

January 2018

Portfolio Manager's comments

It is with great pleasure that we write our first monthly letter of Genesis Block Fund Ltd.

Bitcoin: Fool's Gold or Gold 2.0?

Independent of the answer to this very polarized discussion between both academics and the media, what we believe is that Bitcoin showed the way and was fundamentally important to the development of the blockchain technology, which will change various aspects of our daily, lives in the future.

We can describe Bitcoin as a first-generation token, trying to be a store of value and a payment method. Ethereum we would categorize as a second-generation token with its Smart Contract capabilities. Now we are starting to see the third-generation tokens like EOS and Cardano to name a few. These third-generation tokens are being built to resolve the scalability issues inherent to its predecessors as well as continue to bring security and communication intra-blockchains to bring blockchain to mainstream.

There will be various new protocols coming out with different utilities; however, blockchain is not needed to resolve all the world's problems. We believe that DLT (Distributed Ledger technology) will bring tremendous changes to the corporate world. Our objective is to look for tokens that bring good solutions with sustainable projects, scalable and secure to its user base giving a strong network effect, which should reflect positively on the token's price.

The year started with a few Alt coins performing very strongly but that soon tumbled, the main one being Ripple.

Bitcoin started the year at \$14,156 , traded in a range of \$9,402-\$17,580 and closed the month at \$10,221, falling approximately 27.80%.

Under tough market conditions, our fund fell 16.22% during the same period, being quite long ETH, EOS and flattish XRP helped us outperform the general market.

The crypto market was very uneasy during January for several reasons: 1) lots of rumors on Regulators taking adverse actions (Korea being an important one); 2) first fixing of the Bitcoin futures contract; 3) a \$500mm hack of a specific token (XEM) from CoinCheck exchange in Japan.

We identified our first ICO investment. As soon as the terms become public we will give you more details on this asset.

Interesting announcements:

- Robinhood, well known Fintech, announced that it is adding cryptos to its trading platform (they currently only offer listed equities).
- A Canada fund called 3iQ got approval from the Regulators (Ontario Securities Commission and Canadian Securities Administrators) to launch a fund targeted to accredited investors and Pension Funds (this paves the way for an ETF to be launched).

Monthly estimated return

	Jan	Feb	Mar	Apr	May	Jun	YTD
2018	-16.22%						-16.22%

Fund Characteristics

Minimum Investment	\$100,000
Subscription	Monthly
Redemption	Monthly with 15 days pre-notice
Administration fee	2% p.a.
Performance fee	20% over Libor with High Water Mark
Administrator	MG Stover
Auditor	Cohen & Co
Legal Counsel	Walkers Global and Freitas Leite
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