

Portfolio Manager's comments

Bitcoin dominance started the month at 69.10%, reached a high of 71.22% and ended the month at 67.38%.

Bitcoin started the month at \$9,631 and traded between \$10,899 and \$7,831 to close at \$8,294 down 13.88% for the month. Genesis Block Fund ended down 9.51%. The big news right after Labor Day weekend was the announcement of the SolidX and Van Eck Bitcoin Trust for QIBs (Qualified Institutional Buyers). Their product accomplishes some major milestones such as the Insurance wrapper as protection for theft or loss of private keys as well as a top notch Administrator like BNY Mellon to bring further credibility into the crypto ecosystem, see [press release](#) for further details. [SEC Chairman Jay Clayton](#) still has reservations on approving a Bitcoin ETF, the SolidX/Van Eck ETF filing was withdrawn again. The long awaited physical settled Bitcoin futures started trading via Bakkt on ICE on September 23rd.

During the first half of September some of the large market cap Alts outperformed BTC. We made a small rotation within the privacy coin space swapping out of ZEC and XZC into XMR which made again to the TOP10 list. We reduced our ETH underweight position back to neutral. EOS and ETH had a great start to the month but then technical positions and a lot of FUD ranging from fear of [Quantum computers](#) breaking Bitcoins SHA-256 algorithm to small volumes on the first 2 days of the new product launched at Bakkt and the market took a 180 degree turn to the red on the last week of the month. Most of the TOP 10 coins fell between 15-30% in a 48-hour timeframe. ETH rebounded nicely to be the only TOP10 coin ending in positive territory for the month, up 4.30%. The graph below shows the triangle that was broken and then a test on the 200-day MA. Patience is needed in this market.



A presente Instituição aderiu ao
Código ANBIMA de Regulação e
Melhores Práticas para os
Fundos de Investimento.

An important milestone for Genesis Block Fund Ltd. which we announced on the second week of September, was the migration of the fund's assets to Coinbase Custody. Since the fund inception we were studying the various third-party custodial solutions that came to market. We looked at various solutions including Kingdom Trust, Vo1t, BitGo, XAPO, Fidelity Digital Assets, and Bakkt. Several important factors made us move ahead with Coinbase Custody. First, it took us 9 months to be an approved counterparty to trade with Coinbase which shows they handpick their clients, amazing Due Diligence and KYC procedures. The fact that they recently bought XAPO Institutional Custody platform and received over \$1.5 billion of assets from GBTC fund (closed end Bitcoin fund) proves that they are the biggest and most trusted Institutional Custodian in this space. They also provide offline custodial solutions to the bulk of the asset in the fund (KEEP ICO being an exception). Finally, having the largest insurance policy against cyber security theft gave us further comfort.

Interesting announcements/comments:

- [Apple](#) is "watching cryptocurrency" and wants to do more with tipping and mobile IDs
- [Santander](#) settles both sides of a \$20 million bond trade on Ethereum
- [Dutch Central Bank](#) to regulate crypto firms from Jan 10th, 2020
- [HSBC](#) has completed the first blockchain Letter of Credit transaction in Yuan
- [PwC Luxembourg](#) to start accepting Bitcoin payments
- [Winklevoss's Gemini](#) gives access to funds from coins in storage
- [Bakkt](#) warehouse launches deposits and withdrawals as planned
- [Spencer Dinwiddie](#) to tokenize his NBA contract; pro athletes should follow suit
- [Deloitte's](#) 2019 global blockchain survey results
- [CME Group](#) is launching Bitcoin options early in 2020

Monthly estimated return

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	Since Fund Inception
2018	Genesis	-16.0%	-5.2%	-37.4%	57.2%	-20.2%	-20.4%	7.5%	-17.2%	-9.2%	-7.9%	-38.2%	-3.7%	-77.94%	
2019	Genesis	-11.5%	17.5%	7.2%	20.5%	58.6%	12.4%	-13.4%	-12.0%	-9.5%				65.12%	-63.58%
2018	BLP Crypto Assets	-19.2%	-1.8%	-33.7%	61.2%	-14.1%	-17.6%	4.5%	-8.6%	-11.6%	-13.8%	-34.3%	-3.4%	-72.27%	
2019	BLP Crypto Assets	-15.7%	18.4%	10.6%	20.9%	52.8%	8.7%	-14.6%	-3.6%	-8.8%				66.55%	-53.81%
2018	BLP Criptoativos											-7.1%	-0.5%	-7.53%	
2019	BLP Criptoativos	-2.9%	4.1%	2.4%	4.1%	10.2%	1.6%	-2.8%	-0.4%	-1.5%				15.07%	6.41%
2018	BGCI	-15.8%	-10.7%	-43.5%	60.9%	-20.4%	-28.5%	13.7%	-21.7%	-0.2%	-12.2%	-36.8%	-1.7%	-80.88%	
2019	BGCI	-11.8%	15.5%	5.9%	13.4%	58.1%	17.2%	-24.2%	-16.1%	-6.2%				35.23%	-74.49%
2018	CDI	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	0.54%	0.57%	0.47%	0.54%	0.49%	0.49%	6.42%	
2019	CDI	0.54%	0.49%	0.47%	0.52%	0.54%	0.47%	0.57%	0.50%	0.47%				4.67%	11.39%

THE BLOOMBERG GALAXY CRYPTO INDEX (BGCI) ESTIMATED RETURNS STATED ON THE TABLE ABOVE ARE MERELY ECONOMIC REFERENCES AND SHALL NOT BE CONSTRUCTED AS A PERFORMANCE TARGET TO BE ACHIEVED BY THE FUNDS NOR A PERFORMANCE PARAMETER APPLICABLE TO THEM (Note that the BGCI only prices during business days at 4pm Eastern time zone, which is different than Administrator marking of 0:00 UTC of the last day of the month).

Full Nodes

How do you enforce the rules to which you agree? You have to run a fully validating Bitcoin node and actually use it to verify payments you receive. Nodes act as your personal sentinel, protecting you against fraudulent activity. They reject actions undertaken by rule breakers, even while you're busy or asleep. While some claim that running a node today is purely altruistic, there are indirect incentives for doing so:

- Full nodes offer the best privacy model. If you're using a centralized wallet, you have no privacy—the wallet provider knows all of your transactions and addresses. If you're using an SPV wallet, your privacy is not obviously as terrible, but is nonetheless fundamentally broken. With a full node, you download all the blockchain data and only query for addresses / transactions locally—network observers can't see what you're interested in.
- Full nodes offer the strongest security model. When you have a copy of the ledger that you have validated yourself, you no longer have to trust a third party to be honest about the state of the ledger. If you're using a centralized wallet, you're completely trusting that they are running nodes that enforce the rules of the network. If you're using an SPV wallet, you're trusting that the majority of hashpower is validating the rules of the network to which you agree.

If you configure your node to accept incoming connections, it helps the network by sending blocks and transactions to other full nodes to help them sync, and it services data requests from lightweight wallets. From this standpoint full nodes altruistically support the health of the network. Some users may wish to do this in order to protect their investment in Bitcoin. From a macro perspective, full nodes keep the network honest. The more entities who are actively running nodes to audit their economic interactions, the more robust the network is against attacks. If you're thinking from a nation-state attack scenario, more nodes = more “doors that have to be kicked down” in order to coerce the node owner into making changes against their will.

With regard to the great Bitcoin scaling debate, Andreas Antonopoulos laid out the reasoning behind keeping the block size small—and thus keeping the cost of running a fully validating node low. Suffice to say, blocks can never be large enough to meet global demand. The scaling debate has revealed a fundamental economic conflict between users who want fast, cheap transactions and users who want fast, cheap cost of full ledger validation. As Andreas notes in his talk, this isn't an issue of scale, it is an issue of maintaining the more important principles underpinning the system: autonomy, privacy, security, and liberty. Keep this in mind when you hear of plans to “scale up” Bitcoin so that only the wealthiest individuals and institutions can afford to run fully validating nodes. Keep this in mind when some people try to convince you that Bitcoin is ruled by “Nakamoto Consensus” and the only nodes that matter are those owned by miners. Do you disagree with such a vision for the future of Bitcoin? Empower yourself by running a full node—no one can take this power away from you.

Genesis Block Fund Ltd. Characteristics

Minimum Investment	\$100,000
Subscription	Monthly
Redemption	Monthly with 15 days pre-notice
Administration fee	2% p.a.
Performance fee	20% over 6M Libor with High Water Mark
Administrator	MG Stover
Auditor	Cohen & Co
Legal Counsel	Walkers Global and Freitas Leite
Custodian	Coinbase Custody
ISIN Number	KYG3832A1085
Bloomberg Ticker	GENBLOC KY
Website	www.blpcrypto.com.br/en/

BLP Crypto Assets FIM – Investimento no Exterior Characteristics

Minimum Investment	R\$100,000
Subscription	Monthly
Redemption	Monthly with 15 days pre-notice
Administration fee	2% p.a.
Performance fee	20% over CDI with High Water Mark
Administrator	Planner
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
ISIN Number	BR010YCTF009
Website	www.blpcrypto.com.br

BLP Criptoativos FIM – Investimento no Exterior Characteristics

Minimum Investment	R\$1,000
Subscription	Monthly until the last business day of the month
Redemption	Monthly until the last business day of the month
Administration fee	1.50% p.a.
Performance fee	20% over CDI with High Water Mark
Administrator	Brasil Plural
Distributor	Genial Investimentos, Órama and Socopa Invest
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
ISIN Number	BR026OCTF003
Website	www.blpcrypto.com.br

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