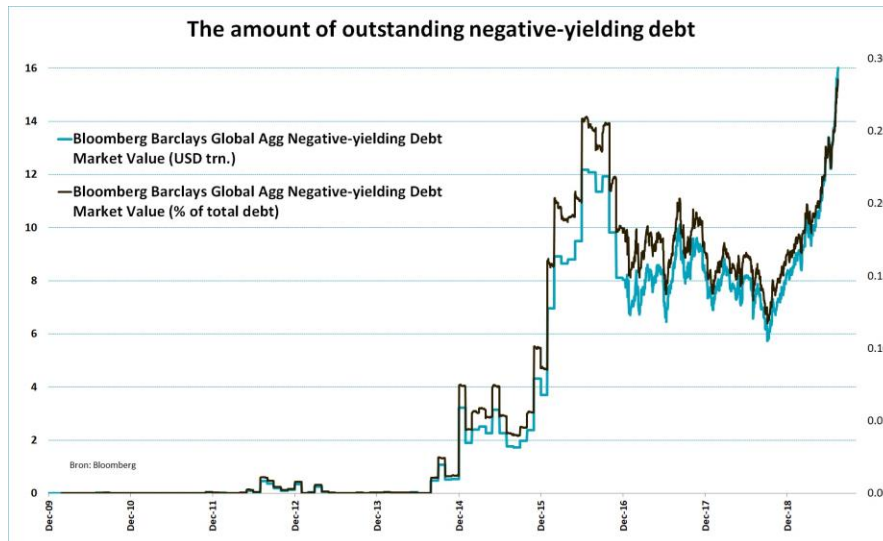


Portfolio Manager's comments

Bitcoin dominance started the month at 65.07%, reached a high of 69.88% and ended the month at 69.10%.

To say the least, August was an exciting month for anyone involved in the financial markets. We had trade wars between US and China leading to CNY devaluation in a currency war, Argentina stock market falling by 46% after pre-election results (one of the biggest overnight falls of a major stock index since 1950), US yield curve inverting in the US (first time since 2007), German GDP negative in 2Q19, [Germany issuing a 30 year](#) bond at 0%, China Industrial Production had its worse reading in 20 years, all bringing recession fears across markets. All of these have contributed to have a record of [\\$16 trillion of negative yielding debt](#) in the world, graph below.



If and when the next recession occurs it will be a great test for crypto currencies to see if they are potentially the new [“safe heaven”](#) asset class and no longer a speculative asset class as most players still see it today.

Bitcoin started the month at \$10,085 and traded between \$12,274 and \$9,422 to close at \$9,631 down 4.51% for the month. Genesis Block Fund ended down 11.94%. During the first half of the month the fund performed very well as equities took a hit and crypto currencies were doing their work with their negative or near zero correlations to other asset classes, but the tide turned during the second half as equities made a comeback,

technical position in crypto assets worsened and a sell off materialized. The fund continues to slowly reduce its underweight position in ETH, but it was another rough month for the large cap Alt coins falling on average 27% while Bitcoin dominance continued to creep up outperforming practically all Alt coins. We are never happy with negative monthly performance, but we are glad to have generated over 38% of Alpha YTD against BGCI.

Throughout the month there was plenty of positive and some negative news to digest. On the positive side we had the [Bakkt](#) approval from the CFTC and NY State Department of Financial Services to start trading physical settled BTC on September 23rd; [New Zealand](#) guides on tax treatment for crypto wages. On the negative side we saw the unwinding of a large Ponzi scheme in China called [Plustoken](#) and [SEC delays decision on 3 Bitcoin ETFs](#), the latter was somewhat expected.

Interesting announcements/comments:

- [Carney, Bank of England's governor](#), urges Libra-like reserve currency to end USD dominance
- [Alan Howard](#)-backed firm plots \$1bn crypto venture
- [Coinbase Custody](#) acquires Xapo's institutional business, becoming the world's largest crypto custodian
- [Blockstream](#) reveals massive Bitcoin mining facilities, Fidelity an early customer
- [Walmart](#) goes back to the blockchain with new stablecoin patent
- Is the [IRS crackdown](#) on crypto traders a sign of a maturing market?
- Former White House strategist, [Steve Bannon](#), says cryptocurrencies have a big future
- [MIT-IBM AI Lab](#) analyzed 200k Bitcoin transactions, only 2% were labeled 'illicit'
- How to understand Bitcoin if you are [over 40](#)
- [China's PBOC](#) says its own cryptocurrency is "close" to release

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%	-77.9%	
2019	Genesis	-11.5%	17.5%	7.2%	20.5%	58.6%	12.4%	-13.4%	-11.9%					82.6%	-59.72%
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%	-72.3%	
2019	BLP Crypto Assets	-15.7%	18.4%	10.6%	20.9%	52.8%	8.7%	-14.6%	-3.6%					82.5%	-49.38%
2018	BLP Criptoativos											-7.1%	-0.5%	-7.5%	
2019	BLP Criptoativos	-2.9%	4.1%	2.4%	4.1%	10.2%	1.6%	-2.8%	-0.4%					16.8%	8.04%
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%	-80.9%	
2019	BGCI	-11.8%	15.5%	5.9%	13.4%	58.1%	17.2%	-24.2%	-16.1%					44.2%	-72.79%
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%					4.18%	10.87%

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 our marking of 0:00 UTC of the last day of the month).

Self Custody vs Institutional Custody

Self-custody is an important (and fundamentally native) feature of crypto currency. A blockchain-based digital asset can be stored by its owner without the help of traditional financial intermediaries, such as banks, registered brokers/dealers or qualified custodians. But just because you can store all your coins yourself, should you?

The answer depends on many factors, for example, the variety of currencies, the frequency of transfer and the complexities and risks of self-custody which commensurate with the size of funds being stored. Moreover, your custody solution will differ depending on whether you are a typical consumer, a high net worth individual, or an asset manager.

While most consumers will often prefer the self-custody option, some will likely keep their deposits in hosted exchanges or hardware wallets. Crypto currency custody is more difficult to implement for investment managers due to the regulatory nature of their operations, funds require stringent custody methods that address risks such as security of the digital assets, counterparty risk and operational efficiency that comply with requirements of their regulator. Typically, these funds work with qualified custodians with audited control processes who exist to protect these assets and minimize the risk of their theft or loss, whether these are assets in physical or electronic forms.

From a technology perspective, blockchain technology can transform the role of the qualified custodian at many levels:

- High levels of security can be achieved via strong encryption
- Verification of funds can be granted to white-listed Auditors and Administrators
- The proof of existence and control element of a fund audit can be accomplished quickly and in real-time
- Digital assets can be quickly transferred to a broker, exchange, or dealer
- Specific compliance rules can be embedded in smart contracts or via secure multi-signature rules

In an ideal world, everyone could practice self-custodianship while providing auditors and regulators the required transparency, protection and proofs. Custody of crypto assets presents a high barrier to entry into the crypto market for institutional players. While self-custody is the preferred method for individuals, institutional money needs institutional level custody, but it's not yet clear what the best solution is. As new players (hedge funds, VCs, exchange-traded funds, mutual funds, asset managers) are entering the market, many are seeking out third party custodians rather than opting for self-custody.

The third-party custody market is relatively new and evolving quickly. Third-party custodians looking to offer custody for institutions are still in the process of developing their products and services, while institutions seeking third party custodians are still figuring out what features they need, and how to evaluate the advantages and disadvantages of these solutions, when compared to self-custody.

When researching third-party custodians, one should consider key features such as:

- Jurisdiction — Politically stable jurisdiction with a long history of recognizing the rights of ownership
- Size of the organization i.e. number of employees, clients and assets under custody
- Experience of the team operating the custody solution
- Regulatory status and Compliance– are they regulated?
- Customer Support — Easily accessible 24/7?
- Level of security — e.g. 2FA/Multi-sig.
- Disaster recovery scenarios
- Private key ownership/exclusivity
- Crypto currencies offered
- Minimum amounts required for custody/transactions
- Pooling or segregation of digital assets
- Configurability of process and custom workflows for transfers
- Assessment of onboarding, setup, safekeeping, recovery and security procedures
- Costs
- Liquidity: how long does it take to get access to your funds and/or make a transaction?
- Insurance policy to cover for eventual theft

As well as completing a due diligence questionnaire covering all the relevant areas, the work of our operations team includes meeting with the custodians, reviewing control reports, following up with reference calls and continuously monitoring the financial health of selected custodians.

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
ISIN Number	KYG3832A1085
Bloomberg Ticker	GENBLOC KY
Contact	genesis.block@blpasset.com.br
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 27 th day of the month
Redemption	Monthly with pre-notice before the 20 th 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 and Órama
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
ISIN Number	BR026OCTF003
Contact	contato@blpcrypto.com.br
Website	www.blpcrypto.com.br

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