

BLP ASSET MANAGEMENT

Genesis Block Fund Ltd.

BLP Crypto Assets FIM

BLP Criptoativos FIM

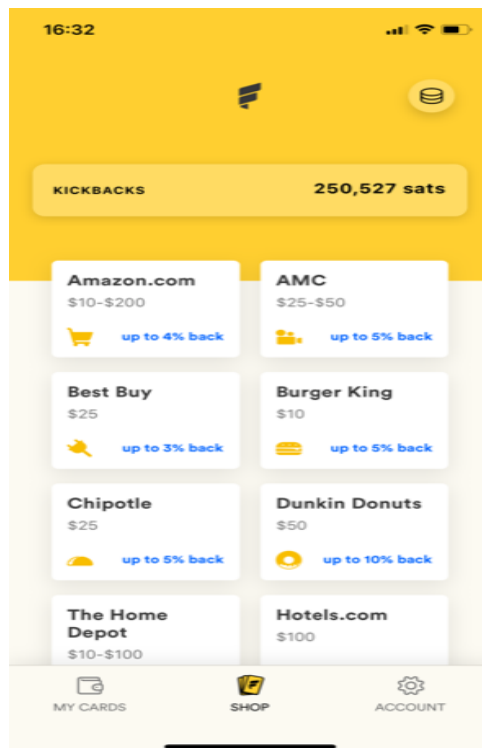
October 2019

Portfolio Manager's comments

Bitcoin dominance started the month at 67.38%, reached a high of 68.56% and ended the month at 67.50%.

We enjoyed reading this article: [What it's like being CIO of a crypto fund?](#) It is in line with how we deal with our day to day management of Genesis Block Fund Ltd., we are constantly looking at the markets developments with constant risk management as the new infrastructure of this ecosystem is constantly changing.

Bitcoin started the month at \$8,294 and traded between \$10,021 and \$7,447 to close at \$9,200 up 10.92% for the month. Genesis Block Fund ended up 7.29%. We continued to see positive development on the DeFi space (October's Tech Corner topic) and we increased our position in the Maker protocol after their announcement of [multi-collateral DAI](#). XRP outperformance during the month diminished some of our Alpha generated YTD, we remain with a core underweight position. Of the large protocols ETH underperformed the market.



The same company that build KEEP, the ICO which our fund participated in the first pre-sale round, announced a very interesting use-case for Bitcoin, the FOLD App. Now anyone that already buys at Amazon and other major retailers can receive instant cash back (in this case Sats-back) buying with either credit cards (fiat) or via Lightning Network (with Bitcoin for a higher % of cash-back). This is a simple way to accumulate Satoshis (fractions of Bitcoin) on our day to day and then either spending them or saving them for the future when they hopefully have a significant appreciation. Currently available in US and Canada but soon internationally as well. If you want to try it just download the FOLD App (Beta version) on [IOS or Android](#). Expected to open up for the public in general on November 15th.

KEEP project lead Matt Luongo presented tBTC at [Devcon](#), Ethereum's most important yearly conference, in Osaka. Main-net launch is expected soon.

A few events might have contributed to a cautious stance on the market for most of the month. [Telegram](#) announced it may delay coin launch after SEC warning. [Facebook](#) had some big-name departures but officially signed governing council. [IRS](#) released anticipated cryptocurrency tax guidance. [Andreas Antonopoulos](#) explained the unfounded fears of Quantum computers and impacts on the crypto space. On the last days of the month a huge rally came after the positive comments from [China's President Xi Jinping](#) on their view on the importance of blockchain technology, which triggered a 40% + increase in the price of Bitcoin within 24 hours. This was the 3rd largest daily gain, the last occurred in 2011 when BTC were trading at \$5.65 and the first one happened when it traded at 40 cents.

Interesting announcements/comments:

- [Peter Thiel](#) backs \$200mm valuation for renewable Bitcoin mining in the US
- How [negative real rates](#) should impact gold (and possibly Bitcoin)
- [Andreessen Horowitz](#) launches crypto startup school
- German bank [BayernLB](#) says Bitcoin will leap to \$90,000 in 2020
- Former employees of [JPM, Intel and TrustToken](#) launch stablecoin
- [Block.One](#) settles with SEC over unregistered securities sale
- [Oxford English dictionary](#) added the definition of the word "satoshi"
- [ING](#) says bank-owned digital currencies are coming
- [Ex-CEO of Google Africa](#): Bitcoin a 'gift' that will change humanity
- [UNICEF](#) launches cryptocurrency fund to back open source technology
- [Bakkt](#) announces first regulated options contract for Bitcoin
- [Bakkt](#) to launch consumer app in 1H2020; will test product with Starbucks

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%	7.3%			77.17%	-60.92%
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%	2.9%			71.31%	-52.49%
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%	0.9%			16.06%	7.33%
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%	10.6%			49.52%	-71.79%
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%	0.47%	0.48%			5.17%	11.92%

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).

DeFi (Decentralized Finance)

After the 2008 financial crisis, a wave of fintech startups began to provide financial products and services to a more tech-savvy generation that was disgruntled with the legacy banking sector. Mobile banking apps, peer-to-peer lenders, cheap payment and money transfer solutions emerged. While many of these products have clear advantages over legacy banking solutions, they represent incremental improvements, not a financial revolution. Now a new wave of blockchain-based DeFi projects are attempting to kick start the financial services industry revolution that “traditional” fintech startups have failed to deliver.

Bitcoin pioneered what we now know as decentralized finance before the term “DeFi” entered the lexicon. Bitcoin was the first decentralized, open-source digital payment method that enables everyone to be their own bank. However, in late 2019, the constantly evolving crypto narratives have shifted. For now, Bitcoin is leaning towards becoming a store of value as ‘digital gold’. The ability to use Bitcoin as a simple medium of exchange at scale will come in the future via layer two payment rails such as the lightning network. Meanwhile, Ethereum is moving away from the ‘world computer’ narrative and is increasingly thought of as a hub for the nascent DeFi ecosystem. Decentralized lending protocols, trustless derivatives trading, and the tokenization of assets are just some of the innovations made possible by blockchain-powered smart contracts. Decentralized financial applications enable anyone across the globe with an internet connection to gain access to basic financial services, such as borrowing and lending. Something that no legacy financial institution or fintech startup has managed to achieve.

When fintech solutions first appeared on the scene they generated considerable excitement and VC funding attracted by the promise of user-friendly interfaces, reduced bureaucracy, wider choice and lower fees. Mobile banking apps, peer-to-peer lending marketplaces, and low-cost online money transfer platforms quickly managed to gain a foothold in the market, especially with millennials and younger. In one sense, there was a “fintech versus the banks” feel to the blossoming financial technology industry in the early years. Many idealistic fintech entrepreneurs thought they could take on the banks and beat them at their own game. A significant number of fintech startups have become or are on their way to becoming banks. Every fintech company is just a disguised strategic growth hack where the real goal is to become a bank. Some examples, Revolut which started as a multi-currency prepaid card and has obtained a banking license in 2018. Robo-advisor Betterment, which added FDIC-insured checking and savings accounts to its offering, and P2P lender Zopa, which also received its banking license in 2018, among others. While there is nothing wrong with a fintech startup obtaining a banking license to expand its business, it begs the question, where is the innovation, where is the revolution?

With a banking license comes the same regulatory restrictions and red tape that are holding back banks from providing innovative, accessible financial products and services.

Conversely, decentralized finance may be the innovation that is missing in today's financial services sector. The ability to provide decentralized financial services to anyone in the world with an Internet connection could revolutionize the financial industry in a never-before-seen manner.

If someone located in an emerging market with no access to traditional banking, can log into a DeFi platform and borrow in a stable coin to expand their business and then repay the loan, there would be no need for a bank. If the same person could then send money to family members across borders on a peer-to-peer basis, there would be no need for a bank. If someone could invest in tokenized assets or stake coins to earn interest while remaining in complete control of the funds, there would be no need for a bank.

Currently, the Defi sector operates almost exclusively on the Ethereum network. Fortunately, for the Ethereum community and ETH "HODLers", the rise of DeFi could drive interest (and value) back to the battered blockchain project lead by Vitalik Buterin. Leading Ethereum-based DeFi projects with their own ERC-20 token include Augur, Gnosis, Kyber Network, Maker, and 0x. Whether DeFi will largely remain "an Ethereum thing" or whether the market will move to another, more technologically advanced blockchain will remain to be seen. Can the innovations found in the DeFi market become more disruptive than what the "traditional" fintech sector has to offer? As of now, the only barriers standing in the way are the same barriers found across the blockchain space - scaling, capacity and usability.

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 and Órama
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
ISIN Number	BR026OCTF003
Website	www.blpcrypto.com.br

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