

*Portfolio Manager's comments*

The early years of crypto currencies have been dominated by almost entirely speculative trading. 2018 was a very tough year in terms of asset re-pricing from the 2017 hype, but a lot was accomplished in terms of development and infrastructure of this emerging ecosystem. We have a strong conviction that in 2019 the crypto currency sector will continue its evolution. It is still early days, and as the market matures a digital asset's 'fundamentals' will become increasingly important as value indicators.

Hopefully we will see a lot more use cases like the one below in 2019 and the years to come.



Welcome Uber to Fold!

Use Bitcoin to purchase your next Uber ride and get a \$5 Starbucks card as a reward.

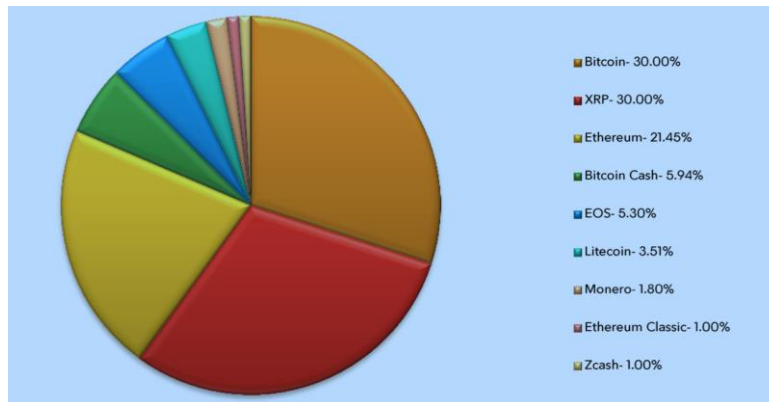
S&P's returns for the month of December were one of the all-time worst for the month before recuperating some after Christmas. It was interesting to see the behavior of Bitcoin during the brutal equity selloff, some of the worst days of the S&P where actually the best days for Bitcoin during the month. Crypto correlations with other asset classes remain extremely low (see table below for 12 month trailing correlations with Bitcoin) making it a potential interesting hedge for what might come in the volatile times ahead. This recent [CNBC interview](#) discusses this issue of correlation between cryptos and the stock market.

Asset	Equities *	Bonds **	Gold	Real Estate ***	Oil	Emerging Market Currencies ****
BTC Correlations	0.11	0.15	-0.10	-0.04	-0.02	0.01

\* S&P 500 index \*\* 10yr US Treasury \*\*\* Dow Jones REIT index \*\*\*\* DB EM Currency Index Source: Bloomberg

Bitcoin dominance started the month at 53.50%, reached a high of 55.30% at mid month during the selloff and ended the month at 52.00%.

For all of 2018, we used a daily re-balanced market-cap weighted index. As the institutional market is moving towards the [Bloomberg Galaxy Crypto Index](#), starting 2019 we will use this as our official index going forward. Find below the weightings as of November 30<sup>th</sup>, 2018:



We have met with Michael Casey in a few different blockchain events and he writes an interesting article on [Crypto Winter](#).

Bitcoins started the month at \$4,017 and traded between \$3,191 and \$4,309 to close the month at \$3,743, down 6.83% for the month. Genesis Block Fund ended down 3.61% while BLP Crypto Assets FIM ended down 3.23%. We went back to market weight with our ETH position that was slightly underweight, ETH outperformed BTC approximately 36% since. We increased slightly our EOS position practically at the bottom and they also outperformed BTC by approximately 20% since. We swapped out of a small DASH position into ZEC in preparation for the new index that we will use to track performance from January 2019 onwards. We cut our small positions in IOTA, NEO and DCR and added some POLY.

As expected the SEC postponed again, for 60 days, their decision on the SolidX/Van Eck ETF. This was their last possible postponement; a final decision is due by February 28, 2019.

Interesting announcements/comments:

- [NASDAQ](#) confirms it will launch Bitcoin futures in first half of 2019
- Fidelity, Bitmain, NASDAQ Ventures and others invest in crypto platform [ErisX](#)
- [Fidelity](#) looking to expand digital asset trading beyond Bitcoin and Ethereum
- [G20 leaders](#) pledge crypto asset regulation after Buenos Aires meeting
- [New US Chief of Staff](#): Bitcoin is Good, "Not manipulable by any Government"
- [DTCC Security Chief](#) cites Blockchain, AI and Cloud as systemic risks
- [Bakkt](#) raises \$182.5mm in its debut funding round from 12 renowned investors

## Monthly estimated return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD 2018	Since Inception
Genesis	-16.00%	-5.17%	-37.38%	57.20%	-20.19%	-20.59%	7.50%	-17.21%	-9.20%	-7.90%	-38.19%	-3.61%	-77.93%	-77.93%
BLP Crypto	-19.19%	-1.78%	-33.74%	61.16%	-14.11%	-17.57%	4.50%	-8.56%	-11.63%	-13.85%	-34.52%	-3.23%	-72.28%	-72.28%
Bitcoin	-27.80%	1.73%	-32.93%	32.51%	-18.90%	-14.55%	21.49%	-9.55%	-5.85%	-4.65%	-36.41%	-6.83%	-73.56%	
TOP10	-21.20%	-12.40%	-41.64%	53.12%	-20.90%	-19.41%	8.70%	-17.59%	-2.89%	-9.23%	-36.50%	-4.15%	-81.10%	
Bloomberg Galaxy Crypto Index	-14.64%	-10.72%	-43.52%	60.89%	-20.41%	-28.45%	13.72%	-21.67%	-0.21%	-12.18%	-36.83%	-1.70%	-80.88%	
CDI	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	0.54%	0.57%	0.47%	0.54%	0.47%	0.49%	6.42%	

*THE BITCOIN, TOP10 AND BLOOMBERG GALAXY CRYPTO INDEX 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.*

## Tech corner

### Stablecoins:

Stablecoins have been one of the most widely discussed and developed spheres of the crypto industry.

There are currently 29 relevant stablecoin projects. It should also be noted that these projects have been backed by major venture capital firms, and some have been indirectly supported by major corporations (example Circle where Goldman Sachs has a stake).

Through this lens, stablecoins are beginning to act as a bridge between the traditional, institutional world and those who are pushing for a more open financial system. At this point it should be noted that some view stablecoins as a new crypto-fiat hybrid. Some have gone so far as to state that many stablecoins are not cryptocurrencies at all, but are, in fact, digital fiat proxies.

This is all to say that stablecoins are not quite categorizable as cryptoassets. In many cases, they do not achieve one of the most touted use cases of cryptocurrencies: censorship resistance. However, they do enable programmable transactions and a verifiable history. Specifically, they are a blockchain-powered product, for the most part built on Ethereum, that may capture product-market fit beyond the crypto-obsessed. Stablecoins could represent the first major products to be built on Ethereum which could develop significant mainstream market share by addressing specific market needs and gaining meaningful use. This could all be done without users realizing they're even using blockchain or stablecoins at all. It's also evident that, currently, stablecoins offer a tremendous benefit to crypto traders.

While there are several noteworthy features stablecoins possess,—transparency, fast transactions speeds, and programmability—there is one key feature of Ethereum stablecoins that make them an easy sell beyond the crypto community which is Low Transaction Fees.

Stablecoins have potential utility and economic upside that may make them the first blockchain product to be readily embraced by those outside the sphere of early adoption, speculation, or heavy evangelism. In the case of many, Ethereum simply acts as a mechanism that allows for easier transfer of what is ultimately still a dollar. Given the antiquity of SWIFT and the lack of access to traditional institutions in many developing countries, there exists the possibility that stablecoins could just become the first blockchain product that's actually used by a meaningful number of people. In most cases, the adopters are enterprises and most people would have no idea that stablecoins are being used on the back-end, except for of course, the blockchain obsessed.

### *Genesis Block Fund Ltd. Characteristics*

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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
Contact	<a href="mailto:genesis.block@blpasset.com.br">genesis.block@blpasset.com.br</a>

### *BLP Crypto Assets FIM – Investimento no Exterior Characteristics*

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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 ( <i>come cotas</i> )
Administrator	Planner
Auditor	Crowe Horwath
Legal Counsel	Freitas Leite
Contact	<a href="mailto:contato@blpcrypto.com.br">contato@blpcrypto.com.br</a>
Website	<a href="http://www.blpcrypto.com.br">www.blpcrypto.com.br</a>

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