

January 2020

Market commentary

January was a great month for the crypto space. Bitcoin rallied roughly 30% and an important trend to be noticed, alternative crypto currencies outperformed Bitcoin, a pattern usually associated with major bull cycles.

Ethereum rallied 39% and Litecoin 64%! There was without doubt a catch-up effect after a difficult quarter at the end of last year. The EurekaHedge Cryptocurrency Hedge Fund Index increased 19.5% during the month (source: www.eurekaHedge.com)

Crypto prices were driven higher by the upcoming bitcoin reward halving, which is expected to create buying pressure on Bitcoin and the overall crypto space. Indeed, previous reward halvings were associated with the beginning of bull markets, something not unnoticed by many investors. The rationale behind this behaviour makes sense: the reduction in rewards creates supply deficits and therefore pushes prices upwards.

Ongoing geopolitical turmoil (ie increasing tensions between the US and Iran) played a role too, with many investors turning to Bitcoin, considered by some to be the digital gold of the crypto space and a safe haven alternative investment.

Ethereum reasserted itself as a must-have investment within the crypto space, following official statements that a new significant upgrade (Ether 2.0) would occur on the network's fifth anniversary (July 30th 2020). This upgrade will dramatically improve Ethereum's scalability and therefore adoption is expected to speed up.

Finally, the CME Bitcoin options was officially launched mid-January. This provided a big boost to investors' confidence, given the high profile of the CME Group in the derivatives space.

Portfolio commentary

Blockchain Strategies Fund's USD and EUR share classes increased respectively by 8.5% and 9.5% in January 2020.

Last month's decision to increase cash and reduce exposure to participation strategies was the main reason behind the performance lagging the benchmark. Indeed, the V-shaped recovery caught us off guard, as we had reduced the overall fund's risk profile in December due to the negative trend. The more bullish market environment in January has encouraged us to increase exposure to Bitcoin and Ethereum (to increase short-term participation before major events noted above).

We currently have exposure to several high-quality venture capital projects (selected by a team with a proven record in successful VC investing). We expect their valuation to outperformance at some point during 2020 as the projects become listed on major exchanges. Key factors, such as higher crypto prices and stronger interest for the technology from the corporate world create the right environment for attractive exit prices. Of course having meaningful exposure to investments generating PE like returns can cause a drag on short term performance, but we are confident this strategy will be ultimately a rewarding one. Overall, risk management (through diversification), alpha generation (through fund selection) and a lower volatility remain our key objectives.

It's worth noting that the Fund has outperformed the EurekaHedge Cryptocurrency Hedge Fund Index by 13.7% since inception. The outperformance was achieved with roughly half the volatility of the index (34% volatility for the fund vs 61% volatility for the index).

On a longer-term horizon (several quarters), the current cycle continues to develop in line with previous long-term bull cycles. We are expecting crypto assets to come-back to the previous highs by 2021, with new highs to follow. Under the given assumptions, we believe current levels offer attractive long-term entry points for investors willing to build exposure on the crypto asset class.

Performance

(as of January 31, 2020)

Past performance is not an indicator of future performances.

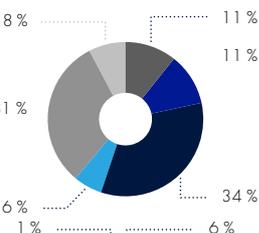
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Inception
2018														
BSF USD (Class A)	-0.31%	-5.74%	-20.34%	17.23%	-6.48%	-17.59%	0.81%	-7.36%	-5.91%	-6.18%	-12.45%	-10.59%	-56.35%	-56.35%
BSF EUR (Class B)	-1.65%	-3.96%	-21.07%	19.42%	-3.36%	-17.69%	0.79%	-6.54%	-5.94%	-3.70%	-12.54%	-11.63%	-53.29%	-53.29%
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%	-11.35%	-7.09%	11.11%	-51.50%
BSF EUR (Class B)	-3.38%	1.88%	3.24%	6.19%	11.11%	7.23%	24.46%	0.39%	-7.02%	-5.30%	-8.99%	-8.46%	17.83%	-44.96%
2020														
BSF USD (Class A)	8.49%												8.49%	-47.38%
BSF EUR (Class B)	9.52%												9.52%	-39.72%
Bitcoin (BTC)	29.98%												29.98%	-32.49%
EurekaHedge CC HFI	19.52%												19.52%	-61.07%

* EurekaHedge Crypto-Currency Hedge Fund Index : Based on 14.29% of funds which have reported January 2020 returns as at 8 March 2020 (please note that those figures are estimates and will be revised when all funds have reported their performance, and published by the Index provider).

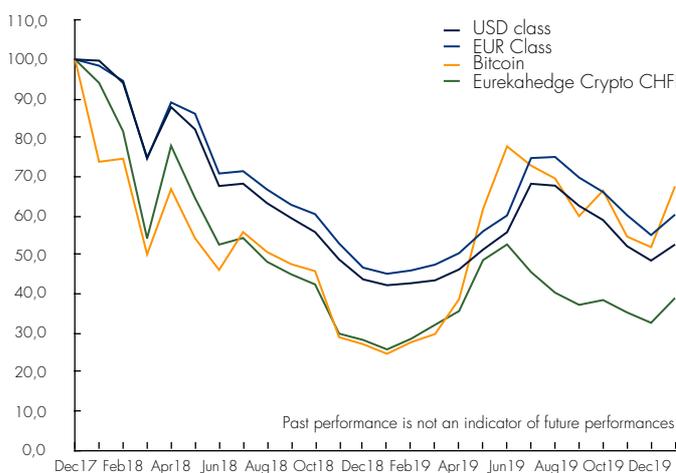
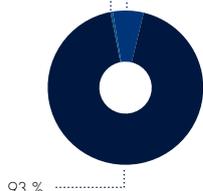
Portfolio
(as of January 31, 2020) (1)

(1) asset allocation reflects rough estimate based on information provided by underlying funds

- Index Tracking
- Systematic Quant
- Trading
- Blockchain related
- PE/VC
- Cash



- USD
- EUR
- CHF



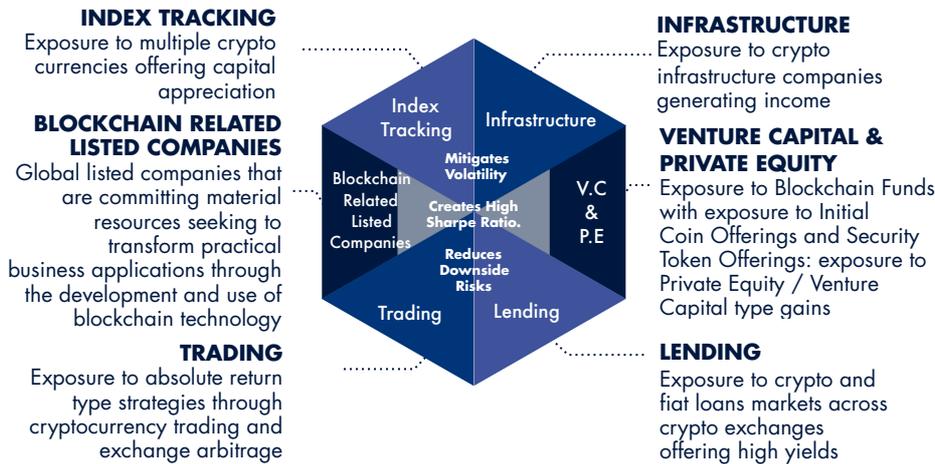
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Investment Program

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.

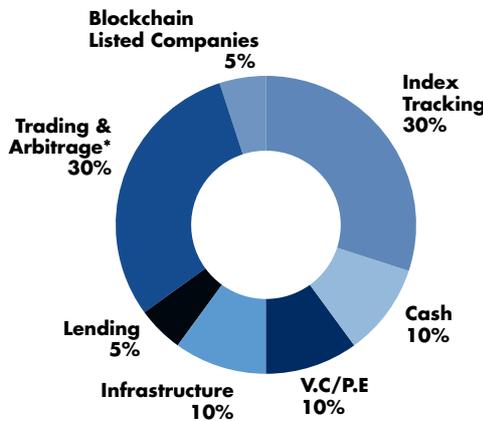
Investment Strategy

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.

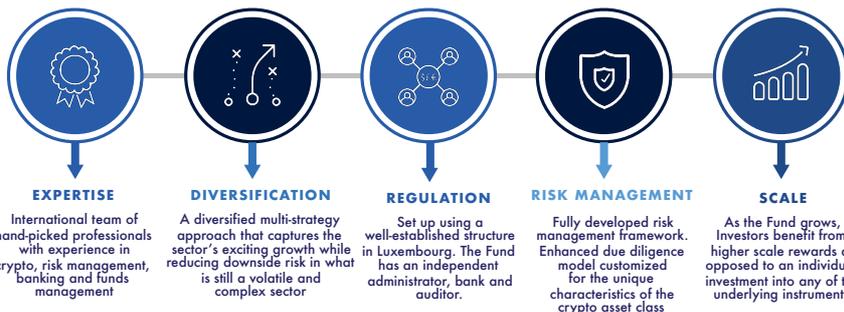
Model Portfolio



*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 Georgandelis
 Advisor
Antonio Llabrés
 Partner & CMO
Juan Carlos Serrano
 Partner & COO