

Portfolio Manager's comments

Bitcoin dominance started the month at 62.3%, reached a low of 57.1%, high of 62.4% and ended at 57.2%.

Bitcoin started the month at \$11,323 and traded between \$11,012 and \$12,359 to close at \$11,681 up 3.16% for the month. Genesis Block Fund was up 18.44%. Right of the bat we saw a big move in BTC to over \$12k to be soon corrected by a flash crash (14% drop within minutes) which apparently happened at Binance so the month started at a hectic pace. In our just over 2.5 year's journey with our crypto funds, this was by far the month that presented the most opportunities and we traded well and made some structural shifts in the fund's positions. With the successful [ETH2.0 Mdalla Testnet](#) launch, ETH continued its upward march we sold some of our overweight position into EOS which we are close to neutral currently as there were hints of some announcements around mid-month (which ended up happening – their increasing involvement on the DeFi space). On the privacy tokens, XMR also had a quick early run and we sold 1/3 of our position. With volatility in Alts picking up again, we made some nice gains by trading in and out of LINK/ETH early in the month and around mid-month we took some profits in LINK by increasing our BTC position (sold just over half of our original position in LINK), [Brave New Coin](#) wrote a recent report on LINK. The Tezos/BTC pair also provided great trading opportunities. We sold our small LTC position and increased our underweight in this asset and we also sold out of our small BAT position. Our best performing asset in August was LINK (up 102.2%) followed by KEEP (up 91.8%). Two of our underweight positions, XRP and LTC, hurt us as both outperformed BTC while our underweight position in BCH (down 8.6%) underperformed BTC in August. Overall, we were able to pick up 7.23% of Alpha against BGCI in August (and it stands at 24.39% YTD). For [FT subscribers](#) they wrote an interesting article about Ripple (the company) and XRP tokens and that they still haven't found a utility for the tokens. Our overweights (ETH, LINK, XMR, MKR and XTZ) outperformed BTC, the exceptions were and WAX (down 1.2%) which was the worst performer in August. We continue to be careful with some well-known protocols as ETC suffered its second 51% attack, we never owned ETC in our fund. DeFi space continues to be hot (with tokens like LEND, YFI, UMA and others having significant gains) but nothing is riskless and there were some significant losses with poor coding on a stealth project called [YAM](#) which collapsed 90% just 5-hours after main net was launched (we were never involved here either). On the DeFi space we have a significant position on KEEP so we are not currently adding new protocols in this space. KEEP continued volatile (traded between \$0.46/\$1.52 and closed at \$0.97) with liquidity picking up as it is now being traded in a handful of small exchanges. Nice report from [Santi-ment.net](#) on the 10 ERC-20 projects with the highest developer activity, proud to see KEEP and Maker on the list. We continue to mark Keep at a discount to Coin Market Cap and will do so until it is fully vested.



On August 11th, Twitter went viral with the announcement from [MicroStrategy](#) (NASDAQ: MSTR), the largest independent publicly-traded business intelligence company, that their Treasury department made a substantial \$250mm investment in Bitcoin. Two of their largest shareholders are BlackRock and Vanguard. Below is a short transcript of why they got interested in Bitcoin, more details can be found [here](#).

Mr. Saylor continued, "MicroStrategy spent months deliberating to determine our capital allocation strategy. Our decision to invest in Bitcoin at this time was driven in part by a confluence of macro factors affecting the economic and business landscape that we believe is creating long-term risks for our corporate treasury program — risks that should be addressed proactively. Those macro factors include, among other things, the economic and public health crisis precipitated by COVID-19, unprecedented government financial stimulus measures including quantitative easing adopted around the world, and global political and economic uncertainty. We believe that, together, these and other factors may well have a significant depreciating effect on the long-term real value of fiat currencies and many other conventional asset types, including many of the assets traditionally held as part of corporate treasury operations."

In considering various asset classes for potential investment, MicroStrategy observed distinctive properties of Bitcoin that led it to believe investing in the cryptocurrency would provide not only a reasonable hedge against inflation, but also the prospect of earning a higher return than other investments. Mr. Saylor articulated the opinion, "We find the global acceptance, brand recognition, ecosystem vitality, network dominance, architectural resilience, technical utility, and community ethos of Bitcoin to be persuasive evidence of its superiority as an asset class for those seeking a long-term store of value. Bitcoin is digital gold – harder, stronger, faster, and smarter than any money that has preceded it. We expect its value to accrete with advances in technology, expanding adoption, and the network effect that has fueled the rise of so many category killers in the modern era."

Top 10 Owners of MicroStrategy Inc

Stockholder	Stake	Shares owned
BlackRock Fund Advisors	15.24%	1,166,307
The Vanguard Group, Inc.	11.72%	896,921

On May 27th Goldman Sachs's Consumer and Investment Management Division made a 45-page report and a Global Investor Call called [US Economic Outlook & Implications of Current Policies for Inflation, Gold and Bitcoin](#) where some of their Key Takeaways was that Bitcoin nor gold are good investments and the USD will not be debased. Well, since then BTC is up 27.23%, gold is up 15.84%, and the DXY is down 6.95%. Fast forward just over 2 months and now [GS](#) just named their new head of digital assets betting that blockchain is the future of financial markets! Just like JPM recently, if you can't beat them join them! After ConsenSys announced the acquisition of [JPM's Quorum](#) blockchain platform, it was rumored that JPM made a \$20mm strategic investment in ConsenSys latest capital raise. In 2017 Jamie Dimon publicly said about Bitcoin & cryptos: "It is worse than tulip bulbs. It won't end well. Someone is going to get killed". [ConsenSys](#) builds infrastructure for the Ethereum blockchain.

Key Takeaways

- The economy has bottomed and this is not a "Depression."
- Significant uncertainty remains with respect to growth trajectory:
 - Path of recovery
 - Employment of "temporary job losers"
 - Additional waves of new infections as the economy reopens
- Fiscal and monetary policy measures were designed to offset the demand shock and liquidity shock and will not be inflationary.
- Stagflation is highly unlikely.
- The US dollar will not be debased.
- We do not recommend gold on a strategic or tactical basis for clients' investment portfolios.
- We do not recommend bitcoin on a strategic or tactical basis for clients' investment portfolios even though its volatility might lend itself to momentum-oriented traders.

Source: Investment Strategy Group. 35

On the gold topic, Warren Buffet which who has been mocking gold during the past decades suddenly takes a U-turn and sell some of his Financials (banks) positions and takes a stake in [Barrick Gold Corp](#). It is never too late to change one's view, only time will tell if he eventually changes his view on Bitcoin which he has named "rat poison squared", "Cryptocurrencies basically have no value and they don't produce anything", "In terms of value: zero. I don't have any cryptocurrency and I never will". Charlie Munger added that trading in cryptocurrencies is "just dementia". He took a few decades to buy Apple stock, his first technology bet which is paying handsomely, it took decades of him bashing gold but now he made his first indirect investment via a gold mining company. The question remains if he and Charlie will be around to pick-up some Bitcoin before it is too late. Below some famous Buffet quotes on his views on gold:

"Gold gets dug out of the ground in Africa, or someplace. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head."

"Gold is a way of going long on fear, and it has been a pretty good way of going long on fear from time to time. But you really have to hope people become more afraid in a year or two years than they are now. And if they become more afraid you make money, if they become less afraid you lose money, but the gold itself doesn't produce anything."

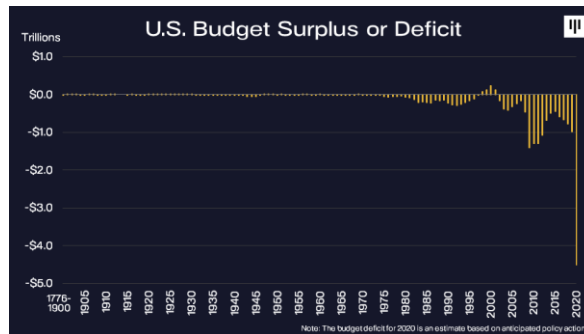
"The problem with commodities is that you are betting on what someone else would pay for them in six months. The commodity itself isn't going to do anything for you....it is an entirely different game to buy a lump of something and hope that somebody else pays you more for that lump two years from now than it is to buy something that you expect to produce income for you over time."

"I have no views as to where it will be, but the one thing I can tell you is it won't do anything between now and then except look at you. Whereas, you know, Coca-Cola will be making money, and I think Wells Fargo will be making a lot of money and there will be a lot — and it's a lot — it's a lot better to have a goose that keeps laying eggs than a goose that just sits there and eats insurance and storage and a few things like that."

"Today the world's gold stock is about 170,000 metric tons. If all of this gold were melded together, it would form a cube of about 68 feet per side. (Picture it fitting comfortably within a baseball infield.) At \$1,750 per ounce — gold's price as I write this — its value would be about \$9.6 trillion. Call this cube pile A."

[Jump Capital](#) issued its mid-2020 crypto theses, their main points were: Bitcoin as Digital Gold, Stablecoins and Crypto-dollarization, and Crypto Speculation. CoinShares issues report recommending a 4% allocation to Bitcoin.

We loved the quote from Dan Morehead, Pantera Capital’s CEO, on their last Investment letter: “Two centuries of debt in one month”. Pretty scary chart to say the least.



On the Regulatory front, [Congressional lawmakers](#) in the US urge the IRS to craft proactive tax policy for crypto staking rewards. The more clarity they give on the tax rules the better for the growth of DeFi and cryptos in general. The [NY Department of Financial Services](#) (NYDFS) published a “greenlist” of virtual currencies that it approves for custody and listing. Great to see the work from the [US Department of Justice](#), which through tools like [Chainanalysis](#), can track and monitor all blockchain transactions and convict those few that are involved in illicit activities. The more of these we get the better so the media in general stops attacking cryptos.

Interesting announcements/comments:

- [Fidelity](#) President files for new Bitcoin fund
- Great 5 minutes Reuters interview with George Ball, [ex-Prudential CEO](#)
- [Square’s Bitcoin business](#) continues to grow rapidly with Q2 revenue up 600% YOY
- Electric Capital [Crypto Venture Fund](#) raises \$110mm from universities
- Brainard says [Fed](#) is conducting E-money tests for research
- Winklevoss Twins interview with [Dave Portnoy](#) on Twitter went viral
- [German Finance Ministry](#) proposes blockchain-based solution to digitize securities in draft bill

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%	39,3%	14,0%	-3,5%	34,1%	18,4%					124,66%	-33,18%
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%	11,8%	-2,1%	23,5%	20,5%					175,57%	0,32%
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%	2,5%	-0,8%	4,8%	4,0%					26,39%	29,50%
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%	0,2%	-3,7%	39,5%	11,21%					100,28%	-59,55%
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%	0,24%	0,21%	0,19%	0,16%					2,12%	15,16%

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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\$25,000
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, Órama, Azimut, Daycoval, Necton, RB Inv, Warren, Consulenza Inv.
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite and Madrona Advogados
ISIN Number	BR026OCTF003
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