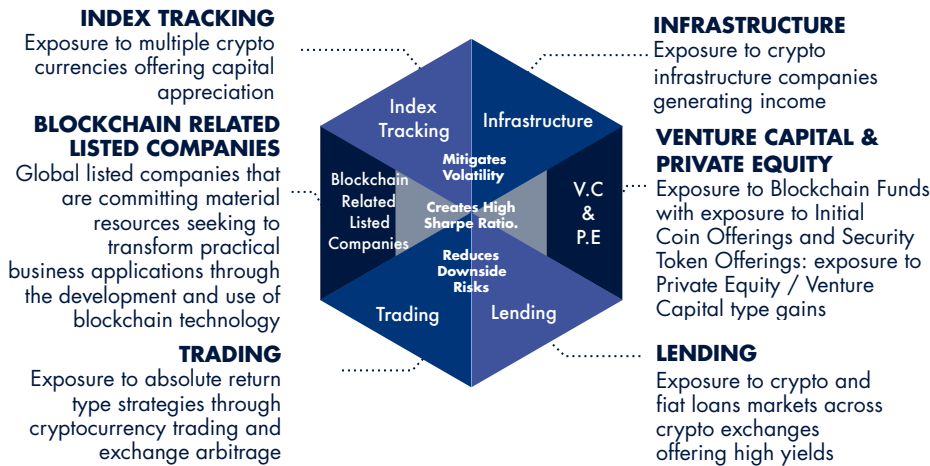


**Investment Program**

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.

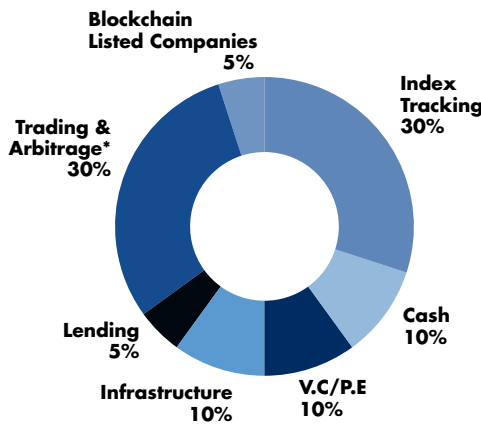
**Investment Strategy**

A diversified multi-strategy approach that captures the sector's development while reducing downside risk in what is still a volatile and complex sector.



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

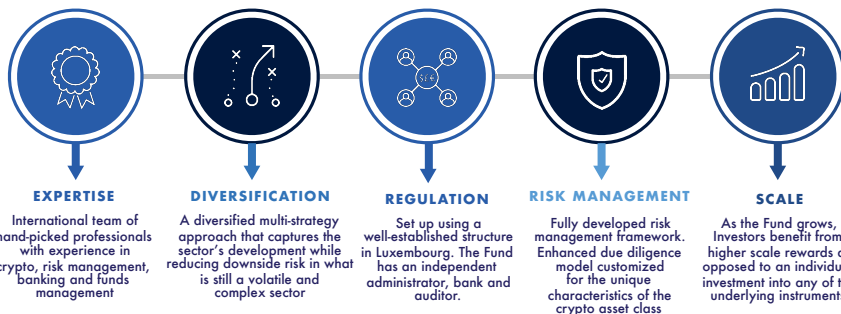
**Model Portfolio**



\*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.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.

**Executive Board Block AM**

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