

Portfolio Manager's comments

Bitcoin dominance remained relatively stable during April, started the month at 65.00%, reached a low of 63.40%, high of 65.72%, and ended at 65.49%.

Covid-19 continue to dominate the news headlines, 3.25mm infected globally with 231 thousand deaths. Oil volatility diminished somewhat after historical deal done by OPEC members to cut production by almost 10mm barrels per day. That calm in the storm lasted for just a few days when on April 20th the world saw May 2020 future crude prices collapsing over 300% intraday and closing a an unimaginable negative price of -\$37.63 as there were no counterparties to take delivery to stock the oil barrels, this will go to the history books as well! Funny that people think cryptocurrencies are volatile but look at the main oil ETF (ticker USO US), it is down 98% since 2008, but the SEC is still hesitant to approve a Bitcoin ETF. Global equity markets re-bounded sharply; most major indexes were up double-digits after the unprecedented liquidity injections of Central Banks on a global scale. What will be the consequence of the money printing Central Banks in the future? Will the world continue to live in an inflationary environment from the last century, or will we slowly switch to a deflationary environment with technology improvements and a debasement of fiat currencies? Here is a good [debate](#) on the inflation x deflation tug of war. Picture below shows the value of \$1 during the last century.

Purchasing Power of the Consumer Dollar (1913–2017)



This month's quote to be remembered came from Jerome Powell, Chair of the Fed: "The debt is growing faster than the economy. This is not the time to act upon those concerns." He also said: "Treasury stands in front of our losses." indicating that taxpayers will incur the losses of mainstream investors.

Bitcoin started the month at \$6,439 and traded between \$6,202 and \$9,441 to close at \$8,659 up 34.48% for the month. Genesis Block Fund was up 39.54%, the funds third best monthly performance since inception. LINK has been our best performing asset so far in 2020 and we reduced 1/3 of our position after it outperformed BTC handsomely (up 110% YTD vs BTC 20%) and on during a correction late in the month we bought back 50% of the position we sold with a 20% gain. Yet again we traded in and out of Tezos, our best performing Asset MTD up 70% (second best performing YTD, up 104%) taking advantage of the volatility. Our ETH position which hurt us in March improved substantially (55% MTD, 60% YTD) during April helping recuperate some of the lost Alpha from 1Q20, we continue to remain constructive on ETH and have a small overweight position. We continue with our structural underweight position in XRP which was the second-worst performing Asset of the Bloomberg Galaxy Crypto Index (22% MTD and 10% YTD).

After completing a third private capital raise of \$7.7mm and almost 2 years of coding, Thesis released its open-source software and on April 27th launched the [KEEP](#) protocol on main net. In parallel it is also launching its first dApp, [tBTC](#), to be the bridge between BTC & ETH and boost the potential of DeFi. Both launches are supported from day 1 by more than [40 industry partners](#). There has been a lot of media coverage on

these announcements. This is what [Bloomberg](#) and [Forbes](#) wrote about them. BLP Asset Mgt. is super proud to be involved in this project since day 1 with large funds such as Andresseen's Horowitz's [a16z](#) fund, Polychain Capital, [Dramer Associates](#) and more recently with Paradigm Capital and others as well. One of the other projects that Thesis owns a majority stake is [FOLD](#). FOLD has a mission to bring Bitcoin to everyone through different rewards programs. During April they announced their latest product launch which was a VISA card with Bitcoin rewards. [Bloomberg](#), [Fortune](#) and [Forbes](#) also wrote about this interesting project to take Bitcoins mainstream to the no-coiners (those who don't yet believe in Bitcoin or crypto in general). Below is a typical no-coiner:





A number of interesting podcast worth listening to: [Chamath Palihapitiya](#), CEO of Social Capital; [Raoul Pal](#), CEO of Real Vision Group. Galaxy Digital's CEO Mike Novogratz (ex-Fortress partner) has an interesting [webinar](#) on macro views, Gold and Bitcoin.

Interesting announcements/comments:

- [Andreessen Horowitz](#) aims to raise \$450mm for second cryptocurrency fund and ends up [exceeding its initial funding goal](#), raising \$515mm
- Flagship Renaissance fund, [Medallion](#), starts trading Bitcoin futures
- [NASDAQ](#) partners with blockchain firm R3 to help institutions build their own digital asset marketplaces
- [Hong Kong's first Regulator-approved Bitcoin fund](#) targets \$100mm raise
- [Binance](#) announced the acquisition of Coinmarketcap for rumored \$400mm
- [Revolut](#) will make crypto available in 50 US states
- \$14mm Bitcoin Fund gets listed on [Toronto Stock Exchange](#)
- [Facebook's Libra project](#) confirms shift to multi-currency model, points to support for central bank digital currencies.
- [Grayscale](#) says it raised a record \$500mm in 1Q20, mostly from Institutional Investors

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%	7.1%	-16.5%	-8.7%	34.85%	
2020 Genesis	33.4%	1.02%	-31.6%	39.5%									28.70%	-61.72%
2018 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 Crypto Assets	-15.7%	18.4%	10.6%	20.9%	52.8%	8.7%	-14.6%	-3.6%	-8.8%	2.9%	-12.0%	-12.9%	31.28%	
2020 Crypto Assets	40.1%	6.1%	-20.5%	43.2%									69.10%	-38.44%
2018 Criptoativos											-7.1%	-0.5%	-7.53%	
2019 Criptoativos	-2.9%	4.1%	2.4%	4.1%	10.2%	1.6%	-2.8%	-0.4%	-1.5%	0.9%	-2.2%	-2.4%	10.80%	
2020 Criptoativos	8.3%	1.1%	-3.7%	8.3%									14.05%	16.86%
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%	-81.14%	
2019 BGCI	-11.8%	15.5%	5.9%	13.4%	58.1%	17.2%	-24.2%	-16.1%	-6.2%	10.6%	-17.4%	-13.3%	7.08%	
2020 BGCI	40.3%	1.8%	-31.0%	35.9%									33.82%	-72.97%
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%	0.48%	0.40%	0.36%	5.97%	
2020 CDI	0.38%	0.29%	0.34%	0.28%									1.30%	14.24%

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).

Tech corner

Smart Contracts

A smart contract automatically enforces a contract between two parties, with a credible digital ledger, all without the need for third parties. A smart contract is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract. Code is injected into the blockchain, and it is automatically enforced without any need for user intervention or third-party verification. Smart contracts are frequently considered a cryptocurrency's "killer app" because they have the potential to replace traditional contracts. Smart contracts have enormous upside potential to be a disruptive industry affecting anyone involved in ledger verification, contracts, or sales.

The improved ease of transaction verification resulting from smart contracts will lower service fees worldwide. Banks are already internally using it to improve the efficiency of processing and clearing payments through automation. More complex smart contract examples include real-time auditing and risk assessments by credit companies, merchant processors, and accountants.



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Various protocols can do smart contracts, the larger ones are Ethereum and EOS with others like Cardano, Steller, Tron, etc looking to gain their space. Ethereum smart contracts are robust, versatile, and powerful thanks to the complex coding capabilities available using Solidity.

It is premature to say that blockchain smart contracts will eliminate lawyers. The fatal flaw is the idea of committing code to the blockchain itself — it is permanent, costly (in ETH), and the blockchain must judge every single transaction of the smart contract, even if there are tons of transactions. What makes contracts so powerful is that a judge is not necessary for a transaction, but only as a backup in the event of a breach. Other ‘smart contract platforms’ such as Ethereum and Tron completely miss this fundamental insight of contracts.

A solution is a tool that was first created to make microtransactions instantaneous and affordable in Bitcoin: the Lightning Network. The design of the lightning network fully grasps this contracts concept. With lightning, millions of transactions can take place between two individuals without needing the judge at all. The judge is the blockchain. And the judge doesn’t need to enforce every transaction, just those that may be in breach of contract. Using a lightweight tool like the Lightning Network instead of the sledgehammer of the entire blockchain makes sense. Imagine if every computer had to store every e-mail, to receive any. That’s how blockchains work. Lightning Network allows computers to make blockchain transactions, only storing the data they care about — their own money. A smart contract system built on top of Bitcoin allows the judge (the blockchain ledger) to be invoked only when needed, not every time.

Simplicity is crucial for smart contracts by forming the basis of predictable execution. In this light, Bitcoin’s simplicity and security shines through. The key factors for smart contracts are trust, reliability, and convenience — and Bitcoin’s massive gravity means Bitcoin smart contracts are inevitable. Current solutions for Bitcoin smart contracts include side-chain RSK (Rootstock) as well as the Lightning Network.



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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	BR01OYCTF009

BLP Criptoativos FIM 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
Digital Platforms	Genial Inv e Órama
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
ISIN Number	BR026OCTF003



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