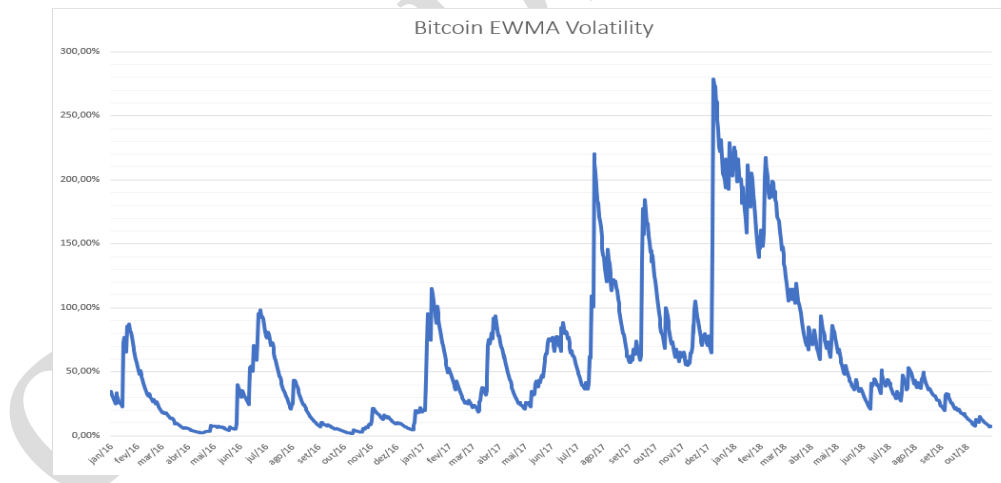


Portfolio Manager's comments

A tribute to Bitcoin, yesterday 10 years ago on October 31st 2008 (Halloween), the Bitcoin whitepaper was released into the Internet by the pseudonym Satoshi Nakamoto in the mists of the global financial crisis and Lehman Brothers' collapse. Yesterday the crypto community celebrated its [10 year birthday](#). It has been an incredible 10 years of this nascent technology called blockchain and we are looking forward for what the next 10 years will bring us and how it will change the world we live in.

Bitcoin dominance started the month at 51.30%, reached a high of 54.79% and ended the month at 53.90%. [Bitcoin volatility](#) collapsed to a 22 month low. Interesting article from [Market Watch](#) that according to CBOE the 20-day historical volatility of Bitcoin has fallen to 31.5% (from 140% in December 2017), that is lower than Amazon @ 35%, Netflix @ 52% and approaching Apple @ 29.3%.

Given the very low volatility we didn't see any relevant trading opportunity during the month.



On October 15th, after 4 long years, [Fidelity](#) announced its Crypto Unit to serve Wall Street customers. [Fidelity Digital Assets](#) will offer both Custody and Execution for Institutional Investors. With \$7.2 trillion of third party assets, this is great news for the crypto ecosystem that is building the necessary infrastructure to serve the Institutional clients. [CNBC's Oct 19th Crypto Trader episode](#) has a great discussion about the potential impact of Fidelity's entrance into this ecosystem.

We don't specifically trade on technical analysis but we do follow it closely. An important triangle is being formed which will soon likely lead to a breakout on one direction or another, we hope to the upside. So far the \$6k handle has been shown to be a strong support.



Bitcoins started the month at \$6,625 and traded between \$6,965 and \$6,243 to close the month at \$6,317, down 4.65% for the month. Genesis Block Fund ended down 7.90% while BLP Crypto Assets FIM ended down 13.85% (local fund suffered more this month given the strong BRL appreciation). The biggest price move happened on October 10th when a sudden fall in Bitcoin was triggered due to further noise surrounding the soundness of Tether (USD-backed stable-coin).

Our pair trade overweight EOS/underweight XRP recovered somewhat during October as EOS outperformed XRP by approximately 14%. Decreed, one of our smaller Alt coins, had a small positive performance after being listed in Binance. Polymath, our bet on the tokenization of various assets performed extremely well, up 57% during October.

We wanted to take an opportunity to update you on the [KEEP](#) protocol that we supported earlier this year together with Andreessen Horowitz and Polychain Capital on their first funding round. On the week of October 8, the KEEP team presented at [San Francisco Blockchain Week](#) and the feedback was phenomenal. The KEEP [Slack](#) community continues to grow exponentially with over 8,900 current active members. The coding has been going very well and you can follow the latest demo of the [Random Beacon](#) algorithm in action. You can read more about the event on KEEP's most recent [blog](#). The *mainnet* is expected to launch by the end of 2018. We remain very confident with this project and look forward to sharing further progress around this protocol.

Interesting announcements/comments:

- [Yale University](#), second largest endowment fund, invests in crypto funds.
- [Harvard, Stanford, MIT](#) endowments all invest in crypto funds.
- [Coinbase](#) raises \$300mm at \$8 billion valuation led by Tiger Global and Wellington Management.
- [SONY](#) announces the development of a multi-purpose crypto hardware wallet.
- [European investment fund](#) buys digital exchange Bitstamp in all cash deal.
- \$30mm Manhattan real estate property [tokenized with blockchain](#)
- [TD Ameritrade, DRW Holdings and Virtu Financial](#) are launching new crypto platform called Eris Exchange in Chicago to provide physical delivery futures.
- [Japan's Financial Service Agency](#) approves self-regulation for the crypto industry.
- [NASDAQ](#) is exploring a security token platform.
- [Gary Cohn](#) joins blockchain start-up Spring Labs as an Advisor.
- Apple's [Steve Wozniak](#) co-founds Blockchain-focused Ventreue Capital Fund.
- [DocuSign](#) has integrated with the Ethereum blockchain.
- [Salaries](#) for blockchain engineers are skyrocketing, now on par with AI experts.

Monthly estimated return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD 2018
Genesis	-16.00%	-5.17%	-37.38%	57.20%	-20.19%	-20.59%	7.50%	-17.21%	-9.20%	-7.90%			-62.95%
BLP Crypto	-19.19%	-1.78%	-33.74%	61.16%	-14.11%	-17.57%	4.50%	-8.56%	-11.63%	-13.85%			-56.35%
Bitcoin	-27.80%	1.73%	-32.93%	32.51%	-18.90%	-14.55%	21.49%	-9.55%	-5.85%	-4.65%			-55.37%
TOP10	-21.20%	-12.40%	-41.64%	53.12%	-20.90%	-19.41%	8.70%	-17.59%	-2.89%	-9.23%			-68.95%
CDI	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	0.54%	0.57%	0.47%	0.54%			5.38%

THE BITCOIN AND TOP10 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

Public and private keys, how do they work in cryptography and the blockchain:

Public and private keys consist of randomly selected sets of alphanumeric characters, which relate to two cryptographically-generated strings of data safely exchanged between two parties.

The public key is as its name suggests – public - and therefore visible to everyone on the network. It can be shared with others. This key, however, is mathematically related to a private key, which acts as the decoder of the information that the public key secures. One should never share their private key with anyone. Here's how private and public keys work hand-in-hand to keep your data safe.

For example, if John wants to send sensitive information to Christina, to make sure that she alone will be able to read it, he encrypts it with her public key. As only Christina has access

to her corresponding private key, she is the only person who will ever be able to decode and read the information coming from John.

Even if someone gets access to the encrypted information by chance or otherwise, it will remain confidential as they don't have Christina's private key. This process is known as public key cryptography and it ensures data confidentiality and security over the Internet.

Another important aspect of public key cryptography is its capability to create digital signature. Digital signatures have the same purpose as handwritten signatures on a paper-based document – to attest to the authenticity and integrity of the data.

Creating digital signatures is a complex mathematical process. However, with the aid of your computer, you won't need to compute anything, your device will do it for you. So, applying a digital signature to a file or email is no more difficult than signing a piece of paper. Here is how it works:

1. Christina signs in to her email application or selects the file that she wishes to digitally sign.
2. Her computer calculates the 'hash' (the hashing function used by Christina's device converts the message into a long string of alphanumeric characters known as 'hash').
3. This hash is encrypted with Christina's private key, which in this case is also the signing key, to create the digital signature.
4. When Christina reverts to John, her original message and her digital signature are sent over to him.
5. John receives the message. It is identified by his computer as being signed, so his email application 'knows' which actions are required to verify it.
6. John's computer device decrypts the digital signature using Christina's public key.
7. John's computer also calculates the hash pertaining to the original message (the mathematical function used by Christina's computer device to create the message and the signature is publicly known).
8. John's device compares the hash it has computed from the received message with the decrypted one it has received from Christina's message.

If the message remains intact during its transit, the two hashes will be identical. However, if the two hashes differ when compared, it means that the integrity of the data transmitted has been compromised. That's when John receives a notification saying that the content of that email or file has been damaged and is therefore unreadable.

That's where digital certificates come into play. These certificates are nothing else than tiny data files ensuring that we're making our public keys available to everyone in a secure and scalable way.

Specifically, digital certificates are used to cryptographically link someone's public key to specific attributes relating to their identity. In the same way that a driver's license or a passport connects a photograph with personal information about its holder, a digital certificate links a public key to information concerning its owner.

Practically, Christina's digital certificate proves that the public key that she uses belongs to her and no one else. Public keys as well as digital certificates contain personal or corporate data used to identify the certificate holder.

But what happens when Christina sends information to John? Upon sending her encrypted information to John along with her digital signature, Christina also sends a digital certificate attached to her message. When John's computer receives the message from Christina, it uses her digital certificate to verify the integrity of the data that Christina has sent. If the verification process is successfully completed, John will have Christina's public key and will be able to verify the validity of the original message signed by Christina.

This is how encryption works and blockchain encryption is no different. Using the SHA256 function (where SHA stands for 'Secure Hash Algorithm') to encrypt, sign, and decrypt the data being transferred with the aid of public and private keys, two computers involved in a wallet-to-wallet exchange will securely transact over the Internet.

All the information relating to crypto transactions is stored in blocks, which are interconnected to each other, hence the name – blockchain. Every time a new block containing a digital signature is generated, it is broadcast to the network. All the computers (nodes) in the network analyze the validity of the data transmitted by solving complex mathematical problems. This ensures that the information transfer between John and Christina over the blockchain is un-trackable and impossible to decrypt by anyone else apart from them.

However, the verification process differs on a blockchain-by-blockchain basis, depending on the protocol or specific rules for what is a valid transaction or not, or the generation of a valid block. This process can be customized for each blockchain. Rules and incentives may be added as needed when enough nodes reach a consensus on how transactions should be verified.

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
Contact	genesis.block@blpasset.com.br

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 (<i>come cotas</i>)
Administrator	Planner
Auditor	Crowe Horwath
Legal Counsel	Freitas Leite
Contact	contato@blpcrypto.com.br
Website	www.blpcrypto.com.br

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