



Where are we in the cycle?

The recovery year

Blockchain Strategies Fund

World's First
Blockchain & Digital Assets
Fund of Funds



Performance

The digital (market cap) has risen 50% YTD increasing from \$800bn (31/12/22) to \$1.2tn (05/07/23)

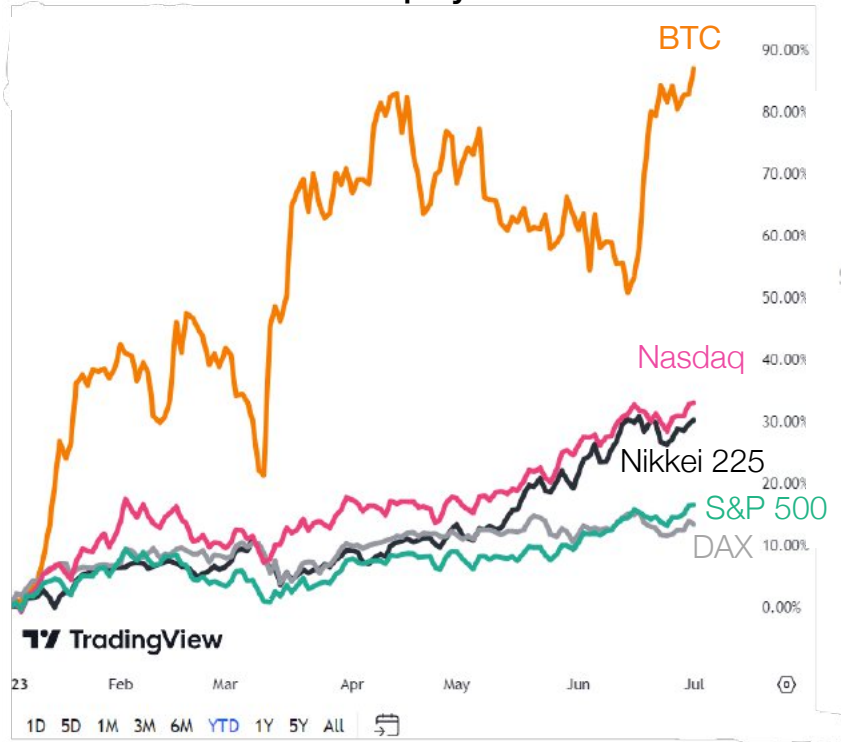


source: TradingView, BAM

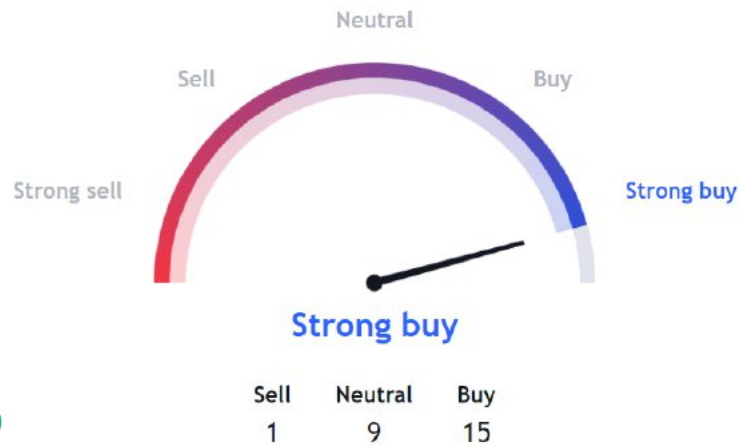
Sentiment

Risk-on assets are outperforming with BTC in the lead
 Market sentiment has improved - it takes bulls to fuel a new bull market

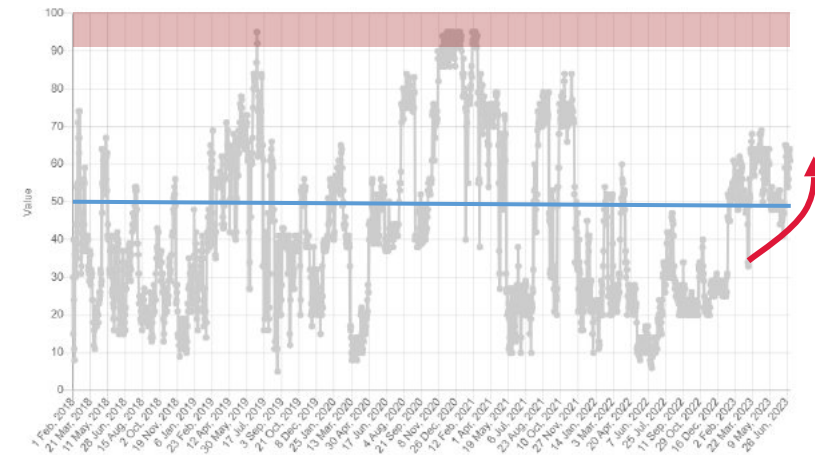
BTC and the main Equity markets YTD



Technicals (BTC, Monthly)



Market sentiment (BTC, Fear index)



source : alternative.me

source : TradingView, BAM. Performance YTD for BTC and the Nasdaq, Nikkei 225, S&P 500 & DAX indices (LC)

Note : provided by TradingView. The gauge displays a technical analysis overview of BTC based on the most popular technical indicators, such as moving averages, oscillators and pivots.

Technicals

Bull market confirmed! BTC is now trading above its long term trend average (52W MA) Monthly MACD trend indicators have also reversed to the upside (1st bullish signal since the negative crossover in December 2021)



source : BAM

US Institutions

A vote of confidence: BlackRock's ETF application is a game changer in the US. The \$27 tn US institutional sector has now publicly endorsed BTC, potentially attracting tens of \$ bn to the asset class

BlackRock files for bitcoin ETF in push into crypto | Reuters



source : BAM

Firm	AUM, B	Activity	Build or Partner
BlackRock	9,090	Bitcoin spot ETF	Partner - Coinbase
Fidelity INVESTMENTS	4,240	Bitcoin and Ether trading and custody, full stack crypto wealth management solutions	Build - Fidelity Digital Assets
JPMORGAN CHASE & CO.	3,300	Tokenized USD and EUR transfers via JPM Coin	Build – Onyx private blockchain platform
Morgan Stanley	3,131	Access to three bitcoin funds	Partner – Galaxy, NYDIG
Goldman Sachs	2,672	OTC crypto trading	Partner - Galaxy
BNY MELLON	1,910	Hold, transfer Bitcoin & Ether	Partner - Fireblocks
Invesco	1,484	Bitcoin ETF in Europe, filed for Bitcoin ETF in US	Partner – CoinShares, Galaxy
BANK OF AMERICA	1,467	Bitcoin futures trading	Partner - CME Group

source : @melt_dem on Twitter, GSR

Regulatory

Key milestones have been achieved in the EU, Hong Kong & Japan
Institutional investors can now rely on a clear regulatory framework to invest



EU Formally Signs New Crypto Licensing, Money Laundering Rules Into Law

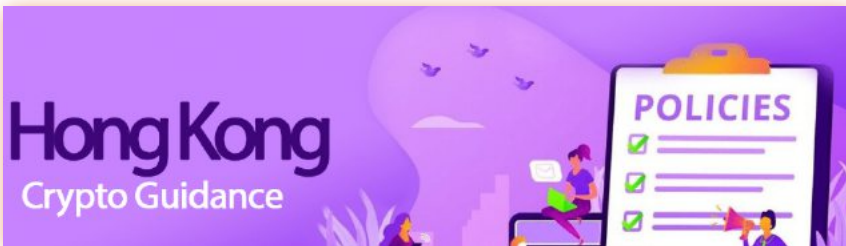


Financial Services and Markets Act granted Royal Assent by King Charles, making crypto trading a regulated financial activity in the UK



Japanese Stablecoin Ban Lifted, Banks Prepare Move

Bitcoin Broadcast On State TV: Is China Fueling The Next Mega Bull Run?

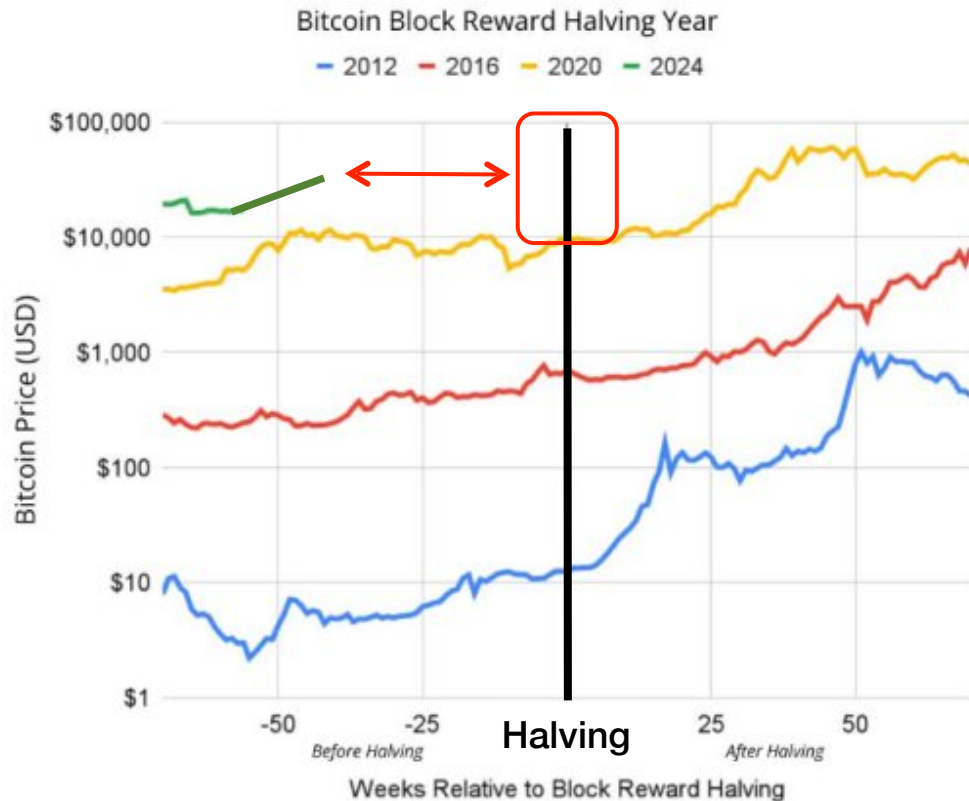


Hong Kong's New Crypto Regime Kicks In

Hong Kong Securities Regulator to Accept License Applications for Crypto Exchanges Starting June 1

BTC Halving

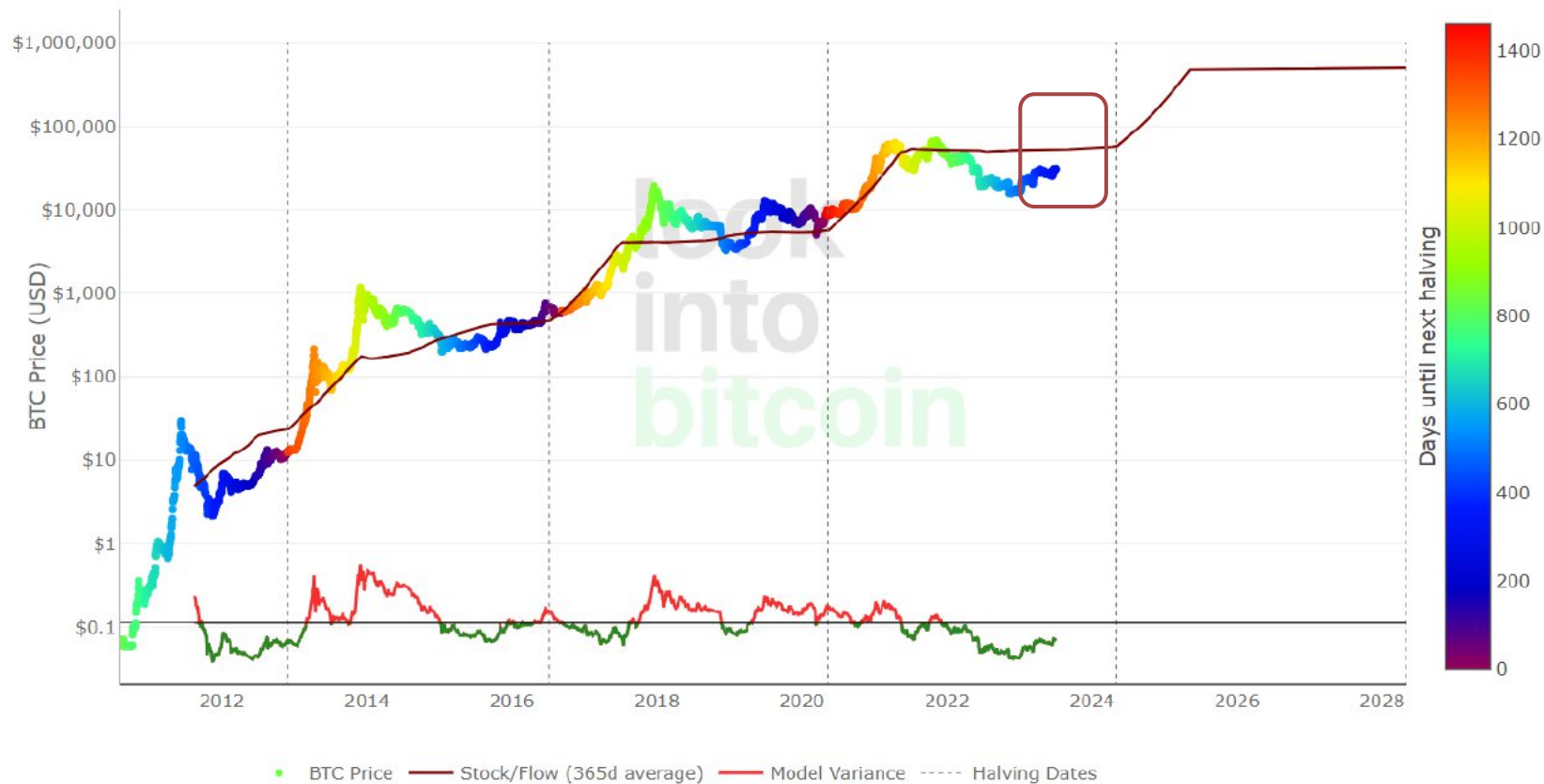
BTC has entered the most bullish part of its cycle (see green line)
Bitcoin's scheduled block reward halving has historically provided a positive impact on price



- Crypto cycles last 4 years on average
- Cycle low occurs ahead of the event, historically approx. 15 months earlier (pre-halving rally)
- Investors positioning ahead of the halving have benefited historically from spectacular returns

Stock to Flow

Even after a sizeable rally, BTC remains undervalued according to the model. Stock-to-Flow model suggest Bitcoin should reach \$100,000 by 2024

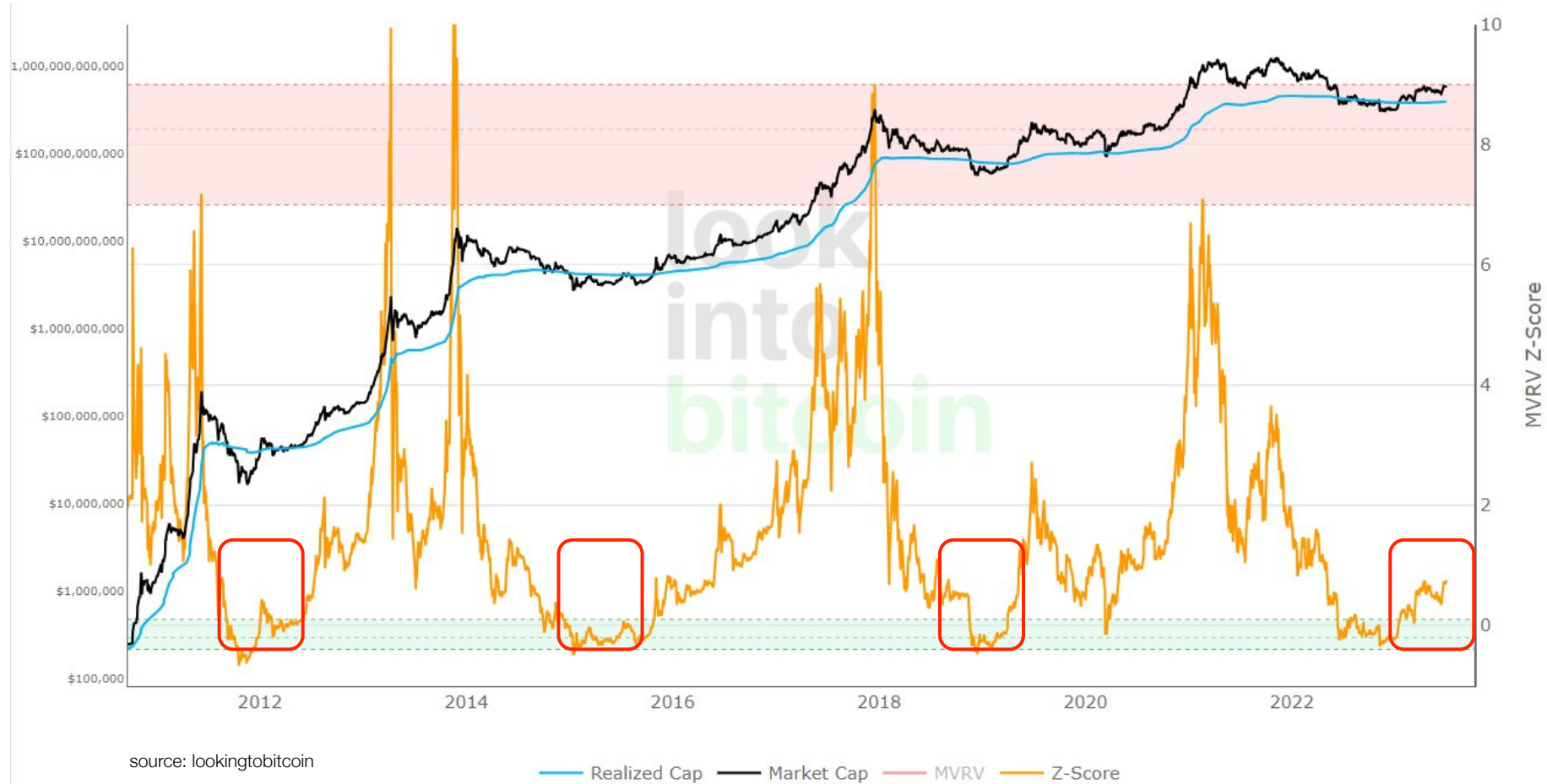


Note: as the amount of bitcoins to be mined reduces over time, the stock to flow number increases, as supply coming onto the market is reducing. That is why this model is forecasting that the price of Bitcoin will increase in the future.

source: lookingtobitcoin

MVRV Z-Score

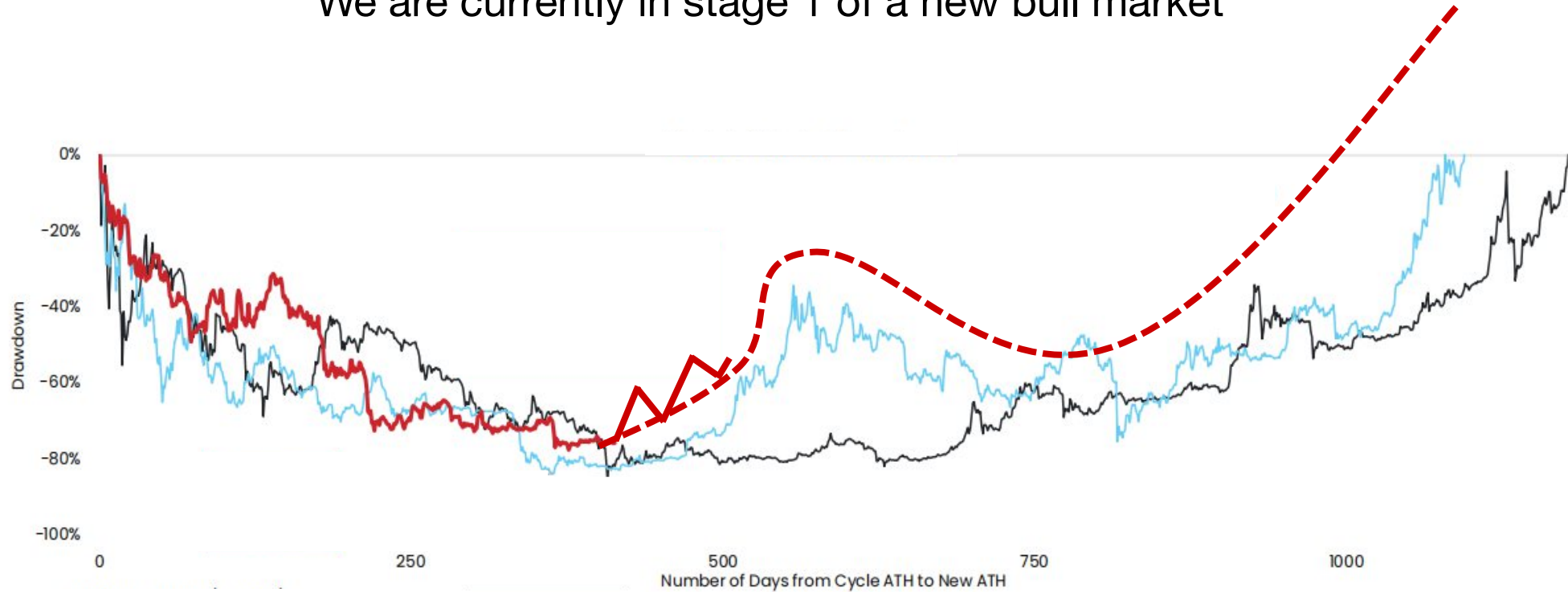
BTC's fair value has still room to expand vs its realized value
Based on previous cycles, BTC remains in the early stages of the new cycle



Note: MVRV Z-Score is a bitcoin chart that uses blockchain analysis to identify periods where Bitcoin is extremely over or undervalued relative to its 'fair value'. The MVRV Z-score has historically been very effective in identifying periods where market value is moving unusually high above realized value.

Cycle low

The cycle low is IN
We are currently in stage 1 of a new bull market

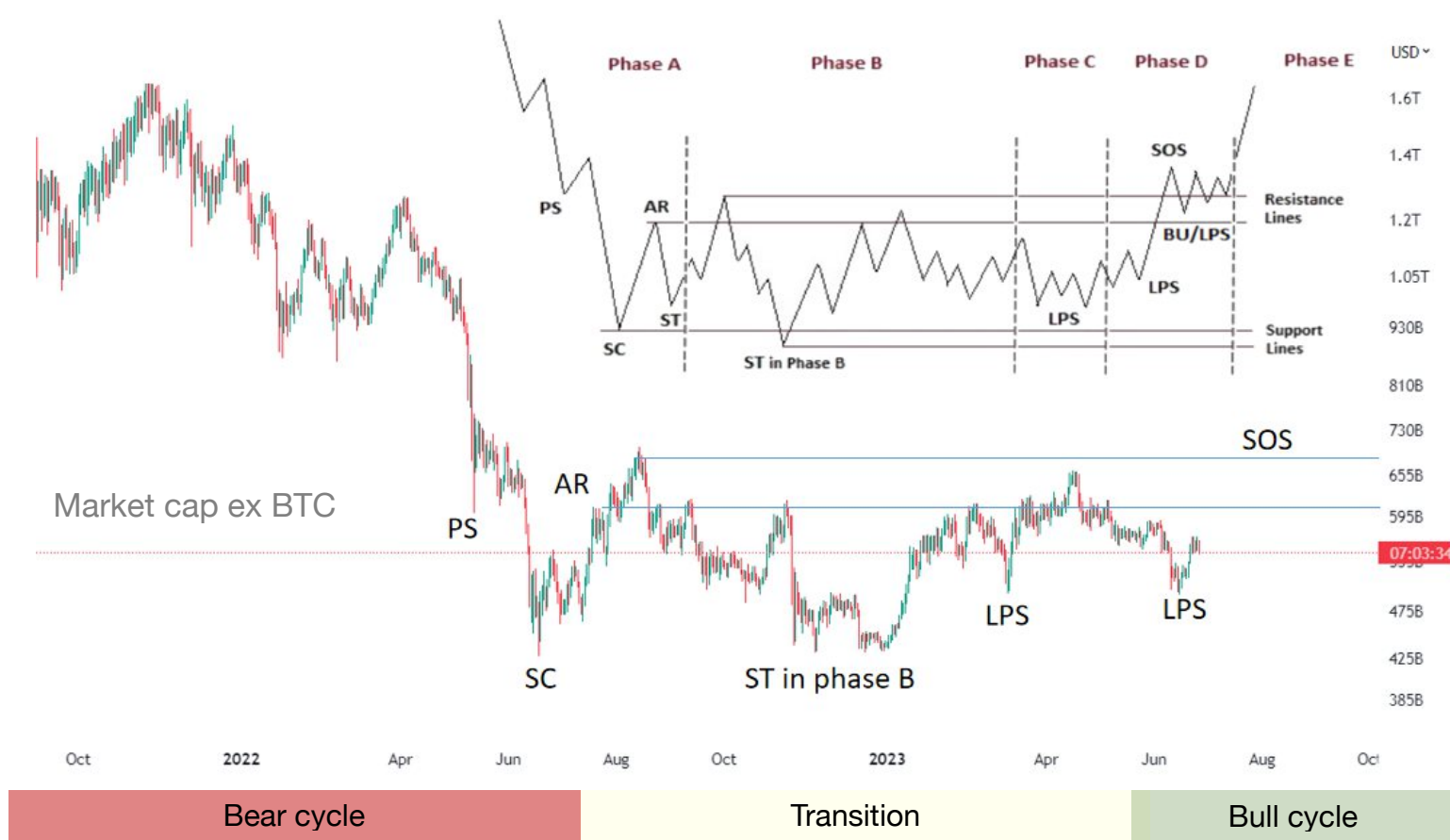


- Nov 2013 cycle (Peak \$1,163)
- Current cycle (Peak \$69,000)
- Dec 2017 cycle (Peak \$19,666)
- - - Idealized cycle

source: Arcane research, BAM

Asset Class

The whole digital asset class is expected to catch up with BTC
 Altcoins are showing signs of strength - more to come (stage 2 of the bull cycle)



source: BAM

Asset Class

The asset class is expected to outperform BTC

Altcoins are showing signs of strength - more to come (stage 2 of the bull cycle)

Dominance - Digital Assets ex TOP 10



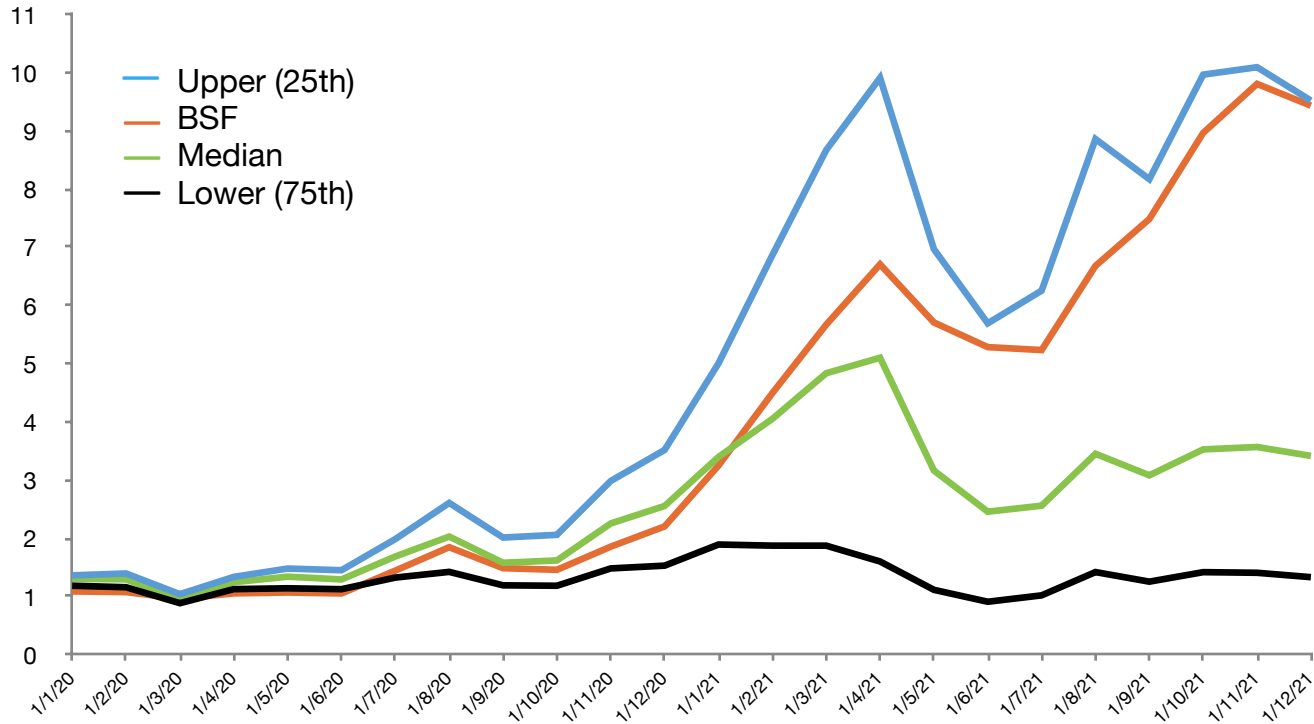
source: TradingView, Bam

- The asset class will expand outside BTC in the long term
- After lagging behind BTC this year, we expect the smaller cap digital assets to gain dominance, outperforming BTC in the process
- If the market ex top 10 share of the total market cap reverts to its previous high (approx. 18%), it would double - even if the total market cap remains the same. If BTC reverts to its previous highs, it would x4 - x5.

Recovery play

What happened the last time we experienced a cycle low?

Our Fund scored a x10 return as the new digital sectors outperformed BTC (DeFi Infra...)



- Significant outperformance on the upside as the best funds greatly outperform the average
- Average funds delivered less than half the return of the best funds
- The worst funds missed almost entirely the recovery

Note: using the Nilsson Hedge database of cryptofunds, we found out that BSF's performance was highly correlated with the 1st quartile of the best funds (all strategies). Reason is there was a high dispersion of returns amongst fund managers during the last bull market, and therefore more room to outperform picking the best ones.

Summary to conclude

- ◉ The cycle low is IN. 2023 is the recovery year.
- ◉ Valuation, cycle and price indicators continue to suggest that we are in the most favourable investment period for investors.
- ◉ We are in stage 1 of a new bull market. Expect altcoins and the broad market to take off in the coming months as we transition to the next phase.
- ◉ Due-diligence, diversification and liquidity remain key requirements of an investment strategy in digital assets.
- ◉ Unsure about the timing? Cost Average with us.



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